

**Project X Society**  
(Formerly known as “Sunshine Initiative (Singapore)”) (Unique Entity Number: T14SS0189D)

**AUDITED FINANCIAL STATEMENTS**

**For the Financial Year Ended 31 December 2022**



26 Eng Hoon Street Singapore 169776

Tel: 6533 7393 Fax: 6533 6831

[www.tanchan-cpa.com](http://www.tanchan-cpa.com)

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**AUDITED FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 December 2022**

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**Project X Society**  
**EXECUTIVE COMMITTEES' STATEMENT**  
**For the Financial Year Ended 31 December 2022**

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In the opinion of the Executive Committee,

- (a) the financial statement of Project X Society (“Society”) together with the notes thereto are properly drawn up in accordance with the provisions of the Societies Act 1966 and Financial Reporting Standards in Singapore so as to present fairly, in all material aspects, the state of affairs of the Society as at 31 December 2022 and the results, changes in fund and cash flows of the Society for the year then ended;
- (b) 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; and
- (c) there was no fund-raising appeal held by the Society during the financial year.

The Executive Committee authorised the issue of these financial statements.

On behalf of the Executive Committee,



.....  
Rayner Tan  
**President**



.....  
Jasmine Seah  
**Treasurer**

Singapore

Date: 31 May 2023

## INDEPENDENT AUDITOR'S REPORT

**To the Members of  
Project X Society  
For the Financial Year Ended 31 December 2022**

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### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Project X Society (the "Society"), which comprise the statement of financial position as at 31 December 2022, and the statement of financial activities, statement of changes in fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Society are properly drawn up in accordance with the provisions of the Societies Act 1966 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Society as at 31 December 2022 and of the financial performance, changes in equity 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*

Management is responsible for the other information. The other information comprises the Directors' Statement.

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 Project X Society For the Financial Year Ended 31 December 2022

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#### Report on the Audit of the Financial Statements (Cont'd)

##### *Responsibilities of Management and Executive Committees for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and FRSs, 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, management is 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 management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include 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:

- 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 Society'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  
Project X Society  
For the Financial Year Ended 31 December 2022**

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### **Report on the Audit of the Financial Statements (Cont'd)**

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- 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 Societies Regulations enacted under the Act to be kept by the Society have been properly kept in accordance with those Regulations.

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

Singapore

Date: 31 May 2023

**Project X Society**

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2022**

	Note	<b>2022</b> \$	2021 \$ (Restated)
<b>ASSETS</b>			
<b>Non-current asset</b>			
Plant and equipment	4	<u>5,322</u>	<u>8,335</u>
<b>Current assets</b>			
Prepayment		<u>7,225</u>	2,781
Other receivables	5	<u>62,812</u>	92,626
Bank balances	6	<u>234,451</u>	129,987
		<u>304,488</u>	<u>225,394</u>
<b>Total assets</b>		<u><b>309,810</b></u>	<u>233,729</u>
<b>LIABILITY AND FUND</b>			
<b>Current liabilities</b>			
Other payable	7	<u>11,294</u>	5,394
Deferred income	8	<u>17,791</u>	-
Income tax payable	15	<u>7,489</u>	4,666
		<u>36,574</u>	<u>10,060</u>
<b>Fund</b>			
Accumulated fund		<u>273,236</u>	<u>223,669</u>
<b>Total fund and liabilities</b>		<u><b>309,810</b></u>	<u>233,729</u>

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

Project X Society

STATEMENT OF FINANCIAL ACTIVITIES  
For the Financial Year Ended 31 December 2022

	Note	Unrestricted funds	Restricted funds	Total	Unrestricted Funds	Restricted Funds	Total
		2022	2022	2022	2021	2021	2021
		\$	\$	\$	\$	\$	\$
					(Restated)		(Restated)
<b>Income</b>							
Voluntary income	9	35,880	-	35,880	30,740	-	30,740
Charitable activities income	10	403,845	28,524	432,369	368,462	15,001	383,463
Other income	11	30,562	-	30,562	11,405	-	11,405
<b>Total income</b>		<b>470,287</b>	<b>28,524</b>	<b>498,811</b>	<b>410,607</b>	<b>15,001</b>	<b>425,608</b>
<b>Less: Expenditures</b>							
Cost of generating voluntary income	12	128	-	128	131	-	131
Charitable activities expenditure	13	339,155	28,524	367,679	187,331	30,435	217,766
Governance costs	14	73,180	-	73,180	54,407	-	54,407
<b>Total expenditures</b>		<b>412,463</b>	<b>28,524</b>	<b>440,987</b>	<b>241,869</b>	<b>30,435</b>	<b>272,304</b>
<b>Surplus before taxation</b>		<b>57,824</b>	<b>-</b>	<b>57,824</b>	<b>168,738</b>	<b>(15,434)</b>	<b>153,304</b>
Taxation	15	(8,257)	-	(8,257)	(5,329)	-	(5,329)
<b>Net surplus, representing net movement in fund</b>		<b>49,567</b>	<b>-</b>	<b>49,567</b>	<b>163,409</b>	<b>(15,434)</b>	<b>147,975</b>

