CHILDREN'S AID LIMITED

(Registration No: 202436783M)

Statement by Directors and Financial Statements

For the financial period from 6 September 2024 (date of incorporation) to 31 December 2025

CHILDREN'S AID LIMITED

Statement by Directors and Financial Statements

Contents **Page**

CHILDREN'S AID LIMITED

Statement by Directors

The directors of Children's Aid Limited (the "company") are pleased to present the financial statements of the company for the reporting period ended 31 December 2025. The reporting period covers the period since incorporation on 6 September 2024 to 31 December 2025.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company for the reporting period covered by the financial statements; and

(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.

The board of directors approved and authorised these financial statements for issue.

2. Directors

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

John Lim Yew Kong	(Appointed on 6 September 2024)
Yeap Beng Chye Stephen	(Appointed on 6 September 2024)
Koh Li Hia Josephine	(Appointed on 6 September 2024)
Bernard Yu	(Appointed on 6 September 2024)
Dawn Ng Mei Ping	(Appointed on 6 September 2024)
Johnny Quah Seng Huat	(Appointed on 6 September 2024)
Lai Su Yim	(Appointed on 6 September 2024)
Mardiana Bte Abu Bakar	(Appointed on 6 September 2024)
Tan E-Ching	(Appointed on 6 September 2024)
Cher Mui Sim Susanna	(Appointed on 24 June 2025)
Chia Wei Ji Candice	(Appointed on 24 June 2025)
Mohd Norhelmy Bin Ja'afar	(Appointed on 24 June 2025)
Nicholas Gabriel Lim Hock Seng	(Appointed on 24 June 2025)

3. Directors' interests in shares and debentures, and arrangements to enable directors to acquire benefits by means of acquisition of shares and debentures

The company is limited by guarantee and has no share capital.

4. Options

The company is limited by guarantee. As such, there are no share options or unissued shares under option.

5. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment.

On behalf of the directors

....	....
John Lim Yew Kong	Bernard Yu
Chairman	Treasurer

29 May 2026

RSM SG Assurance LLP
8 Wilkie Road, #03-08, Wilkie Edge
Singapore 228095
T +65 6533 7600
Assurance@RSMSingapore.sg
www.RSMSingapore.sg

Independent Auditor's Report to the Members of CHILDREN'S AID LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Children's Aid Limited (the "company"), which comprise the statement of financial position as at 31 December 2025, and the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting period then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and the Financial Reporting Standards ("FRS") so as to give a true and fair view of the financial position of the company as at 31 December 2025 and of the financial performance, changes in funds and cash flows of the company for the 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"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the statement by directors but does not include the financial statements and our auditor's report thereon.

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

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

Independent Auditor's Report to the Members of
CHILDREN'S AID LIMITED

– 2 –

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Charities Act and Regulations and the financial reporting standards, 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 reporting entity'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 reporting entity 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:

a) 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.

b) 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.

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

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.

Auditor's responsibilities for the audit of the financial statements (cont'd)

e) 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on other legal and regulatory requirements

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

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

(a) the reporting entity 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 reporting entity has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Lock Chee Wee.

DocuSigned by:

Assurance

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RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

