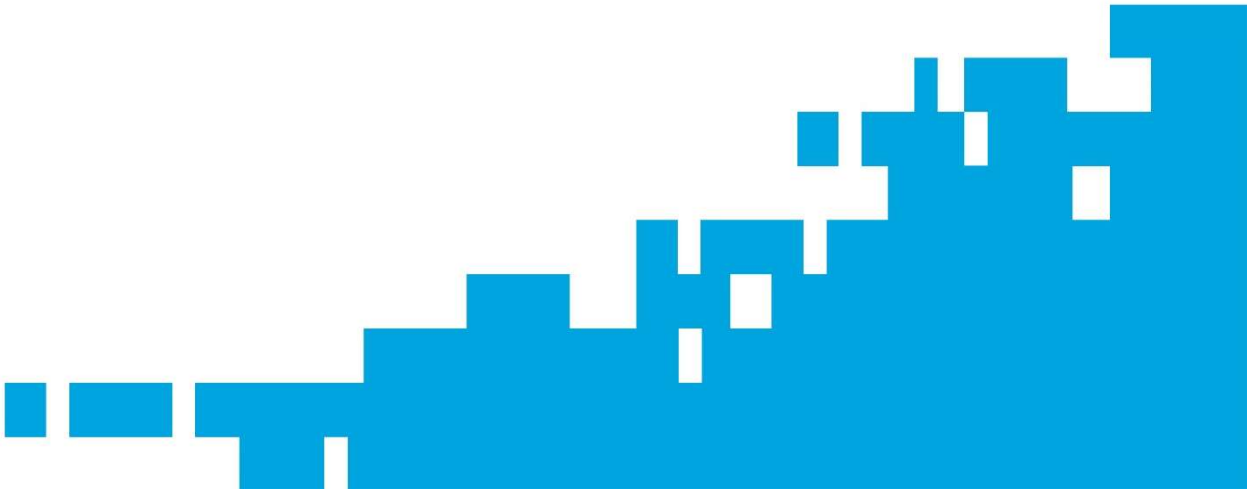




CHILDREN’S AID SOCIETY

(Registration No: S62SS0031K)
Statement by Executive Committee and Financial Statements
Year Ended 31 December 2025



CHILDREN'S AID SOCIETY

Statement by Executive Committee and Financial Statements

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CHILDREN'S AID SOCIETY

Statement by Executive Committee

The Executive Committee ("EXCO") of Children's Aid Society (the "society") is pleased to present the financial statements of the society for the reporting year ended 31 December 2025.

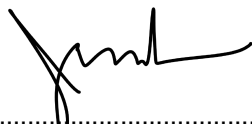
Opinion of the Executive Committee

In the opinion of the EXCO,

- (a) the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of the society and of the results of the society for the reporting year covered by the financial statements;
- (b) the society has complied with the requirements of Regulations 11 and 15 of the Charities (Institutions of a Public Character) Regulations 2012 relating to the use of donation monies and the fund-raising expenses respectively; and
- (c) at the date of this statement, there are reasonable grounds to believe that the society will be able to pay its debts as and when they fall due.

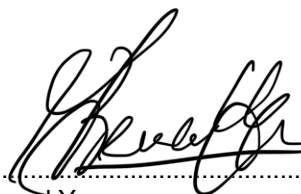
The EXCO approved and authorised these financial statements for issue.

On behalf of the Executive Committee



John Lim Yew Kong
Chairman

29 May 2026



Bernard Yu
Treasurer



RSM SG Assurance LLP

8 Wilkie Road, #03-08, Wilkie Edge
Singapore 228095

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

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Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Children's Aid Society (the "society"), 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 year then ended, and notes to the financial statements, including the material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 and Regulations (the "Societies Act and relevant regulations"), the Charities Act 1994 and relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards ("FRS"), so as to present fairly, in all material respects, the state of affairs of the society as at 31 December 2025 and of the results, changes in funds and cash flows of the society for the year ended on that date.