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



**Project X Society**

**STATEMENT OF CHANGES IN EQUITY  
For the Financial Year Ended 31 December 2022**

	<b>Unrestricted</b>	<b>Restricted</b>		<b>Total funds</b>
	<b>General fund</b>	<b>Emergency Safety Net Programme</b>	<b>HIV Programme</b>	
	\$	\$		\$
		(Note 17)	(Note 18)	
As at 1 January 2021	75,694	-	-	75,694
Surplus for the financial year	163,409	(15,434)	-	147,975
Transfer to/(from) of funds	(15,434)	15,434	-	-
As at 31 December 2021, restated	223,669	-	-	223,669
Surplus for the financial year	49,567	-	-	49,567
<b>As at 31 December 2022</b>	<b>273,236</b>	<b>-</b>	<b>-</b>	<b>273,236</b>

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

**Project X Society**

**STATEMENT OF CASH FLOWS**  
**For the Financial Year Ended 31 December 2022**

	Note	<b>2022</b>	2021
		\$	\$
<b>Operating activities</b>			
Surplus before taxation		<b>57,824</b>	153,304
<u>Adjustments for:</u>			
Depreciation of plant and equipment	4	<u>3,013</u>	<u>704</u>
Operating cash flows before working capital changes		<b>60,837</b>	154,008
<u>Changes in working capital:</u>			
Prepayment		<b>(4,444)</b>	(121)
Other receivables		<b>29,814</b>	(91,119)
Other payable		<b>5,900</b>	5,394
Deferred income		<u>17,791</u>	<u>-</u>
Cash flows generated from operations		<b>109,898</b>	68,162
Income tax paid	16	<b>(5,434)</b>	(2,654)
<b>Net cash generated from operating activities</b>		<b><u>104,464</u></b>	<b><u>65,508</u></b>
<b>Investing activity</b>			
Purchase of plant and equipment	4	<u>-</u>	<u>(9,039)</u>
<b>Net cash used in investing activity</b>		<b><u>-</u></b>	<b><u>(9,039)</u></b>
<b>Net changes in cash and cash equivalents</b>		<b>104,464</b>	56,469
<b>Cash and cash equivalents at the beginning of financial year</b>		<b><u>129,987</u></b>	<b><u>73,518</u></b>
<b>Cash and cash equivalents at the end of financial year</b>	6	<b><u><u>234,451</u></u></b>	<b><u><u>129,987</u></u></b>

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

## **Project X Society**

### **NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2022**

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

#### **1. GENERAL INFORMATION**

Project X Society (the “Society”), formerly known as Sunshine Initiative (Singapore) is registered under the Society Act 1966 and is domiciled in the Republic of Singapore.

The registered office and place of operation is located at 400 Orchard Road #04-24 Singapore 238875.

The principal activities of the Society are to provide social, emotional and health services to people in the sex industry.

The financial statements of the Society for the financial year ended 31 December 2022 were authorised for issue by the Directors on 31 May 2023.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore (“FRSs”) under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements of the Society are presented in Singapore dollars (“\$”) which is also the Society’s functional currency.

##### **2.2 Adoption of new and amended standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Society has adopted all the new and amended standards which are relevant to the Society and are effective for annual financial period beginning on 1 January 2022. The adoption of these standards did not have any material effect on the financial statements of the Society.

##### **2.3 Standards issued but not yet effective**

Certain new standards, amendments to standards and interpretations are issued but effective for annual financial periods beginning on or after 1 January 2023, and which the Society has not been early adopted in preparing these financial statements. None of these are expected to have a significant impact on the Society’s financial statements in the year of initial application.

## Project X Society

### NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2022

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

##### 2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Society and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of financial activities.

##### 2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation is computed on a straight-line method over the estimated useful lives of the assets as follows:

	<u>Estimated useful lives</u>
Computer equipment	3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the assets is included in statement of financial activities in the period that the assets are derecognised.

