

# **PROJECT X SOCIETY**

*UEN No.: T14SS0189D*  
*(Registered under the Societies Act 1966)*

**FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2023**

**PROJECT X SOCIETY**  
*UEN No.: T14SS0189D*  
*(Registered under the Societies Act 1966)*

**REPORT AND FINANCIAL STATEMENTS**  
*For the financial year ended 31 December 2023*

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**PROJECT X SOCIETY**

UEN No.: T14SS0189D

(Registered under the Societies Act 1966)

**STATEMENT BY EXECUTIVE COMMITTEE**

For the financial year ended 31 December 2023

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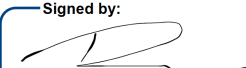
In the opinion of the Executive Committee,

- (a) the financial statements of Project X Society (the "Society") are drawn up in accordance with the provisions of the Societies Act 1966 (the "Societies Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the state of affairs of the Society as at 31 December 2023 and the results and cash flows of the Society for the financial 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;
- (c) the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act.
- (d) there was no fund-raising appeal held by the Society during the financial year.

The Executive Committee, comprising the following, authorised the issue of these financial statements.

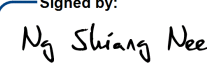
President	Rayner Tan Kay Jin
Vice President	Raksha Mahtani
Treasurer	Ng Shiang Nee
Vice Treasurer	Tan Su Hui
Acting Secretary	Dion Chan Zhan Whye
Executive Director	Vanessa Ho
Ordinary Board Member	Gabrielle
Ordinary Board Member	Charissa
Ordinary Board Member	Amelia

On behalf of the Executive Committee,

Signed by:  
  
1233E57DF6AD4D4

**RAYNER TAN KAY JIN**

President

Signed by:  
  
E1E2156015DF443

**NG SHIANG NEE**

Treasurer

11 September 2024



# Helmi Talib LLP

Chartered Accountants of Singapore  
Registration Number: T20LL1986E

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## INDEPENDENT AUDITOR'S REPORT

TO THE EXECUTIVE COMMITTEE OF PROJECT X SOCIETY

### *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 2023, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the "Societies Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2023 and 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 Matter*

The financial statements of the Society for the year ended 31 December 2022 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 31 May 2023.

#### *Other Information*

Management is responsible for the other information. The other information comprises the Statement by Executive Committee 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.

### *Responsibilities 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, the Charities Act and Regulations 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.

# Helmi Talib LLP

## *Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)*

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.

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 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.
- 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 Executive Committee 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.

# Helmi Talib LLP

## **Report on Other Legal and Regulatory Requirements**

In our opinion:

- (a) the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act; and
- (b) there were no fund-raising appeal held by the Society during the financial year.

DocuSigned by:

*Helmi Talib LLP*

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**HELMI TALIB LLP**

Public Accountants and  
Chartered Accountants

Singapore

11 September 2024

Partner-in-charge : Bautista Jaypee Lolong  
PA No. : 01977

**PROJECT X SOCIETY**

UEN No.: T14SS0189D

(Registered under the Societies Act 1966)

**STATEMENT OF FINANCIAL ACTIVITIES**

For the financial year ended 31 December 2023

		Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
		<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>
	Note	\$	\$	\$	\$	\$	\$
<b>Income</b>							
- Charitable activities income	6	333,729	56,962	390,691	403,845	28,524	432,369
- Voluntary income	7	37,068	-	37,068	35,880	-	35,880
- Sponsorship		-	5,375	5,375	-	-	-
- Other income	8	10,610	-	10,610	30,562	-	30,562
<b>Total income</b>		<u>381,407</u>	<u>62,337</u>	<u>443,744</u>	<u>470,287</u>	<u>28,524</u>	<u>498,811</u>
<b>Expenditure</b>							
- Charitable activities expenditure	10	(320,647)	(54,590)	(375,237)	(339,155)	(28,524)	(367,679)
- Governance costs	11	(70,161)	(2,850)	(73,011)	(73,180)	-	(73,180)
- Costs of generating voluntary income	9	(56)	-	(56)	(128)	-	(128)
<b>Total expenditures</b>		<u>(390,864)</u>	<u>(57,440)</u>	<u>(448,304)</u>	<u>(412,463)</u>	<u>(28,524)</u>	<u>(440,987)</u>
<b>Net (loss) income before tax</b>		<u>(9,457)</u>	<u>4,897</u>	<u>(4,560)</u>	<u>57,824</u>	<u>-</u>	<u>57,824</u>
Tax benefit (expense)		<u>1,566</u>	<u>-</u>	<u>1,566</u>	<u>(8,257)</u>	<u>-</u>	<u>(8,257)</u>
<b>Net (loss) income, representing total movement in fund</b>		<u>(7,891)</u>	<u>4,897</u>	<u>(2,994)</u>	<u>49,567</u>	<u>-</u>	<u>49,567</u>