Basis for opinion

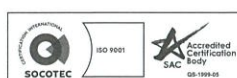
We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with 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

The management and EXCO responsible for the other information. The other information comprises the statement by the EXCO and the annual report 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 SOCIETY

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Responsibility of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act and Regulations, the Charities Act and Regulations and the financial reporting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and EXCO responsible for assessing the society'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 the management and EXCO either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the society'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 society's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 society'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 society to cease to continue as a going concern.

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

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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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide the EXCO 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.

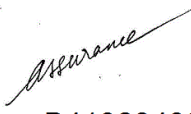
Report on other legal and regulatory requirements

In our opinion, the accounting and other records required to be kept by the society have been properly kept in accordance with the provisions of the Societies Act and Regulations, 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 society has not used the donation monies in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the society 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:

B4192349228C4C6...
RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

29 May 2026

CHILDREN'S AID SOCIETY**Statements of Financial Activities
Year Ended 31 December 2025**

	Notes	2025			2024		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		funds	funds		funds	funds	
		\$	\$	\$	\$	\$	\$
Income							
Donation	4	1,402,073	413,013	1,815,086	2,758,184	7,244,072	10,002,256
Fee income		46,015	5,190	51,205	24,690	5,030	29,720
Government grants	5	130,080	1,803,473	1,933,553	195,120	2,384,375	2,579,495
Gifts in kind		28,362	–	28,362	58,705	–	58,705
Total income		1,606,530	2,221,676	3,828,206	3,036,699	9,633,477	12,670,176
Expenditure							
Administrative expenses		(20,201)	(4,764)	(24,965)	(36,963)	(6,994)	(43,957)
Auditors' remuneration		(29,053)	(3,447)	(32,500)	(33,128)	(3,931)	(37,059)
Bank charges		(2,340)	(278)	(2,618)	(58)	(2,716)	(2,774)
Food expenses		–	(157,394)	(157,394)	–	(195,442)	(195,442)
Central provident fund		(102,730)	(189,094)	(291,824)	(177,221)	(297,277)	(474,498)
Residents' expenditure		(303,968)	(104,467)	(408,435)	(463,550)	(132,177)	(595,727)
Depreciation of property, plant and equipment	8	(25,827)	(71,180)	(97,007)	(50,333)	(123,407)	(173,740)
Depreciation of right-of-use asset	9	(16,910)	(125,518)	(142,428)	(24,389)	(186,108)	(210,497)
Foreign workers levy		–	(28,840)	(28,840)	–	(35,740)	(35,740)
Housekeeping supplies		–	(18,537)	(18,537)	–	(26,105)	(26,105)
Insurance		(14,887)	(20,106)	(34,993)	(20,278)	(23,359)	(43,637)
Medical		(1,134)	(4,485)	(5,619)	(1,981)	(6,087)	(8,068)
Miscellaneous		–	(1,996)	(1,996)	(134)	(2,552)	(2,686)
Interest expense	6	(934)	(4,770)	(5,704)	(1,014)	(8,121)	(9,135)
Professional fees		(42,230)	(3,180)	(45,410)	(138,932)	(13,835)	(152,767)
Provision for unutilised leave		–	–	–	(4,121)	(13)	(4,134)
Repairs and maintenance		(12,850)	(172,821)	(185,671)	(185,584)	(301,262)	(486,846)
Telephone		(2,158)	(8,807)	(10,965)	(3,061)	(9,787)	(12,848)
Staff salaries		(742,057)	(1,183,231)	(1,925,288)	(1,128,434)	(1,656,832)	(2,785,266)
Bonuses		(103,284)	(148,628)	(251,912)	(116,282)	(181,567)	(297,849)
Staff training		(8,286)	(23,544)	(31,830)	(16,682)	(35,127)	(51,809)
Staff welfare		(6,940)	(15,605)	(22,545)	(14,147)	(22,962)	(37,109)
Government service tax expenses		(2,605)	(309)	(2,914)	(2,305)	(274)	(2,579)
Transportation		–	(17,200)	(17,200)	–	(17,551)	(17,551)
Rental of equipment		(529)	(1,023)	(1,552)	(643)	(1,399)	(2,042)
Utilities		(4,785)	(38,379)	(43,164)	(7,688)	(63,964)	(71,652)
Total expenditure		(1,443,708)	(2,347,603)	(3,791,311)	(2,426,928)	(3,354,589)	(5,781,517)