##### 2.6 Impairment of non-financial assets

The Society assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Society makes an estimate of the asset's recoverable amount.

## Project X Society

### NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2022

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

##### 2.6 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

Impairment losses are recognised in statement of financial activities.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in statement of financial activities.

##### 2.7 Financial instruments

###### (a) Financial assets

###### Initial recognition and measurement

Financial assets are recognised when, and only when the Society becomes party to the contractual provisions of the instruments.

At initial recognition, the Society measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in statement of financial activities.

###### Subsequent measurement

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

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

## Project X Society

### NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2022

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

##### 2.7 Financial instruments (cont'd)

###### (a) Financial assets (cont'd)

###### Derecognition

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

###### (b) Financial liabilities

###### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial liabilities at initial recognition.

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

###### Subsequent measurement

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

###### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in statement of financial activities.

##### 2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash on hand that are subject to an insignificant risk of changes in value. The carrying amount of these assets approximate their fair value.

## Project X Society

### NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2022

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

##### 2.9 Impairment of financial assets

The Society recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The Society considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Society may also consider a financial asset to be in default when internal or external information indicates that the Society is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Society. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### 2.10 Provisions

Provisions are recognised when the Society has 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 the amount of obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## Project X Society

### NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2022

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

##### 2.11 Government grants

Government grants are recognised as receivable when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

##### 2.12 Employee benefits

###### Defined contribution plan

The Society makes contribution to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to this national pension scheme are recognised as an expense in the period in which the related service is performed.

###### Short-term benefits

All short-term benefits are recognised in profit or loss in the period in which the employees rendered their services to the Group. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

##### 2.13 Income recognition

Income is measured based on the consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to customers, excluding amounts collected on behalf of third parties.

Income is recognised when the Society satisfies a performance obligation by transferring a promised good or service to the customers, which is when the customers obtain control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation.

###### Donation income

Donation are recognised as income when Society has unconditional entitlement to the receipts.



**Project X Society**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Financial Year Ended 31 December 2022**

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

2.13 Income recognition (cont'd)

Membership fees

Membership fees are recognised over time of membership period.

Other income

Other income is recognised at the point in time.

2.14 Taxation

Current income tax

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

## Project X Society

### NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2022

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

##### 2.14 Taxation (cont'd)

###### Deferred tax (cont'd)

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

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

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

##### 2.15 Contingencies

A contingent liability is:

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

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

#### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

**Project X Society**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Financial Year Ended 31 December 2022**

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)**

Management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**4. PLANT AND EQUIPMENT**

	Computer equipment \$
<b><u>Cost</u></b>	
As at 1 January 2021	-
Addition	9,039
As at 31 December 2021	<u>9,039</u>
<b>and 31 December 2022</b>	<b><u>9,039</u></b>
<b><u>Accumulated depreciation</u></b>	
As at 1 January 2021	-
Depreciation	704
As at 31 December 2021	<u>704</u>
Depreciation	3,013
<b>As at 31 December 2022</b>	<b><u>3,717</u></b>
<b><u>Carrying amount</u></b>	
As at 31 December 2021	<u>8,335</u>
<b>As at 31 December 2022</b>	<b><u>5,322</u></b>

**5. OTHER RECEIVABLES**

	2022 \$	2021 \$ (Restated)
Deposit	140	140
Donation receivables	1,129	909
Other receivables	33,525	62,146
Unbilled revenue	28,018	29,431
	<u>62,812</u>	<u>92,626</u>

**Project X Society**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Financial Year Ended 31 December 2022**

<b>6. BANK BALANCES</b>		
	<b>2022</b>	2021
	\$	\$
Cash at bank	<u>234,451</u>	<u>129,987</u>
<b>7. OTHER PAYABLE</b>		
	<b>2022</b>	2021
	\$	\$
Accruals	<u>11,294</u>	<u>5,394</u>
Non-trade amount is unsecured, interest free and repayable on demand.		
<b>8. DEFERRED INCOME</b>		
	<b>2022</b>	2021
	\$	\$
Gilead grant	<u>17,791</u>	<u>-</u>
Deferred income relates to Gilead grant received from Gilead Sciences Hong Kong Limited to support Raising HIV/AIDS Awareness through Social Media. The deferred income is recognised as income when conditions imposed can be met.		
<b>9. VOLUNTARY INCOME</b>		
	<b>2022</b>	2021
	\$	\$
Donations	33,680	29,710
Membership fees	<u>2,200</u>	<u>1,030</u>
	<u>35,880</u>	<u>30,740</u>
<b>10. CHARITABLE ACTIVITIES INCOME</b>		
	<b>2022</b>	2021
	\$	\$
		(Restated)
Sexual health outreach services grant	376,271	318,890
Education	16,464	3,218
Other grants	<u>39,634</u>	<u>61,355</u>
	<u>432,369</u>	<u>383,463</u>