29 May 2026

CHILDREN'S AID LIMITED

Statements of Financial Activities
Reporting Period Ended 31 December 2025

2025	Notes	Unrestricted fund			Restricted fund			
		January to August Society	September to December CLG	Total	January to August Society	September to December CLG	Total	Total
		$	$	$	$	$	$	$
Income								
Donation	4	1,402,073	1,078,745	2,480,818	413,013	36,800	449,813	2,930,631
Fee income		46,015	7,660	53,675	5,190	–	5,190	58,865
Government grants	5	130,080	65,040	195,120	1,803,473	1,034,216	2,837,689	3,032,809
Gifts in kind		28,362	32,513	60,875	–	–	–	60,875
Total income		1,606,530	1,183,958	2,790,488	2,221,676	1,071,016	3,292,692	6,083,180
Expenditure								
Administrative expenses		(20,201)	(10,436)	(30,637)	(4,764)	(491)	(5,255)	(35,892)
Auditors' remuneration		(29,053)	(32,500)	(61,553)	(3,447)	–	(3,447)	(65,000)
Bank charges		(2,340)	(159)	(2,499)	(278)	–	(278)	(2,777)
Food expenses		–	–	–	(157,394)	(70,567)	(227,961)	(227,961)
Central provident fund		(102,730)	(79,718)	(182,448)	(189,094)	(98,950)	(288,044)	(470,492)
Residents' expenditure		(303,968)	(126,069)	(430,037)	(104,467)	(35,163)	(139,630)	(569,667)
Depreciation of property, plant and equipment	8	(25,827)	(1,148)	(26,975)	(71,180)	(18,764)	(89,944)	(116,919)
Depreciation of right-of-use asset	9	(16,910)	(12,400)	(29,310)	(125,518)	(63,142)	(188,660)	(217,970)
Foreign workers levy		–	–	–	(28,840)	(14,592)	(43,432)	(43,432)
Housekeeping supplies		–	–	–	(18,537)	(19,992)	(38,529)	(38,529)
Insurance		(14,887)	(5,976)	(20,863)	(20,106)	(9,418)	(29,524)	(50,387)
Medical		(1,134)	(100)	(1,234)	(4,485)	(2,240)	(6,725)	(7,959)
Miscellaneous		–	–	–	(1,996)	(712)	(2,708)	(2,708)
Interest expense	6	(934)	(558)	(1,492)	(4,770)	(3,259)	(8,029)	(9,521)
Professional fees		(42,230)	(23,297)	(65,527)	(3,180)	(2,236)	(5,416)	(70,943)
Reversal for unutilised leave		–	1,994	1,994	–	2,486	2,486	4,480
Repairs and maintenance		(12,850)	(7,829)	(20,679)	(172,821)	(76,912)	(249,733)	(270,412)
Telephone		(2,158)	(1,456)	(3,614)	(8,807)	(3,812)	(12,619)	(16,233)
Staff salaries		(742,057)	(417,140)	(1,159,197)	(1,183,231)	(503,172)	(1,686,403)	(2,845,600)
Bonuses		(103,284)	(3,004)	(106,288)	(148,628)	(26,364)	(174,992)	(281,280)
Staff training		(8,286)	(4,361)	(12,647)	(23,544)	(9,390)	(32,934)	(45,581)
Staff welfare		(6,940)	(6,469)	(13,409)	(15,605)	(11,151)	(26,756)	(40,165)
Government service tax expenses		(2,605)	–	(2,605)	(309)	–	(309)	(2,914)
Transportation		–	–	–	(17,200)	(6,973)	(24,173)	(24,173)
Rental of equipment		(529)	(388)	(917)	(1,023)	(388)	(1,411)	(2,328)
Utilities		(4,785)	(3,566)	(8,351)	(38,379)	(20,441)	(58,820)	(67,171)
Total expenditure		(1,443,708)	(734,580)	(2,178,288)	(2,347,603)	(995,643)	(3,343,246)	(5,521,534)

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

CHILDREN'S AID LIMITED

Statements of Financial Activities (cont'd)
Reporting Period Ended 31 December 2025

2025		Unrestricted fund			Restricted fund			
	Notes	January to August Society	September to December CLG	Total	January to August Society	September to December CLG	Total	Total
		$	$	$	$	$	$	$
Other income:								
Interest income from deposits at amortised cost		140,576	–	140,576	–	–	–	140,576
Dividend income from investments		82,397	52,620	135,017	–	–	–	135,017
Interest income from deposits and financial assets at fair value through profit or loss ("FVTPL")		149,575	80,635	230,210	–	–	–	230,210
Other income		62,064	1,695	63,759	–	–	–	63,759
Gain on disposal of financial assets at FVTPL	10	47,645	3,943	51,588	–	–	–	51,588
Gain on fair value of financial assets at FVTPL	10	681,479	110,405	791,884	–	–	–	791,884
Total other income		1,163,736	249,298	1,413,034	–	–	–	1,413,034
Total surplus for the year		1,326,558	698,676	2,025,234	(125,927)	75,373	(50,554)	1,974,680

Note: "Society" represents 1 January to 31 August 2025 and "CLG" represents 1 September to 31 December 2025 (Note 21).

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

CHILDREN'S AID LIMITED

Statements of Financial Activities (cont'd)
Reporting Period Ended 31 December 2025

2024	Notes	Unrestricted fund $	Restricted fund $	Total $
Income				
Donation	4	2,758,184	7,244,072	10,002,256
Fee income		24,690	5,030	29,720
Government grants	5	195,120	2,384,375	2,579,495
Gifts in kind		58,705	–	58,705
Total income		3,036,699	9,633,477	12,670,176
Expenditure				
Administrative expenses		(36,963)	(6,994)	(43,957)
Auditors' remuneration		(33,128)	(3,931)	(37,059)
Bank charges		(58)	(2,716)	(2,774)
Food expenses		–	(195,442)	(195,442)
Central provident fund		(177,221)	(297,277)	(474,498)
Residents' expenditure		(463,550)	(132,177)	(595,727)
Depreciation of property, plant and equipment	8	(50,333)	(123,407)	(173,740)
Depreciation of right-of-use asset	9	(24,389)	(186,108)	(210,497)
Foreign workers levy		–	(35,740)	(35,740)
Housekeeping supplies		–	(26,105)	(26,105)
Insurance		(20,278)	(23,359)	(43,637)
Medical		(1,981)	(6,087)	(8,068)
Miscellaneous		(134)	(2,552)	(2,686)
Interest expense	6	(1,014)	(8,121)	(9,135)
Professional fees		(138,932)	(13,835)	(152,767)
Provision for unutilised leave		(4,121)	(13)	(4,134)
Repairs and maintenance		(185,584)	(301,262)	(486,846)
Telephone		(3,061)	(9,787)	(12,848)
Staff salaries		(1,128,434)	(1,656,832)	(2,785,266)
Bonuses		(116,282)	(181,567)	(297,849)
Staff training		(16,682)	(35,127)	(51,809)
Staff welfare		(14,147)	(22,962)	(37,109)
Government service tax expenses		(2,305)	(274)	(2,579)
Transportation		–	(17,551)	(17,551)
Rental of equipment		(643)	(1,399)	(2,042)
Utilities		(7,688)	(63,964)	(71,652)
Total expenditure		(2,426,928)	(3,354,589)	(5,781,517)