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

CHILDREN'S AID SOCIETY**Statements of Financial Activities (cont'd)**
Year Ended 31 December 2025

	<u>Notes</u>	2025			2024		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		<u>funds</u>	<u>funds</u>	<u></u>	<u>funds</u>	<u>funds</u>	<u></u>
		\$	\$	\$	\$	\$	\$
Other income:							
Interest income from deposits at amortised cost		140,576	–	140,576	217,737	–	217,737
Dividend income from investments		82,397	–	82,397	93,435	–	93,435
Interest income from deposits and financial assets at fair value through profit or loss ("FVTPL")		149,575	–	149,575	219,743	–	219,743
Other income		62,064	–	62,064	197,090	–	197,090
Gain on disposal of financial assets at FVTPL	10	47,645	–	47,645	36,981	–	36,981
Gain on fair value of financial assets at FVTPL	10	681,479	–	681,479	290,890	–	290,890
Total other income		<u>1,163,736</u>	<u>–</u>	<u>1,163,736</u>	<u>1,055,876</u>	<u>–</u>	<u>1,055,876</u>
Total surplus for the year		<u>1,326,558</u>	<u>(125,927)</u>	<u>1,200,631</u>	<u>1,665,647</u>	<u>6,278,888</u>	<u>7,944,535</u>

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

CHILDREN'S AID SOCIETY**Statement of Financial Position
As at 31 December 2025**

	<u>Notes</u>	<u>2025</u> \$	<u>2024</u> \$
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	8	–	653,981
Right-of-use assets	9	–	181,873
Total non-current assets		–	835,854
<u>Current assets</u>			
Financial assets at fair value through profit or loss	10	–	9,683,829
Other receivables	11	–	74,231
Other non-financial assets	12	–	313,475
Cash and cash equivalents	13	–	13,309,919
Total current assets		–	23,381,454
Total assets		–	24,217,308
FUNDS AND LIABILITIES			
<u>Funds</u>			
<u>Unrestricted fund</u>			
General funds	14A	–	6,993,709
<u>Restricted funds</u>			
Melrose Village Rebuilding fund ("MVRF") (formerly known as Clementi Melrose Village fund)	14B	–	16,086,852
Ministry of Social and Family Development ("MSF")	14C	–	–
Melrose Care Counselling & Psychotherapy services ("TF-CBT")	14D	–	–
Asset capitalisation reserve	14E	–	201,762
		–	16,288,614
Total funds		–	23,282,323
<u>Non-current liabilities</u>			
Provisions	15	–	196,300
Lease liabilities	17	–	75,180
Total non-current liabilities		–	271,480
<u>Current liabilities</u>			
Other payables	16	–	546,109
Lease liabilities	17	–	117,396
Total current liabilities		–	663,505
Total liabilities		–	934,985
Total funds and liabilities		–	24,217,308

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

CHILDREN'S AID SOCIETY**Statement of Changes in Funds
Year 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")	Asset capitalisation reserve	Total restricted funds	Total fund
	\$	\$	\$	\$	\$		\$
Current year:							
Balance at beginning of the year	6,993,709	16,086,852	–	–	201,762	16,288,614	23,282,323
Net surplus / (deficit) for the year	1,326,558	404,523	(251,496)	(278,954)	–	(125,927)	1,200,631
Utilised for capital expenditure purpose	–	(344,609)	–	–	344,609	–	–
Transfer from unrestricted fund to restricted fund	(530,450)	–	251,496	278,954	–	530,450	–
Transfer of operations (Note 19)	(7,789,817)	(16,146,766)	–	–	(546,371)	(16,693,137)	(24,482,954)
Balance at end of the year	–	–	–	–	–	–	–
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 SOCIETY**Statement of Cash Flows**
Year Ended 31 December 2025

