SPIRIT OF ENTERPRISE
(Co. Reg. No. 200301515E)

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2020**

CONTENTS

SPIRIT OF ENTERPRISE

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2020.

In the opinion of the directors:

(i) the financial statements as set out on pages 5 to 16 are drawn up so as to give a true and fair view of the financial position of the Company at 31 December 2020 and of the financial performance, changes in accumulated fund and cash flows of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50, the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore; and

(ii) 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.

Directors

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

Rachel Wong Mai Kim
Sa'at Bin Ismail
Harish Nim

Arrangements to enable directors to acquire benefits

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

Other matters

As the Company is limited by guarantee and does not have a share capital, matters relating to the issue of shares or share options are not applicable.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Rachel Wong Mai Kim
Director

Sa'at Bin Ismail
Director

28 JUN 2021

600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

T: +65 6336 2828
www.bakertilly.sg

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT OF ENTERPRISE

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Spirit of Enterprise (the "Company") as set out on pages 5 to 16, which comprise the balance sheet as at 31 December 2020, and the statement of comprehensive income, statement of changes in accumulated fund and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on page 1.

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.

bakertilly

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT OF ENTERPRISE (cont'd)

Report on the Audit of the Financial Statements (cont'd)

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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT OF ENTERPRISE (cont'd)

Report on the Audit of the Financial Statements (cont'd)

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

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

(ii) the Company has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

BakerTilly

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

28 June 2021

SPIRIT OF ENTERPRISE

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2020

	Note	**2020** **$**	2019 $
Income			
Donations	3	**115,000**	132,250
Income from fund-raising activities - golf	3	–	112,775
Income from award dinner		–	168,475
Income from networking night		**2,500**	–
Book income		**1,770**	72,469
Other income	4	**18,409**	50,007
		137,679	535,976
Expenditure			
Fund-raising expenses - golf		–	(62,149)
Other operating and administration expenses	5	**(135,152)**	(340,417)
Net surplus and total comprehensive income for the financial year		**2,527**	133,410

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

SPIRIT OF ENTERPRISE

BALANCE SHEET
At 31 December 2020

	Note	**2020 $**	2019 $
Non-current asset			
Plant and equipment	6	**3,735**	833
Current assets			
Trade and other receivables	7	**3,667**	55,195
Cash and cash equivalents		**413,374**	367,655
		417,041	422,850
Total assets		**420,776**	423,683
Current liability			
Trade and other payables	8	**15,350**	20,784
Net assets		**405,426**	402,899
Accumulated Fund		**405,426**	402,899

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

SPIRIT OF ENTERPRISE

STATEMENT OF CHANGES IN ACCUMULATED FUND
For the financial year ended 31 December 2020

	$
Balance at 1 January 2019	269,489
Net surplus and total comprehensive income for the financial year	133,410
Balance at 31 December 2019	402,899
Net surplus and total comprehensive income for the financial year	2,527
Balance at 31 December 2020	**405,426**

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

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2020

	2020 $	2019 $
Cash flows from operating activities		
Surplus for the financial year	2,527	133,410
Adjustment for:		
Depreciation on plant and equipment	597	599
Bad debt written off	5,023	–
Operating surplus before working capital changes	8,147	134,009
Receivables	46,505	(30,071)
Payables	(5,434)	13,209
Net cash generated from operating activities	49,218	117,147
Cash flows from investing activity		
Purchase of plant and equipment, representing net cash used in investing activity	(3,499)	–
Net increase in cash and cash equivalents	45,719	117,147
Cash and cash equivalents at beginning of the financial year	367,655	250,508
Cash and cash equivalents at end of the financial year	413,374	367,655

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

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

1 Corporate information

The Company (Co. Reg. No. 200301515E) is incorporated and domiciled in Singapore. The registered office and principal place of operations is at 17 Kaki Bukit Industrial Terrace, Singapore 416098.

The principal activities of the Company is to recognise and reward successful Singaporean entrepreneurs who contributed greatly to the Singapore economy.

The Company is limited by its members' guarantee to contribute to the assets of the Company up to $10 each member in the event of it being wound up. The Company is an approved Institution of a Public Character.

2 Significant accounting policies

(a) Basis of preparation

The financial statements, expressed in Singapore dollar ("$") which is the Company's functional currency, have been prepared in accordance with the provisions of the Companies Act, Chapter 50, the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant judgements made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

The carrying amounts of trade and other receivables (excluding prepayments), cash and cash equivalents and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRSs and INT FRSs did not ave any material effect on the financial statements of the Company.

2 Significant accounting policies (cont'd)

(b) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Company classifies its financial assets at amortised cost. The classification is based on its business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments include trade and other receivables (excluding prepayments and grant receivable) and cash and cash equivalents. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Company recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

2 Significant accounting policies (cont'd)

(b) Financial assets (cont'd)

Impairment (cont'd)

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

If the Company has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Company recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Financial liabilities

Financial liabilities, which comprise trade and other payables (excluding deferred grant income). Financial liabilities are recognised on the balance sheet when, and only when the Company becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs, and subsequently measured at amortised cost, using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(d) Income taxes

The Company is registered as a charity under the Charities Act and is exempted from income tax under the provisions of the Income Tax Act, Chapter 134.