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

CHILDREN'S AID LIMITED

Statements of Financial Activities (cont'd)
Reporting Period Ended 31 December 2025

2024	Notes	Unrestricted fund $	Restricted fund $	Total $
Other income:				
Interest income from deposits at amortised cost		217,737	–	217,737
Dividend income from investments		93,435	–	93,435
Interest income from deposits and financial assets at fair value through profit or loss ("FVTPL")		219,743	–	219,743
Other income		197,090	–	197,090
Gain on disposal of financial assets at FVTPL	10	36,981	–	36,981
Gain on fair value of financial assets at FVTPL	10	290,890	–	290,890
Total other income		1,055,876	–	1,055,876
Total surplus for the year		1,665,647	6,278,888	7,944,535

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

CHILDREN'S AID LIMITED

Statement of Financial Position
As at 31 December 2025

	Notes	2025 $	2024 $
ASSETS			
Non-current assets			
Property, plant and equipment	8	546,317	653,981
Right-of-use assets	9	500,612	181,873
Total non-current assets		1,046,929	835,854
Current assets			
Financial assets at fair value through profit or loss	10	15,164,156	9,683,829
Other receivables	11	76,637	74,231
Other non-financial assets	12	977,641	313,475
Cash and cash equivalents	13	9,242,259	13,309,919
Total current assets		25,460,693	23,381,454
Total assets		26,507,622	24,217,308
FUNDS AND LIABILITIES			
Funds			
Unrestricted fund			
General funds	14A	8,401,203	6,993,709
Restricted funds			
Melrose Village Rebuilding fund ("MVRF") (formerly known as Clementi Melrose Village fund)	14B	15,889,177	16,086,852
Ministry of Social and Family Development ("MSF")	14C	–	–
Melrose Care Counselling & Psychotherapy services ("TF-CBT")	14D	–	–
Transition Support Package ("TSP")	14E	129,480	–
Asset Capitalisation Reserve	14F	837,143	201,762
		16,855,800	16,288,614
Total funds		25,257,003	23,282,323
Non-current liabilities			
Provisions	15	197,570	196,300
Lease liabilities, non-current	17	302,087	75,180
Total non-current liabilities		499,657	271,480
Current liabilities			
Other payables	16	548,984	546,109
Lease liabilities, current	17	201,978	117,396
Total current liabilities		750,962	663,505
Total liabilities		1,250,619	934,985
Total funds and liabilities		26,507,622	24,217,308

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

CHILDREN'S AID LIMITED

Statement of Changes in Funds
Reporting Period Ended 31 December 2025

		Restricted funds						
	Unrestricted fund $	Melrose Village Rebuilding fund ("MVRF") $	Ministry of Social and Family Development $	Melrose Care Counselling & Psychotherapy services ("TF-CBT") $	Transition Support Package ("TSP") $	Asset Capitalisation Reserve $	Total restricted funds $	Total fund $
Current year:								
Balance at beginning of the period	6,993,709	16,086,852	–	–	–	201,762	16,288,614	23,282,323
Net surplus / (deficit) for the period	2,025,234	437,706	(338,786)	(278,954)	129,480	–	(50,554)	1,974,680
Utilised for capital expenditure purpose	–	(635,381)	–	–	–	635,381	–	–
Transfer from unrestricted fund to restricted fund	(617,740)	–	338,786	278,954	–	–	617,740	–
Balance at end of the period	8,401,203	15,889,177	–	–	129,480	837,143	16,855,800	25,257,003
Previous year:								
Balance at beginning of the year	6,949,082	8,302,503	–	9,896	–	76,307	8,388,706	15,337,788
Net surplus / (deficit) for the year	1,665,647	7,149,804	(463,297)	(407,619)	–	–	6,278,888	7,944,535
Utilised for capital expenditure purpose	–	(125,455)	–	–	–	125,455	–	–
Transfer from unrestricted fund to restricted fund	(1,621,020)	760,000	463,297	397,723	–	–	1,621,020	–
Balance at end of the year	6,993,709	16,086,852	–	–	–	201,762	16,288,614	23,282,323