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

**PROJECT X SOCIETY**

UEN No.: T14SS0189D

(Registered under the Societies Act 1966)

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023

		<b><u>2023</u></b>	<b><u>2022</u></b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	235,225	234,451
Trade and other receivables	15	66,416	70,037
Total current assets		<u>301,641</u>	<u>304,488</u>
<b>Non-current assets</b>			
Property, plant and equipment	16	57,909	5,322
Total non-current assets		<u>57,909</u>	<u>5,322</u>
Total assets		<u>359,550</u>	<u>309,810</u>
<b>Liabilities and funds</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	34,397	29,085
Lease liability	25(b)	30,789	-
Income tax payable	13(b)	-	7,489
Total current liabilities		<u>65,186</u>	<u>36,574</u>
<b>Non-current liability</b>			
Lease liability	25(b)	24,122	-
Total non-current liability		<u>24,122</u>	<u>-</u>
Total liabilities		<u>89,308</u>	<u>36,574</u>
<b>Funds</b>			
Accumulated funds		<u>270,242</u>	<u>273,236</u>
Total liabilities and funds		<u>359,550</u>	<u>309,810</u>

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



**PROJECT X SOCIETY**

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**STATEMENT OF CHANGES IN FUNDS**

For the financial year ended 31 December 2023

	Note	Unrestricted funds	Restricted funds						Total funds	
		General fund \$	Preventing the exploitation of migrant worker bar hostesses \$ (Note 18)	Office move \$ (Note 19)	Raising HIV/AIDS awareness through social media \$ (Note 20)	Singlit station - Writers' incubation project \$ (Note 21)	The next step programme \$ (Note 22)	Emergency safety net programme fund \$ (Note 23)	Total restricted funds \$	Total funds \$
At 1 January 2022		223,669	-	-	-	-	-	-	-	223,669
Net income for the year		49,567	-	-	-	-	-	-	-	49,567
At 31 December 2022		273,236	-	-	-	-	-	-	-	273,236
Net (loss) income for the year		(7,891)	-	2,862	(102)	(39)	2,176	-	4,897	(2,994)
Transfers (from) to		4,492	-	-	(4,492)	-	-	-	(4,492)	-
At 31 December 2023		269,837	-	2,862	(4,594)	(39)	2,176	-	405	270,242

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

**PROJECT X SOCIETY**

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**STATEMENT OF CASH FLOWS**

For the financial year ended 31 December 2023

	Note	<u>2023</u> \$	<u>2022</u> \$
<b>Cash flows from operating activities</b>			
Net (loss) income before tax		(4,560)	57,824
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	16	10,864	3,013
Interest expense on lease liability	12,25(b)	714	-
Total adjustments		<u>11,578</u>	<u>3,013</u>
Total operating cash flows before changes in working capital		7,018	60,837
<b>Changes in working capital:</b>			
Decrease in trade and other receivables		3,621	25,370
Increase in trade and other payables		<u>5,312</u>	<u>23,691</u>
Total changes in working capital		<u>8,933</u>	<u>49,061</u>
Cash generated from operations		15,951	109,898
Income tax paid		(8,448)	(5,434)
Refund tax received		<u>2,525</u>	<u>-</u>
Net cash generated from operating activities		<u>10,028</u>	<u>104,464</u>
<b>Cash flows from investing activity</b>			
Purchase of property, plant and equipment	16	<u>(1,154)</u>	<u>-</u>
Net cash used in investing activity		<u>(1,154)</u>	<u>-</u>
<b>Cash flows from financing activity</b>			
Payment of principal portion on lease liability		(7,386)	-
Payment of interest expense on lease liability		<u>(714)</u>	<u>-</u>
Net cash used in financing activity		<u>(8,100)</u>	<u>-</u>
Net increase in cash and cash equivalents		774	104,464
Cash and cash equivalents at 1 January		<u>234,451</u>	<u>129,987</u>
Cash and cash equivalents at 31 December	14	<u>235,225</u>	<u>234,451</u>
<b>Net cash flows</b>			
Net cash generated from operating activities		<u>10,028</u>	<u>104,464</u>
Net cash used in investing activity		<u>(1,154)</u>	<u>-</u>
Net cash used in financing activity		<u>(8,100)</u>	<u>-</u>

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

**PROJECT X SOCIETY**

UEN No.: T14SS0189D

(Registered under the Societies Act 1966)

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

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

**1 GENERAL**

Project X Society (the "Society"), formerly known as Sunshine Initiative (Singapore) is registered under the Society Act 1996 and is domiciled in Singapore with its registered office and principal place of business at 155 Kitchener Road #04-01 Singapore 208528.

The principal activities of the Society are those of providing social, emotional and health services to people in the sex industry. There has been no significant change in the nature of these activities during the financial year.