	<u>2025</u>	<u>2024</u>
	\$	\$
<u>Cash flows from operating activities</u>		
Net surplus resources for the year	1,200,631	7,944,535
Adjustments for:		
Interest income	(290,151)	(437,480)
Dividend income from investments	(82,397)	(93,435)
Depreciation of property, plant and equipment	97,007	173,740
Depreciation of right-of-use asset	142,428	210,497
Interest expenses on lease liabilities	5,704	4,510
Gain on fair value of financial assets at fair value through profit and loss ("FVTPL")	(681,479)	(290,890)
Gain on disposal of financial assets at FVTPL	(47,645)	(36,981)
Operating cash flows before changes in working capital	344,098	7,474,496
Other receivables	(426,107)	16,249
Other non-financial assets	(379,510)	(132,454)
Other payables	151,291	48,165
Provisions	1,270	4,625
Net cash (used in) / provided by operating activities	<u>(308,958)</u>	<u>7,411,081</u>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(3,098)	(7,314)
Purchase of financial assets at FVTPL	(14,934,083)	(17,938,957)
Proceeds from sale of financial assets at FVTPL	14,719,698	17,653,201
Dividend received	82,397	93,435
Interest received	290,151	437,480
Net cash provided by investing activities	<u>155,065</u>	<u>237,845</u>
<u>Cash flows from financing activities</u>		
Repayment of lease liabilities	(156,918)	(233,470)
Transfer of operations (Note 19)	(12,999,108)	—
Net cash used in financing activities	<u>(13,156,026)</u>	<u>(233,470)</u>
Net (decrease) / increase in cash and cash equivalents	(13,309,919)	7,415,456
Cash and cash equivalents, statement of cash flows, beginning balance	<u>13,309,919</u>	<u>5,894,463</u>
Cash and cash equivalents, statement of cash flows, ending balance (Note 13)	<u>—</u>	<u>13,309,919</u>

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

CHILDREN'S AID SOCIETY

Notes to the Financial Statements 31 December 2025

1. General information

Children's Aid Society (the "society") was registered as a society on 14 February 1984. It has a constitution as its governing instrument.

It is a charity under the Charities Act 1994 since 14 February 1984. It has been accorded IPC (Institutions 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 society cannot make payment of dividends or distributions to its members. 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 society.

On 6 September 2024, a company limited by guarantee, Children's Aid Limited, was incorporated. Subsequently, on 31 August 2025, the operations, assets and liabilities of the society were transferred to Children's Aid Limited, and the society ceased its operations (see Note 19).

These financial statements represent the final set of financial statements of the society.

The financial statements are presented in Singapore dollars, the functional currency.

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

The society is a registered charitable society set up to provide dedicated services to ensure physical safety and emotional and psychological support for children, teenagers and adults facing adversity like abuse, violence and those looking for support to navigate life challenges.

This is achieved through two services, Melrose Home, which provides residential care for children and teenagers, and Melrose Care, a community-based agency that provides accessible specialised psychological therapy for children, individuals, couples and families.

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

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRS") and the related interpretations to FRS ("INT FRS") as issued by the Accounting Standards Committee under ACRA. They are in compliance with provisions of the Societies Act 1966 and the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations").

Basis of preparation of the financial statements

The financial statements are prepared on a realisation basis. It is the intention of the members to apply to Register of Societies to de-register the society at a time deemed suitable by the Executive Committee and senior management, subject to approval of the relevant regulatory authorities (see Note 19). Accordingly, the assets are stated at their estimated realisable value and whilst the liabilities are accrued to the extent the society was liable up to 31 August 2025. The new entity, Children's Aid Limited (UEN: 202436783M) incorporated as a company limited by guarantee, has agreed to bear and pay all expenses relating to the de-registration of the society. The financial statements for the comparative are stated at the historical cost convention.

CHILDREN'S AID SOCIETY

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 society'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 year 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 year end date.

Income recognition

Income is recognised when the society has entitlement to the income, it is probable that the economic benefits associated with the transaction or gift will flow to the society 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.

Grants received to fund operating expenses are recognised on accrual basis, based on the funding principles specified by National Council of Social Service ("NCSS") and Ministry of Social and Family Development ("MSF"). Accruals are made for any over/under funding payable to/from NCSS and MSF.

A gift in kind is included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the donation can be measured reliably and there is no uncertainty that it will be received.

Other income consist of voluntary contribution by parents to maintain the upkeep of the child is recognised upon receipts.