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

CHILDREN'S AID LIMITED

Statement of Cash Flows
Year Ended 31 December 2025

	2025			2024
	January to August Society	September to December CLG	Total	
	$	$	$	$
Cash flows from operating activities				
Net surplus resources for the year	1,200,631	774,049	1,974,680	7,944,535
Adjustments for:				
Interest income	(290,151)	(80,635)	(370,786)	(437,480)
Dividend income from investments	(82,397)	(52,620)	(135,017)	(93,435)
Depreciation of property, plant and equipment	97,007	19,912	116,919	173,740
Depreciation of right-of-use asset	142,428	75,542	217,970	210,497
Interest expenses on lease liabilities	5,704	2,547	8,251	4,510
Gain on fair value of financial assets at fair value through profit and loss ("FVTPL")	(681,479)	(110,405)	(791,884)	(290,890)
Gain on disposal of financial assets at FVTPL	(47,645)	(3,943)	(51,588)	(36,981)
Operating cash flows before changes in working capital	344,098	624,447	968,545	7,474,496
Other receivables	(426,107)	423,701	(2,406)	16,249
Other non-financial assets	(379,510)	(284,656)	(664,166)	(132,454)
Other payables	151,291	(148,416)	2,875	48,165
Provisions	1,270	–	1,270	4,625
Net cash provided by operating activities	(308,958)	615,076	306,118	7,411,081
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,098)	(6,157)	(9,255)	(7,314)
Purchase of financial assets at FVTPL	(14,934,083)	(8,285,725)	(23,219,808)	(17,938,957)
Proceeds from sale of financial assets at FVTPL	14,719,698	3,863,255	18,582,953	17,653,201
Dividend received	82,397	52,620	135,017	93,435
Interest received	290,151	80,635	370,786	437,480
Net cash (used in) / provided by investing activities	155,065	(4,295,372)	(4,140,307)	237,845

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

CHILDREN'S AID LIMITED

Statement of Cash Flows (cont'd)
Year Ended 31 December 2025

	2025			2024
	January to August Society	September to December CLG	Total	
	$	$	$	$
Cash flows used in financing activities				
Repayment of lease liabilities	(156,918)	(76,553)	(233,471)	(233,470)
Transfer of operations (Note 21)	(12,999,108)	12,999,108	–	–
Net cash used in financing activities	(13,156,026)	12,922,555	(233,471)	(233,470)
Net (decrease) / increase in cash and cash equivalents	(13,309,919)	9,242,259	(4,067,660)	7,415,456
Cash and cash equivalents, statement of cash flows, beginning balance	13,309,919	–	13,309,919	5,894,463
Cash and cash equivalents, statement of cash flows, ending balance (Note 13)	–	9,242,259	9,242,259	13,309,919

Note: "Society" represents 1 January to 31 August 2025 and "CLG" represents 1 September to 31 December 2025 (Note 21).

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

1. General information

Children's Aid Limited (Registration No. 202436783M) (the "company") was incorporated as a company limited by guarantee ("CLG") on 6 September 2024 in Singapore. The financial statements are presented in Singapore dollars.

The company was dormant from 6 September 2024 to 31 August 2025. Prior to 31 August 2025, the operations were carried out under Children's Aid Society (the "Society"), a society registered in Singapore.

On 31 August 2025, the company took over the business operations, assets and liabilities of the Society. The transfer of the business operations, assets and liabilities of the Society to the company was completed on 31 August 2025.

Following the transfer of operations from the Society to the company, the financial statements have been prepared using the continuation basis of accounting. Accordingly, the results of the Society for the period from 1 January 2025 to 31 August 2025 and the results of the company for the period from 1 September 2025 to 31 December 2025 are presented on a combined basis as if the operations had been carried on by a single reporting entity throughout the reporting period.

The company's financial statements for year ended 31 December 2024 have been presented (for information) as if the company has been operating prior to 31 August 2025.

It is a charity under the Charities Act 1994. It has been accorded IPC (Institution of a Public Character) status that is valid up to 31 March 2027. Qualifying donors are entitled to 2.5 times tax deduction for the donations made to the IPC.

The members of the reporting entity have guaranteed to contribute not exceeding $100 to the net assets of the company in the event of it being wound up and the monies are required to settle the liabilities of the reporting entity. There were 13 members at the end of the reporting period. It cannot make payment of dividends or distributions to its member. Any assets left after the winding-up shall be given or transferred to some other charitable institution or institutions having objects similar to the objects of the reporting entity.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. They have the power to amend and reissue the financial statements.

The principal activities are residential care services for children (e.g. children, homes, orphanages) and social services for children and youths (e.g. youth outreach services, adoption services).

The registered office is: 35 Boon Lay Avenue Singapore 649962. The company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the related interpretations to FRS ("INT FRS") as issued by the Accounting Standards Committee under ACRA ("ASC"). They comply with the provisions of the Companies Act 1967 and Charities Act 1994.

1. General information (cont'd)

Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

2. Material accounting policy information and other explanatory information

2A. Material accounting policy information

Fair value measurement

The fair value is 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. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are material differences at the end of the reporting period and in the event the fair values are disclosed in the relevant notes to the financial statements. The recurring measurements are made at each reporting period end date.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Revenue and income recognition

General – Revenue / income is recognised when the reporting entity has entitlement to the income, it is probable that the economic benefits associated with the transaction or gift will flow to the reporting entity and the amount can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Donations and grants – Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Recognition of donations and grant income subject to conditions is deferred until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the reporting entity and there is unconditional entitlement to the receipts.

Donations and gifts in kind – For donations and gifts in the form of non-cash assets, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the reporting entity.

Government grants – Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Dividend income from equity instruments is recognised only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

Interest income is recognised using the effective interest method.