**Project X Society**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Financial Year Ended 31 December 2022**

**11. OTHER INCOME**

	<b>2022</b>	2021
	\$	\$
YCCI grant for internship allowance	-	5,306
Job growth incentive	<b>3,450</b>	6,000
Senior employment credit	<b>69</b>	-
Wage credit scheme	<b>13,432</b>	-
CPF transition offset	<b>23</b>	-
SGUnited traineeship grant	<b>12,087</b>	-
Others	<b>1,501</b>	99
	<u><b>30,562</b></u>	<u>11,405</u>

**12. COST OF GENERATING VOLUNTARY INCOME**

	<b>2022</b>	2021
	\$	\$
Online service fees	<u><b>128</b></u>	<u>131</u>

**13. CHARITABLE ACTIVITIES EXPENDITURE**

	<b>2022</b>	2021
	\$	\$
Casework	<b>36,714</b>	16,092
Community event and empowerment	<b>31,075</b>	183
Education	<b>2,279</b>	382
Emergency safety net programme	-	400
Merchandise	-	488
Other activities	<b>28,704</b>	64,497
Research	<b>15,521</b>	(4,875)
Sexual health outreach services	<b>253,386</b>	140,599
	<u><b>367,679</b></u>	<u>217,766</u>

**Project X Society**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Financial Year Ended 31 December 2022**

**14. GOVERNANCE COSTS**

	Note	2022 \$	2021 \$
Bank charges		49	166
Depreciation of plant and equipment	4	3,013	704
General expenses		333	64
Insurance		659	635
IT expenses		14,772	3,527
Meals and entertainment		941	345
Minor assets not capitalised		650	1,484
Office cleaning and supplies		1,544	6,342
Office stationeries		35	392
Professional fees		13,026	9,262
Rental		7,500	7,500
Repair and maintenance		-	260
Staff's salaries and bonus		22,675	18,495
Staff's CPF		3,866	3,511
Other employee benefits		1,851	542
Subscription fees		279	51
Utilities		630	407
Telephone expenses		144	720
Temporary staff pay		775	-
Training expenses		383	-
Transport and travelling		55	-
		<u>73,180</u>	<u>54,407</u>

**15. TAXATION**

	2022 \$	2021 \$
<u>Major components of income tax expense</u>		
Current income tax:		
- Current financial year	7,489	4,666
- Under provision in respect of prior years	768	663
	<u>8,257</u>	<u>5,329</u>

**Project X Society**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Financial Year Ended 31 December 2022**

**15. TAXATION (Cont'd)**

Relationship between tax expense and accounting surplus

The reconciliation between tax expense and the accounting surplus multiplied by applicable corporate tax rate for the financial years ended 31 December 2022 and 2021 respectively are as follows:

	<b>2022</b>	<b>2021</b>
	\$	\$ (Restated)
Surplus before taxation	<u>57,824</u>	<u>153,304</u>
Tax calculated at statutory tax rate of 17% (2021:17%)	<b>9,830</b>	26,062
<u>Adjustments:</u>		
Non-deductible expenses	<b>5,998</b>	120
Effect of tax exemption and relief	<b>(8,339)</b>	(5,516)
Income not subjected to tax	-	(14,463)
Utilisation of capital allowances	-	(1,537)
Under provision in respect of prior years	<u>768</u>	<u>663</u>
Income tax expense recognised in statement of financial activities	<u><b>8,257</b></u>	<u>5,329</u>
	<b>2022</b>	<b>2021</b>
	\$	\$
<u>Movements of income tax payable:</u>		
At the beginning of financial year	<b>4,666</b>	1,991
Current financial year	<b>7,489</b>	4,666
Income tax paid	<b>(5,434)</b>	(2,654)
Under provision in respect of prior years	<u>768</u>	<u>663</u>
At the end of financial year	<u><b>7,489</b></u>	<u>4,666</u>

**16. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**

A related party includes the committee 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, and such individual.

The following are significant transactions between the Society and its related party that took place during the financial year. The effects of these transactions are reflected in the financial statements on the basis determined between the parties.