CHILDREN'S AID SOCIETY

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

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

Income recognition (cont'd)

Dividend income from equity instruments is recognised only when the society'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 accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Government grants are recognised at fair value when there is reasonable assurance that 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.

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.

Income tax

The society is registered under the Charities Act 1994. Therefore, it is exempted from income tax on income under Section 13(1)(ZM) of the Income Tax Act 1947.

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.

CHILDREN'S AID SOCIETY

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

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

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.

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%
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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.

CHILDREN'S AID SOCIETY

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

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

Carrying amounts and assessment of impairment loss allowance 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.

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 year, 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.

CHILDREN'S AID SOCIETY**2. Material accounting policy information and other explanatory information (cont'd)****2A. Material accounting policy information (cont'd)****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.

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 and other explanatory information

These are included in the relevant Notes to the financial statements.

2B. Judgements and sources of estimation uncertainties

Disclosures on significant judgements made in the process of applying the accounting policies and on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, 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 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.

CHILDREN'S AID SOCIETY

2. **Material accounting policy information and other explanatory information (cont'd)**
- 2B. **Judgements and sources of estimation uncertainties (cont'd)**

During the financial year, the society transferred its operations, assets and liabilities to Children's Aid Limited and ceased its operations on 31 August 2025 (see Note 19). Management exercised judgement in determining the appropriate accounting treatment and presentation of the transfer. As at the end of the reporting year, the society does not have significant balances that are subject to estimation uncertainty.

3. **Related party relationships and transactions**

The financial reporting standard on related party disclosures requires the society to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between governing board members, parent and subsidiary entities 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.

A related party includes the EXCO members and key management of the society. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons; members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. Key management personnel include the executive directors, managers and the direct reporting management team.

All members of the EXCO and staff of the society are required to read and understand the conflict of interest policy in place and make full disclosure of interests and relationships that could potentially result in a conflict of interests. When a conflict of interest situation arises, the members or staff shall abstain from participating in the discussion, decision making and voting on the matter.

The members of EXCO are volunteers and receive no monetary remuneration for their contribution, except for reimbursement of out-of-pocket expenses, if any claimed.

There are no paid staff who are close members of the family of the EXCO, and whose remuneration each exceeds \$50,000 during the year.

3A. **Key management compensation**

	<u>2025</u>	<u>2024</u>
	\$	\$
Salaries and other short-term employee benefits	268,178	355,484
Contribution to employment funds	<u>23,530</u>	<u>26,112</u>

Key management personnel include the governing board members and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. It is not the practice for the non-executive governing board members, or people connected with them, to receive remuneration or other benefits from the society for which they are responsible, or from parties connected with the society. The above remuneration is for two (2024: two) key management personnel.

CHILDREN'S AID SOCIETY

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:

	<u>2025</u>	<u>2024</u>
\$100,001 to \$200,000	<u>2</u>	<u>2</u>

4. Donation

In accordance with the Charities (Institutions of a Public Character) Regulations, the society 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:

	<u>Income</u> \$	<u>Expenditure</u> \$	<u>Net surplus</u> \$
<u>2025</u>			
Melrose Village Rebuilding fund (Note 14B)	<u>—</u>	<u>—</u>	<u>—</u>
<u>2024</u>			
Melrose Village Rebuilding fund (Note 14B)	<u>7,244,072</u>	<u>(94,268)</u>	<u>7,149,804</u>

5. Government grants

	<u>2025</u> \$	<u>2024</u> \$
Children and Young Persons Home Programme	1,803,473	2,225,900
Singapore Land Authority Rental Rebate	130,080	195,120
ComChest	—	158,475
Total	<u>1,933,553</u>	<u>2,579,495</u>
Presented in financial activities as:		
Unrestricted funds	130,080	195,120
Restricted funds	1,803,473	2,384,375
Total	<u>1,933,553</u>	<u>2,579,495</u>

6. Finance costs

	<u>2025</u> \$	<u>2024</u> \$
Interest on reinstatement (Note 15)	1,270	4,625
Interest on lease liabilities	4,434	4,510
Total	<u>5,704</u>	<u>9,135</u>

CHILDREN'S AID SOCIETY**6. Finance costs (cont'd)**

	<u>2025</u>	<u>2024</u>
	\$	\$
Presented in financial activities as:		
Unrestricted funds	934	1,014
Restricted funds	<u>4,770</u>	<u>8,121</u>
Total	<u><u>5,704</u></u>	<u><u>9,135</u></u>

7. Tax exempt receipts

The society enjoys a concessionary tax treatment whereby qualifying donors are granted tax deduction for the donations made to the funds of the society. 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 society for donations is for the period from 1 April 2023 to 31 March 2025. An extension has been granted up till 31 March 2027.