Expenditures

Expenditure is recognised when it is incurred and is reported gross of related income. Charitable expenditure comprises direct expenditure, including direct staff costs attributable to its activities. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources. Expenditure has been classified by reference to specific activity categories: all direct costs relating to a specific activity have been aggregated, costs of raising funds include all direct fundraising expenses and an apportionment of support costs. All direct expenditure in furtherance of the charity's objects, together with an apportionment of support costs, is included under the charitable activities heading. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulations and good practice. Irrecoverable GST is charged as a cost.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Employee benefits expense

Employee benefits are all forms of consideration given in exchange for service rendered by employees. Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences, and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income tax

The reporting entity is registered under the Charities Act 1994. Therefore, it is exempted from income tax on income under the Income Tax Act 1947.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Freehold land	–	Not depreciated
Plant, fixture and equipment	–	10% to 17%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The residual values of assets, useful lives of assets and recognised impairment losses are reviewed, and adjusted if appropriate, whenever events or circumstances indicate that a revision is warranted.

The gain or loss arising from the derecognition of an item of plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. The annual rates of depreciation are as follows:

Office premises – 20%

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum unavoidable lease payments. A corresponding right-of-use asset is recorded. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Carrying amounts and assessment of impairment loss allownace on non-financial assets

The amounts of the non-current non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Financial instruments (cont'd)

Classification of financial assets and financial liabilities and subsequent measurement:

The financial reporting standard on financial instruments requires the certain classification of financial assets and financial liabilities. At the end of the reporting period, the reporting entity had the following classes:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are in this class.

- Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

- Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term (three months or less), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, and items of income or expense associated with investing or financing cash flows

Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses if any are allocated on a reasonable basis to the funds based on a method most suitable to that common expense. The funds of the society are disclosed in Note 14 to the financial statements.

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Provision

A liability or provision is recognised when there is 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. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Other specific material accounting policy information and other explanatory information

These are disclosed at the relevant notes to the financial statements.

2B. Judgements and sources of estimation uncertainties

Disclosures on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below or in the in the corresponding Notes to these financial statements. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Key management compensation

	2025			2024
	January to August Society	September to December CLG	Total	
	$	$	$	$
Salaries and other short-term employee benefits	268,178	109,658	377,836	355,484
Contribution to employment funds	23,530	9,620	33,150	26,112

The above amounts are included under employee benefits expense. Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

3. Related party relationships and transactions (cont'd)

3A. Key management compensation (cont'd)

There were no transactions with a corporation in which the above key management personnel have an interest.

The remuneration band of the key management personnel is as follows:

	2025	2024
$100,001 to $200,000	2	2

4. Donation

In accordance with the Charities (Institutions of a Public Character) Regulations, the company is required to disclose fund−raising appeals with gross receipts of more than $1 million.

The fund-raising appeals with gross receipts of more than $1 million are as follows:

	Income $	Expenditure $	Net surplus $
2025			
Melrose Village Rebuilding fund (Note 14B)	–	–	–
2024			
Melrose Village Rebuilding fund (Note 14B)	7,244,072	(94,268)	7,149,804

5. Government grants

	2025 January to August Society $	2025 September to December CLG $	2025 Total $	2024 $
Children and Young Persons Home Programme (Note 14C)	1,803,473	904,736	2,708,209	2,225,900
Singapore Land Authority Rental Rebate	130,080	65,040	195,120	195,120
ComChest (Note 14D)	–	–	–	158,475
Transition Support Package (Note 14E)	–	129,480	129,480	–
Total	1,933,553	1,099,256	3,032,809	2,579,495
Presented in financial activities as:				
Unrestricted funds	130,080	65,040	195,120	195,120
Restricted funds	1,803,473	1,034,216	2,837,689	2,384,375
Total	1,933,553	1,099,256	3,032,809	2,579,495

6. Finance costs

	2025			2024
	January to August Society	September to December CLG	Total	
	$	$	$	$
Interest on reinstatement (Note 15)	1,270	–	1,270	4,625
Interest on lease liabilities	4,434	3,817	8,251	4,510
Total	5,704	3,817	9,521	9,135
Presented in financial activities as:				
Unrestricted funds	934	558	1,492	1,014
Restricted funds	4,770	3,259	8,029	8,121
Total	5,704	3,817	9,521	9,135

7. Tax exempt receipts

The company enjoys a concessionary tax treatment whereby qualifying donors are granted tax deduction for the donations made to the funds of the company. The quantum of the tax deduction for each calendar year may vary as announced in the Singapore Budget. The Institutions of a Public Character status granted the company for donations is for the period from 10 April 2025 to 31 March 2027.