(e) Income recognition

Income is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of income and related expenditure can be reliably measured.

Donations and sponsorship	-	when received
Fund-raising income/ award dinner	-	Upon completion of the event held
Book income	-	recognised at a point in time when the goods are delivered to customers

(f) Provisions for other liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

2. Summary of significant accounting policies (cont'd)

(g) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

(h) Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the depreciable amount of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Depreciation is calculated on a straight-line basis to allocate the depreciable amount of plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Computer and office equipment	3

On disposal of a plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(i) Employee benefits

Defined contribution plans

The Company contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Singapore Government. The Company's obligation in regard to defined contribution plans is limited to the amount it contributed to the funds. Contributions to defined contribution plans are recognised as an expense in the profit or loss as incurred.

(j) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

3 Donations and income from fund raising activities

During the financial year, the Company issued tax deductible receipts for donations collected of $115,000 (2019: $132,250).

In 2019, the Company issued tax deductible receipts for income from fund-raising activities - golf of $98,187.

4 Other income

	2020 $	2019 $
Government grant income*	**14,950**	–
Tote Board grant income	–	48,835
Others	**3,459**	1,172
	18,409	50,007

* Government grant income of $14,950 (2019: $Nil) was recognised during the year under the Jobs Support Scheme ("JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. In determining the recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commenced in April 2020 when the COVID-19 pandemic started affecting the Company's operations. As at 31 December 2020, a deferred grant income of $2,990 and a grant receivable of $1,840 were recognised.

5 Other operating and administration expenses

The major components include the followings:

	2020 $	2019 $
Award dinner	–	157,815
Secretarial fee	–	30,320
Spirit of Enterprise ("SOE") books	–	65,424
SOE Student Entrepreneur Programme	**4,785**	3,957
SOE Student Interviewer Programme	–	14,100
SOE Networking Night	**5,885**	2,962
Audit fees		
- Current year	**4,500**	–
- Under provision in prior year	**4,500**	4,280
Accounting fees	**8,100**	7,800
Bad debts written off	**5,023**	–
Website development costs	**9,160**	–
Staff costs	**66,000**	18,618
Contributions to Central Provident Fund	**11,220**	2,740

6 Plant and equipment

	Computers $	Office equipment $	Total $
2020			
Cost			
At 1 January 2020	6,781	956	7,737
Additions	3,499	–	3,499
Write-off	(5,282)	(956)	(6,238)
At 31 December 2020	**4,998**	–	**4,998**
Accumulated depreciation			
At 1 January 2020	5,948	956	6,904
Depreciation charge	597	–	597
Write-off	(5,282)	(956)	(6,238)
At 31 December 2020	**1,263**	–	**1,263**
Net carrying value			
At 31 December 2020	**3,735**	–	**3,735**
2019			
Cost			
At 1 January 2019 and 31 December 2019	6,781	956	7,737
Accumulated depreciation			
At 1 January 2019	5,448	857	6,305
Depreciation charge	500	99	599
At 31 December 2019	5,948	956	6,904
Net carrying value			
At 31 December 2019	833	–	833

7 Trade and other receivables

	2020 $	2019 $
Trade receivables	–	43,887
Sundry receivable	–	9,374
Grant receivable	**1,840**	–
Prepayments	**1,827**	1,934
	3,667	55,195

8 Trade and other payables

	2020 $	2019 $
Trade payables	–	660
Other payables	**2,460**	8,424
Accrued expenses	**9,900**	11,700
Deferred grant income	**2,990**	–
	15,350	20,784

9 Financial instruments

a) Categories of financial instruments

Financial instruments at their carrying amounts at the balance sheet date are as follows:

	2020	2019
	$	$
Financial assets		
Financial assets at amortised costs	**413,374**	420,916
Financial liabilities		
At amortised cost	**12,360**	20,784

b) Financial risk management

The Company's overall risk management is determined and carried out by the board of directors on an informal basis.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. For trade receivables, the Company adopts the policy of dealing with customers of appropriate credit history.

Credit risk exposure in relation to cash and cash equivalents, trade and other receivables (excluding prepayments) as at 31 December 2020 are insignificant as the majority of the Company's financial assets are cash and cash equivalents which are placed in bank with good credit rating. Accordingly, no credit loss allowance is recognised as at 31 December 2020. There were no financial assets that are past due and loss impaired.

Foreign exchange risk

The Company has no significant exposure to foreign exchange risk as all of its financial assets and financial liabilities are denominated in Singapore dollar.

Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates as it does not have significant variable-rate interest bearing assets or liabilities.

Liquidity and cash flow risk

The board of directors exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times.

10 Fair values

The carrying amounts of the assets and liabilities recorded in the financial statements of the Company approximate their fair values.

11 Fund management

The Company's objectives when managing its funds are to safeguard and maintain adequate working capital to continue as a going concern. The directors consider the accumulated fund as the capital of the Company and no changes were made to the Company's fund management objectives during the financial years ended 31 December 2020 and 31 December 2019.

12 Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the board of directors dated 28 June 2021.