	<u>2025</u>	<u>2024</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u><u>1,815,086</u></u>	<u><u>10,002,256</u></u>

8. Property, plant and equipment

	<u>Freehold land</u>	<u>Plant, fixtures and equipment</u>	<u>Total</u>
	\$	\$	\$
<u>Cost:</u>			
At 1 January 2024	524,373	1,116,455	1,640,828
Additions	<u>—</u>	<u>7,314</u>	<u>7,314</u>
At 31 December 2024	524,373	1,123,769	1,648,142
Additions	<u>—</u>	<u>3,098</u>	<u>3,098</u>
Transfer of operations (Note 19)	<u>(524,373)</u>	<u>(1,126,867)</u>	<u>(1,651,240)</u>
At 31 December 2025	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>
<u>Accumulated depreciation:</u>			
At 1 January 2024	—	820,421	820,421
Depreciation for the year	<u>—</u>	<u>173,740</u>	<u>173,740</u>
At 31 December 2024	—	994,161	994,161
Depreciation for the year	<u>—</u>	<u>97,007</u>	<u>97,007</u>
Transfer of operations (Note 19)	<u>—</u>	<u>(1,091,168)</u>	<u>(1,091,168)</u>
At 31 December 2025	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>
<u>Net book value:</u>			
At 1 January 2024	524,373	296,034	820,407
At 31 December 2024	<u><u>524,373</u></u>	<u><u>129,608</u></u>	<u><u>653,981</u></u>
At 31 December 2025	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

CHILDREN'S AID SOCIETY**9. Right-of-use assets**

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

	<u>Office premises</u> \$
<u>Cost:</u>	
At 1 January 2024 and	1,258,806
Additions	112,299
31 December 2024	1,371,105
Additions	536,709
Disposals	(1,259,502)
Transfer of operations (Note 19)	(648,312)
At 31 December 2025	—
<u>Accumulated Depreciation:</u>	
At 1 January 2024	978,735
Depreciation for the year	210,497
At 31 December 2024	1,189,232
Depreciation for the year	142,428
Disposals	(1,259,502)
Transfer of operations (Note 19)	(72,158)
At 31 December 2025	—
<u>Net book value:</u>	
At 1 January 2024	280,071
At 31 December 2024	181,873
At 31 December 2025	—

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

10. Financial assets at fair value through profit or loss

	<u>Level</u>	<u>2025</u> \$	<u>2024</u> \$
At fair value:			
Investment in quoted equity shares at fair value through profit and loss ("FVTPL")	1	—	2,115,395
Investment in quoted debt assets instruments at FVTPL	1	—	7,484,221
Cash and cash equivalents		—	33,471
Dividend and interest receivables		—	56,337
Accrued management fees		—	(5,595)
Total		—	9,683,829

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

CHILDREN'S AID SOCIETY**10. Financial assets at fair value through profit or loss (cont'd)**

Movement during the year are as follows:

	<u>2025</u> \$	<u>2024</u> \$
Fair value at beginning of the year	9,683,829	9,070,202
Additions	14,934,083	17,938,957
Disposal	(14,719,698)	(17,653,201)
Unrealised gain on investment	681,479	290,890
Gain on disposal	47,645	36,981
Transfer of operations (Note 19)	(10,627,338)	—
Fair value at end of the year	<u>—</u>	<u>9,683,829</u>

The investments in quoted debt securities in 2024 have effective interest rates ranging from 1.63% to 5.70% per annum and have maturity dates mostly ranging from 2025 to 2072. Certain investments in quoted debt securities of \$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