	2025			2024
	January to August Society	September to December CLG	Total	
	$	$	$	$
Tax−exempt receipts issued for donations collected	1,815,086	1,115,545	2,930,631	10,002,256

8. Property, plant and equipment

	Freehold land	Plant, fixtures and equipment	Total
	$	$	$
Cost:			
At 1 January 2024	524,373	1,116,455	1,640,828
Additions	–	7,314	7,314
At 31 December 2024	524,373	1,123,769	1,648,142
Additions			
- Society	–	3,098	3,098
- CLG	–	6,157	6,157
At 31 December 2025	524,373	1,133,024	1,657,397

8. Property, plant and equipment (cont'd)

	Freehold land $	Plant, fixtures and equipment $	Total $
Accumulated depreciation:			
At 1 January 2024	–	820,421	820,421
Depreciation for the year	–	173,740	173,740
At 31 December 2024	–	994,161	994,161
Depreciation for the period			
- Society	–	97,007	97,007
- CLG	–	19,912	19,912
At 31 December 2025	–	1,111,080	1,111,080
Net book value:			
At 1 January 2024	524,373	296,034	820,407
At 31 December 2024	524,373	129,608	653,981
At 31 December 2025	524,373	21,944	546,317

9. Right-of-use assets

The right-of-use assets in the statement of financial position are as follows:

	Office premises $
Cost:	
At 1 January 2024	1,258,806
Additions	112,299
31 December 2024	1,371,105
Additions	536,709
Disposals	(1,259,502)
At 31 December 2025	648,312
Accumulated Depreciation:	
At 1 January 2024	978,735
Depreciation for the year	210,497
At 31 December 2024	1,189,232
Depreciation for the period	
- Society	142,428
- CLG	75,542
Disposals	(1,259,502)
At 31 December 2025	147,700
Net book value:	
At 1 January 2024	280,071
At 31 December 2024	181,873
At 31 December 2025	500,612

The lease contract is for leasing of office premises. The company's obligations under its leases are secured by the lessor's title to the leased assets. The company is restricted from assigning and subleasing the leased assets.

10. Financial assets at fair value through profit or loss

	Level	2025	2024
		$	$
At fair value:			
Investment in quoted equity shares at fair value through profit and loss ("FVTPL")	1	3,147,606	2,115,395
Investment in quoted debt assets instruments at FVTPL	1	7,599,057	7,484,221
Investment in Money Market Fund at FVTPL	1	4,302,107	–
Cash and cash equivalents		65,029	33,471
Dividend and interest receivables		56,574	56,337
Accrued management fees		(6,217)	(5,595)
Total		15,164,156	9,683,829

The financial assets at FVPTL are managed by the independent fund managers.

Movement during the period / year are as follows:

	2025	2024
	$	$
Fair value at beginning of the period / year	9,683,829	9,070,202
Additions	23,219,808	17,938,957
Disposal	(18,582,953)	(17,653,201)
Unrealised gain on investment	791,884	290,890
Gain on disposal	51,588	36,981
Fair value at end of the period / year	15,164,156	9,683,829

The investments in quoted debt securities in 2025 have effective interest rates ranging from 1.63% to 5.70% (2024: 1.63% to 5.70%) per annum and have maturity dates mostly ranging from 2026 to 2072. Certain investments in quoted debt securities of $265,933 (2024: $507,113) have maturity dates to perpetuity. The fair value of the quoted debt securities is estimated by reference to the current market value provided by the custodian bank.

11. Other receivables

	2025	2024
	$	$
Other receivables:		
Other receivables	76,637	73,031
Interest receivable	–	1,200
	76,637	74,231

12. Other non-financial assets

	2025	2024
	$	$
Deposits	95,282	79,822
Prepayments	882,359	233,653
	977,641	313,475

13. Cash and cash equivalents

	2025 $	2024 $
Cash and cash equivalents	9,242,259	13,309,919

The interest earning balances are not material.

13A. Reconciliation of liabilities arising from financing activities:

	At beginning of year $	Cash flows $	Non-cash changes $		At end of year $
2025:					
Lease liabilities	192,576	(233,471)	544,960	[a]	504,065
Total liabilities from financing activities	192,576	(233,471)	544,960		504,065
2024:					
Lease liabilities	309,237	(233,470)	116,809	[b]	192,576
Total liabilities from financing activities	309,237	(233,470)	116,809		192,576

[a] Accretion of interest, additions and transfer of operations.
[b] Accretion of interest and additions.

14. Accumulated funds

The reserves ratio (general fund / total resources expended) of the company's general fund is 1.52 (2024: 1.21).

The reserve of the company provides financial stability and the means for the development of its activities. The company intends to maintain the reserves at a level sufficient for its operating needs. The board of directors review the level of reserves regularly for the company's continuing obligations.

14A. General funds

The general funds of the company refer to funds that can be spent at the discretion of the governing board of directors for any purpose of the charity.

	2025 $	2024 $
Balance at 1 January	6,993,709	6,949,082
Surplus	2,025,234	1,665,647
Transfer to Melrose Village Rebuilding fund ("MVRF") (Note 14B)	–	(760,000)
Transfer to Ministry of Social and Family Development ("MSF") (Note 14C)	(338,786)	(463,297)
Transfer to Melrose Care Counselling & Psychotherapy services ("TF-CBT") (Note 14D)	(278,954)	(397,723)
Balance at 31 December	8,401,203	6,993,709

14. Accumulated funds (cont'd)

14B. Melrose Village Rebuilding fund ("MVRF") (formerly known as Clementi Melrose Village fund)

The purpose of the MVRF is for the building project of Melrose Village.