**Project X Society**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Financial Year Ended 31 December 2022**

**16. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Cont'd)**

Key Management Compensation:

	<b>2022</b>	<b>2021</b>
	\$	\$
Executives' remuneration (including CPF)	<b>58,000</b>	47,736
Number of key management personnel	<u><b>1</b></u>	<u><b>1</b></u>

**17. EMERGENCY SAFETY NET PROGRAMME FUND**

	<b>2022</b>	<b>2021</b>
	\$	\$
At the beginning of the financial year	-	-
Income received during the financial year	<b>13,940</b>	15,001
Expenditure incurred during the financial year	<u><b>(13,940)</b></u>	<u>(30,435)</u>
Net expenditure	-	(15,434)
Transfer of funds:		
- Reallocation of fund	<u>-</u>	<u>15,434</u>
Balance at end of financial year	<u><u>-</u></u>	<u><u>-</u></u>

This represents fund from Temasek Trust designated to fund financial aid programmes for the purpose of helping sex workers in Singapore with financial needs.

**18. HIV PROGRAMME FUND**

	<b>2022</b>	<b>2021</b>
	\$	\$
At the beginning of the financial year	-	-
Income received during the financial year	<b>14,584</b>	-
Expenditure incurred during the financial year	<u><b>(14,584)</b></u>	<u>-</u>
Net expenditure	<u><u>-</u></u>	<u><u>-</u></u>

This represents fund from Gilead Sciences Hong Kong Limited to support raising HIV/AIDS awareness through social media.



## Project X Society

### NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2022

#### 19. FINANCIAL INSTRUMENTS

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liability at amortised cost were as follows:

	Note	2022 \$	2021 \$ (Restated)
<u>Financial assets</u>			
Other receivables	5	62,812	92,626
Cash and bank balances	6	234,451	129,987
<b>Total financial assets carried at amortised cost</b>		<b>297,263</b>	<b>222,613</b>
<u>Financial liability</u>			
Other payable, representing total <b>financial liability carried at amortised cost</b>	7	<b>11,294</b>	5,394

#### 20. FAIR VALUE OF ASSETS AND LIABILITIES

No financial assets or liabilities were measured at fair value as at financial year end.

The carrying amounts of financial assets and liabilities on the statement of financial position approximate their respective fair values due to the relatively short-term maturity of these financial instruments or that they are floating rate instruments that are re-priced to market interest rate on or near the end of the reporting period.

The management considers that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values.

#### 21. CAPITAL MANAGEMENT

The primary objective of the Society's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Society comprises issued share capital and retained earnings.

The Society manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Society may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Society is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

## Project X Society

### NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2022

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#### 22. FINANCIAL RISK MANAGEMENT

The Society's activities expose it to a variety of financial risks from its operations. The key financial risks include liquidity risk.

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Society's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Society's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Society's exposure to these financial risks or the manner in which it manages and measures the risks.

#### Liquidity risk

Liquidity risk refers to the risk that the Society will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Society's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Society's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities. The Society finances its working capital requirements through a combination of funds generated from operations and bank borrowings. The directors are satisfied that funds are available to finance the operations of the Society.

All financial liabilities at the end of the reporting period are repayable within one year from the reporting date.

#### 23. PRIOR FINANCIAL YEAR ADJUSTMENTS

Retrospective restatements have been made to correct the amounts in prior year's financial statements to reflect correct balance of other receivables, accumulated fund, and charitable activities income. As a result, certain line items have been amended in the statement of financial position, statement of comprehensive income and related notes to the financial statements.

The effects of the restatements on the Society's reported amounts are as follow:

	As previously stated \$	Prior financial year adjustment \$	As restated \$
<b><u>31.12.2021</u></b>			
<b><u>Statement of financial position</u></b>			
Other receivables	7,549	85,077	<b>92,626</b>
Accumulated fund	<u>138,592</u>	<u>85,077</u>	<u><b>223,669</b></u>

**Project X Society**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Financial Year Ended 31 December 2022**

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**23. PRIOR FINANCIAL YEAR ADJUSTMENTS (Cont'd)**

The effects of the restatements on the Society's reported amounts are as follow: (cont'd)

	As previously stated \$	Prior financial year adjustment \$	As restated \$
<b><u>31.12.2021</u></b>			
<b><u>Statement of comprehensive income</u></b>			
Charitable activities income	<u>298,386</u>	<u>85,077</u>	<u>383,463</u>