	<u>2025</u> \$	<u>2024</u> \$
<u>Other receivables:</u>		
Other receivables	—	73,031
Interest receivable	—	1,200
	<u>—</u>	<u>74,231</u>

12. Other non-financial assets

	<u>2025</u> \$	<u>2024</u> \$
Deposits	—	79,822
Prepayments	—	233,653
	<u>—</u>	<u>313,475</u>

13. Cash and cash equivalents

	<u>2025</u> \$	<u>2024</u> \$
Cash and cash equivalents	<u>—</u>	<u>13,309,919</u>

The rates of interest in 2024 for the interest earning balances ranged between 2.7% and 3.1%.

CHILDREN'S AID SOCIETY**13. Cash and cash equivalents (cont'd)****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	(156,918)	(35,658) ^(a)	—
Total liabilities from financing activities	192,576	(156,918)	(35,658)	—
	At beginning of year \$	Cash flows \$	Non-cash changes \$	At end of year \$
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 society's general fund is Nil (2024: 1.21).

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

On 31 August 2025, the society transferred its operations, assets and liabilities to the entity, Children's Aid Limited, incorporated as a public company limited by guarantee incorporated in Singapore (see Note 19).

14A. General funds

The general funds of the society refer to funds that can be spent at the discretion of the governing EXCO for any purpose of the charity.

	<u>2025</u> \$	<u>2024</u> \$
Balance at 1 January	6,993,709	6,949,082
Surplus	1,326,558	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)	(251,496)	(463,297)
Transfer to Melrose Care Counselling & Psychotherapy services ("TF-CBT") (Note 14D)	(278,954)	(397,723)
Transfer of operations (Note 19)	(7,789,817)	—
Balance at 31 December	—	6,993,709

CHILDREN'S AID SOCIETY**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.

	<u>2025</u> \$	<u>2024</u> \$
Balance at 1 January	16,086,852	8,302,503
Donation	413,013	7,244,072
Expenditure	(8,490)	(94,268)
Utilised for capital expenditure purpose (Note 14E)	(344,609)	(125,455)
Transfer from General fund (Note 14A)	–	760,000
Transfer to operations (Note 19)	(16,146,766)	–
Balance at 31 December	<u>–</u>	<u>16,086,852</u>

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.

	<u>2025</u> \$	<u>2024</u> \$
Balance at 1 January	–	–
Government grant (Note 5)	1,803,473	2,225,900
Expenditure	(2,054,969)	(2,689,197)
Transfer from General fund (Note 14A)	251,496	463,297
Balance at 31 December	<u>–</u>	<u>–</u>

C1. Income and Expenditure statement for the programmes

	<u>2025</u> \$	<u>2024</u> \$
Income		
Government grant	1,803,473	2,225,900
Total income	<u>1,803,473</u>	<u>2,225,900</u>
Expenditure		
Staff salaries	(1,020,731)	(1,335,352)
Bonuses	(137,984)	(132,176)
CPF contributions	(157,733)	(230,271)
Staff training	(20,750)	(29,043)
Staff welfare	(18,244)	(30,223)
Other operating expenses	(698,111)	(930,297)
Others	(1,416)	(1,835)
Total expenditure	<u>(2,054,969)</u>	<u>(2,689,197)</u>
Net loss for the year	<u>(251,496)</u>	<u>(463,297)</u>

CHILDREN'S AID SOCIETY**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.

	<u>2025</u> \$	<u>2024</u> \$
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	<u>–</u>	<u>–</u>

D1. Income and Expenditure statement for the programmes

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

14E. Asset capitalisation reserve

	<u>2025</u> \$	<u>2024</u> \$
Balance at 1 January	201,762	76,307
Addition (Note 14B)	344,609	125,455
Transfer of operations (Note 19)	(546,371)	
Balance at 31 December	<u>–</u>	<u>201,762</u>

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

CHILDREN'S AID SOCIETY**15. Provisions**

	<u>2025</u> \$	<u>2024</u> \$
Reinstatement costs	—	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
Transfer of operations (Note 19)	(197,570)	—
At end of the year	—	196,300

16. Other payables

	<u>2025</u> \$	<u>2024</u> \$
Outside parties	—	45,367
Accrued liabilities	—	500,742
Total	—	546,109

17. Lease liabilities

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

	<u>2025</u> \$	<u>2024</u> \$
Lease liabilities, current	—	117,396
Lease liabilities, non-current	—	75,180
	—	192,576

A summary of the maturity analysis of lease liabilities is disclosed in Note 18E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use assets are disclosed in Note 9.