	2025 $	2024 $
Balance at 1 January	16,086,852	8,302,503
Donation	449,813	7,244,072
Expenditure	(12,107)	(94,268)
Utilised for capital expenditure purpose (Note 14F)	(635,381)	(125,455)
Transfer from General fund (Note 14A)	–	760,000
Balance at 31 December	15,889,177	16,086,852

14C. Ministry of Social and Family Development ("MSF")

The purpose of the MSF fund is for children's food and allowances under the Children and Young Persons Home Programme of the Melrose Home service.

	2025 $	2024 $
Balance at 1 January	–	–
Government grant (Note 5)	2,708,209	2,225,900
Expenditure	(3,046,995)	(2,689,197)
Transfer from General fund (Note 14A)	338,786	463,297
Balance at 31 December	–	–

C1. Income and Expenditure statement for the programmes

	2025			2024
	January to August Society $	September to December CLG $	Total $	$
Income				
Government grant	1,803,473	904,736	2,708,209	2,225,900
Total income	1,803,473	904,736	2,708,209	2,225,900
Expenditure				
Staff salaries	(1,020,731)	(517,764)	(1,538,495)	(1,335,352)
Bonuses	(137,984)	(26,364)	(164,348)	(132,176)
CPF contributions	(157,733)	(98,950)	(256,683)	(230,271)
Staff training	(20,750)	(9,390)	(30,140)	(29,043)
Staff welfare	(18,244)	(13,391)	(31,635)	(30,223)
Other operating expenses	(698,111)	(325,716)	(1,023,827)	(930,297)
Others	(1,416)	(451)	(1,867)	(1,835)
Total expenditure	(2,054,969)	(992,026)	(3,046,995)	(2,689,197)
Net loss for the period / year	(251,496)	(87,290)	(338,786)	(463,297)

14. Accumulated funds (cont'd)

14D. Melrose Care Counselling & Psychotherapy services ("TF-CBT")

The purpose of the ComChest fund is for the operation of certain programmes.

	2025 $	2024 $
Balance at 1 January	–	9,896
Government grant (Note 5)	–	158,475
Fee income	5,190	5,030
Expenditure	(284,144)	(571,124)
Transfer from General fund (Note 14A)	278,954	397,723
Balance at 31 December	–	–

D1. Income and Expenditure statement for the programmes

	2025			2024
	January to August Society $	September to December CLG $	Total $	$
Income				
Government grant	–	–	–	158,475
Fee income	5,190	–	5,190	5,030
Total income	5,190	–	5,190	163,505
Expenditure				
Staff salaries	(139,336)	–	(139,336)	(282,455)
Bonuses	(4,316)	–	(4,316)	(40,213)
CPF contributions	(23,372)	–	(23,372)	(54,329)
Staff training	(2,429)	–	(2,429)	(5,505)
Staff welfare	(1,192)	–	(1,192)	(2,815)
Other operating expenses	(113,499)	–	(113,499)	(185,745)
Others	–	–	–	(62)
Total expenditure	(284,144)	–	(284,144)	(571,124)
Net loss for the period / year	(278,954)	–	(278,954)	(407,619)

14E. Transition Support Package ("TSP")

The purpose of the fund is to help Social Residential Homes in transitioning to and complying with the updated licensing framework.

	2025 $	2024 $
Balance at 1 January	–	–
Government grant (Note 5)	129,480	–
Balance at 31 December	129,480	–

14. Accumulated funds (cont'd)

14F. Asset capitalisation reserve

	2025 $	2024 $
Balance at 1 January	201,762	76,307
Addition (Note 14B)	635,381	125,455
Balance at 31 December	837,143	201,762

The asset capitalisation reserve account reflects the amount paid out of specific donations given for the acquisition of other property, plant and equipment.

15. Provisions

	2025 $	2024 $
Reinstatement costs	197,570	196,300
Movements in above provision:		
Balance at beginning of the year	196,300	191,675
Unwinding of discount (Note 6)	1,270	4,625
At end of the period / year	197,570	196,300

16. Other payables

	2025 $	2024 $
Outside parties	40,136	45,367
Accrued liabilities	508,848	500,742
Total	548,984	546,109

17. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2025 $	2024 $
Lease liabilities, current	201,978	117,396
Lease liabilities, non-current	302,087	75,180
	504,065	192,576

A summary of the maturity analysis of lease liabilities is disclosed in Note 19E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use assets are disclosed in Note 9.

17. Lease liabilities (cont'd)

Other information about the leasing activities relating to the right-of-use assets are summarised as follows:

	Office premises
Number of right-of-use assets	3
Remaining term – range	0.4 to 3.0 years
Remaining term – average	2.1 years
Weighted average incremental borrowing rate applied to lease liabilities – 2025	2.10% to 2.43%
Weighted average incremental borrowing rate applied to lease liabilities – 2024	2.10% to 2.43%

18. Capital commitment

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	2025 $	2024 $
Contractual obligations to purchase, construct and develop Melrose Village	25,600,000	–

19. Financial instruments: information on financial risks and other explanatory information

19A. Categories of financial assets and financial liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	2025 $	2024 $
Financial assets:		
Financial assets at amortised cost	9,318,896	13,384,150
Financial assets at fair value through profit or loss	15,164,156	9,683,829
At end of the year	24,483,052	23,067,979
Financial liabilities:		
Financial liabilities at amortised cost	1,053,049	738,685

Further quantitative disclosures are included throughout these financial statements.

19B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the company's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain procedures for the management of financial risks. These are not documented in formal written documents. However, the following guidelines are followed:

19. Financial instruments: information on financial risks and other explanatory information (cont'd)

19B. Financial risk management (cont'd)

All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

19C. Fair value of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the material financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. The disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

19D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to measure expected credit loss ("ECL") allowance on financial assets. On initial recognition, a loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition.

However, for trade receivables that do not contain a material financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 13 discloses the cash balances. There was no identified impairment loss.

19E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity within twelve months after at the end of the reporting year. The average credit period taken to settle current trade payables is about 30 days (2024: 30 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

19. Financial instruments: information on financial risks and other explanatory information (cont'd)

19E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year	2 – 5 Years	Total
	$	$	$
2025:			
Gross lease liabilities	233,470	282,251	515,721
Other payables	548,984	–	548,984
At end of the period	782,454	282,251	1,064,705
2024:			
Gross lease liabilities	119,651	76,701	196,352
Other payables	546,109	–	546,109
At end of the year	665,760	76,701	742,461

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included based on the earliest date on which it can be required to pay.

19F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The following table analyses the breakdown of the material financial instruments by type of interest rate:

	2025	2024
	$	$
Financial assets with interest:		
Fixed rates	7,599,057	7,484,221
Floating rates	7,449,713	2,115,395
Total at end of the year	15,048,770	9,599,616
Financial liabilities with interest:		
Fixed rates	504,065	192,576

Sensitivity analysis:

	2025	2024
	$	$
A hypothetical variation in floating interest rates at the end of reporting year by 100 basis points with all other variables held constant, would have an increase / decrease in pre-tax profit for the year by the following amounts:		
Financial assets	74,450	21,154

20. Comparative figures

The financial statements cover the reporting period since incorporation on 6 September 2024 to 31 December 2025.

The company was newly incorporated as a company limited by guarantee (the "CLG" or "company") on 6 September 2024, and was dormant from 6 September 2024 to 31 August 2025. Prior to 31 August 2025, the company operated under the name of Children's Aid Society, registered as a society (the "Society).

21. Transfer of operations, assets and liabilities

On 31 August 2025, the company took over the business operations, assets and liabilities of the Society. The transfer of the business operations, assets and liabilities of the Society to the company was completed on 31 August 2025.

The following table summarises the carrying amounts of the Society's assets and liabilities as at 31 August 2025:

	31.08.2025 $
Property, plant and equipment	560,072
Right-of-use assets	576,154
Financial assets at fair value through profit or loss	10,627,338
Other receivables	500,338
Other non-financial assets	692,985
Cash and cash equivalents	12,999,108
Provisions	(197,570)
Other payables	(697,400)
Lease liabilities	(578,071)
General funds	(7,789,817)
Melrose Village Rebuilding fund ("MVRF")	(16,146,766)
Asset capitalisation reserve	(546,371)
Balance as at 31 August 2025	–

As the Society and the company are managed by the same parties both before and after 31 August 2025, management has presented the following:

(a) the aggregated financial performance of the society from 1 January 2025 to 31 August 2025 and the financial performance of the company from 1 September 2025 to 31 December 2025 in the 2025 Statement of Financial Activities and related notes, and the 2025 Statement of Cash Flows for a complete presentation of the business operations of the two entities of 2025; and

(b) the Statement of Financial Activities, Statement of Financial Position, Statement of Cash Flows and related notes of the society in 2024 for comparative purpose.

22. Changes and adoption of financial reporting standards

For the current reporting year, the ASC issued certain new or revised financial reporting standards. None had material impact on the reporting entity.

23. New or amended standards in issue but not yet effective

The ASC issued certain new or revised financial reporting standards for the future reporting years. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application. Those applicable to the reporting entity for future reporting years are listed below.

FRS No.	Title	Effective date for periods beginning on or after
FRS 109 and 107	Classification and Measurement of Financial Instruments – Amendments	1 Jan 2026
FRS 118	Presentation and disclosures in financial statements	1 Jan 2027

FRS 118 Presentation and Disclosure in Financial Statements. It replaces FRS 1. The new version includes (a) revised presentation of specified categories and defined subtotals in the statement of profit or loss; (b) new disclosures on management-defined performance measures in the notes to the financial statements; and (c) improved disclosures of aggregation and disaggregation of balances. It also requires the disclosure, for the comparative period immediately preceding the period in which this Standard is first applied, a reconciliation for each line item in the statement of profit or loss between (a) the restated amounts and (b) the amounts previously presented applying the replaced version.