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

	<u>Office premises</u>
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	<u>2.10% to 2.43%</u>

CHILDREN'S AID SOCIETY**18. Financial instruments: information on financial risks and other explanatory information****18A. 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:

	<u>2025</u>	<u>2024</u>
	\$	\$
<u>Financial assets:</u>		
Financial assets at amortised cost	–	13,384,150
Financial assets at fair value through profit or loss	–	9,683,829
At end of the year	<u>–</u>	<u>23,067,979</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	<u>–</u>	<u>738,685</u>

Further quantitative disclosures are included throughout these financial statements.

18B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the society'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:

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.

18C. 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.

18D. 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.

CHILDREN'S AID SOCIETY**18. Financial instruments: information on financial risks and other explanatory information (cont'd)****18D. Credit risk on financial assets (cont'd)**

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.

18E. 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.

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 \$
<u>2025:</u>			
Gross lease liabilities	–	–	–
Other payables	–	–	–
At end of the year	<u>–</u>	<u>–</u>	<u>–</u>
<u>2024:</u>			
Gross lease liabilities	119,651	76,701	196,352
Other payables	<u>546,109</u>	<u>–</u>	<u>546,109</u>
At end of the year	<u>665,760</u>	<u>76,701</u>	<u>742,461</u>

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.

CHILDREN'S AID SOCIETY**18. Financial instruments: information on financial risks and other explanatory information (cont'd)****18F. 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:

	<u>2025</u>	<u>2024</u>
	\$	\$
<u>Financial assets with interest:</u>		
Fixed rates	–	7,484,221
Floating rates	–	2,115,395
Total at end of the year	<u>–</u>	<u>9,599,616</u>
<u>Financial liabilities with interest:</u>		
Fixed rates	<u>–</u>	<u>192,576</u>

Sensitivity analysis:

<u>2025</u>	<u>2024</u>
\$	\$

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	<u>–</u>	<u>21,154</u>
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19. Transfer of operations, assets and liabilities

At the 28 June 2023 AGM, the Society's members approved the delegation of authority to the Executive Committee to act for and on behalf of the Society with regards to the transition of its activities to a company limited by guarantee. In this regard, Children's Aid Limited was incorporated on 6 September 2024 and was granted Institution of a Public Character status on 10 April 2025, valid until 31 March 2027. At the 4 June 2025 AGM, the Society's members approved the dissolution and de-registration of the Society at a time deemed suitable by the Executive Committee and senior management, subject to the approval of the relevant regulatory authorities. The transfer of the Society's business operations, assets and liabilities to Children's Aid Limited was completed on 31 August 2025.

The following table presents the carrying amounts of the society's assets and liabilities prior to the transfer at 31 August 2025:

	<u>31.08.2025</u>
	\$
Property, plant and equipment (Note 8)	560,072
Right-of-use assets (Note 9)	576,154
Financial assets at fair value through profit or loss (Note 10)	10,627,338
Other receivables	500,338
Other non-financial assets	692,985
Cash and cash equivalents	12,999,108

CHILDREN'S AID SOCIETY**19. Transfer of operations, assets and liabilities (cont'd)**

The following table presents the carrying amounts of the society's assets and liabilities prior to the transfer at 31 August 2025 (cont'd):

	<u>31.08.2025</u>
	\$
Provisions (Note 15)	(197,570)
Other payables	(697,400)
Lease liabilities	(578,071)
General funds (Note 14A)	(7,789,817)
Melrose Village Rebuilding fund ("MVRF") (Note 14B)	(16,146,766)
Asset capitalisation reserve (Note 14E)	<u>(546,371)</u>
Balance as at 31 August 2025	<u><u>—</u></u>

Following the transfer, management intends to apply to the Registrar of Societies to de-register the society.

20. 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.