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Executive Committee of the Society on the date of Statement by Executive Committee.

**2 EXECUTIVE COMMITTEE**

The Society is governed by the Executive Committee, also known as the Board. For the financial year under review, the members of the Executive Committee 2023 at the date of this statement are as follows:

President	Rayner Tan Kay Jin
Vice President	Raksha Mahtani
Treasurer	Ng Shiang Nee
Vice Treasurer	Tan Su Hui
Acting Secretary	Dion Chan Zhan Whye
Executive Director	Vanessa Ho
Ordinary Board Member	Gabrielle
Ordinary Board Member	Charissa
Ordinary Board Member	Amelia

**3 MATERIAL ACCOUNTING POLICY INFORMATION****3.1 Basis of preparation**

The financial statements of the Society have been drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("SGD" or "\$") which is the Society's functional currency.

The financial statements of the Society have been prepared on the basis that it will continue to operate as a going concern.

**3.2 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 and interpretations which are relevant to the Society and are effective for annual period beginning on 1 January 2023. The adoption of these standards did not have any material effect on the financial statements of the Society.

**PROJECT X SOCIETY**

UEN No.: T14SS0189D

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

**3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****3.3 Standards issued but not yet effective**

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

The directors expect that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.

**3.4 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, if any. The cost of property, plant and equipment includes its purchase price and any costs 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 cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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

Office equipment	3 years
Furniture and fittings	3 years
Leasehold premise (over the lease term)	2 years

The residual value, useful lives and depreciation method are reviewed at least at the end of each financial period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

**3.5 Financial instruments****(a) Financial assets****Initial recognition and measurement**

Financial assets are recognised when, and only when the entity 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 profit or loss.

Trade receivables are measured at the amount of consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

**PROJECT X SOCIETY**

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(Registered under the Societies Act 1966)

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

**3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****3.5 Financial instruments (Continued)****(a) Financial assets (Continued)**Subsequent measurement*Debt instruments*

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 the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortization process.

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 the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

**(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, net of 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 profit or loss when the liabilities are derecognised, and through the amortization 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 profit or loss.

**PROJECT X SOCIETY**

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

**3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****3.6 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).

For trade receivables, the Society applies a simplified approach in calculating ECLs. Therefore, the Society does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Society has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Society considers a financial asset in default when contractual payments are 90 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.

**3.7 Cash and cash equivalents**

Cash and cash equivalents comprise of cash at banks and cash on hand that are subject to an insignificant risk of changes in value.

**3.8 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 recognised to settle the obligation and the amount of the 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 economic resources 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.

**3.9 Employee benefits****(a) Defined contribution plans**

The Society makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

**3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****3.9 Employee benefits (Continued)****(b) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Society 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.

**3.10 Leases**

The Society assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As lessee**

The Society applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Society recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

***Right-of-use asset***

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

The Society's right-of-use assets are presented within property, plant and equipment (Note 16).

***Lease liabilities***

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating the lease, if the lease term reflects the Society exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

## PROJECT X SOCIETY

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.10 Leases (Continued)

##### **As lessee** (Continued)

##### *Lease liabilities* (Continued)

In calculating the present value of lease payments, the Society uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Society's lease liabilities are included in Note 25.

#### 3.11 Funds

##### (a) Unrestricted funds

Unrestricted funds are funds from donors who do not specify how the funds are being spent. They are used for the general purposes of the Society in order to achieve its objects as set out in the Society's Constitution.

##### (b) Restricted funds

Restricted funds are funds subject to specific funded programmes by government and donors, but still within the wider objects of the Society.

Restricted funds may only be utilised in accordance with the purposes established by the sources of such funds and are in contrast with unrestricted funds over which the Executive Committee retains full control to use in achieving its institutional purposes.

The society respects the donors' intended use of the funds and will endeavour to request for donors' permission should a change of use be deemed necessary.

The Society classifies the following funds as restricted funds:

- Office Move
- Preventing the Exploitation of Migrant Worker Bar Hostesses
- Raising HIV/AIDS Awareness through Social Media
- Singlit Station – Writers' Incubation Project
- The Next Step Programme

#### 3.12 Income

Income is measured based on the consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to a customer, 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 customer, which is when the customer obtains 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.



# PROJECT X SOCIETY

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### 3.12 Income (Continued)

(a) Donations income

Donations are recognised when received with unconditional entitlement to the receipts.

(b) Membership fees

Membership fees are recognised over time of membership period.

(c) Grants

Comprised of government subventions and grants for the programmes run by the Society. These are recognised as income according to the conditions of the funding agreements. The grants are recognised as income on a systematic basis over the period in which the Society recognises the expenses and related costs for which the grants are intended to compensate.

(d) Other income

Other income is recognised at the point in time.

#### 3.13 Expenditures

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

(a) Classification

i. Costs of generating voluntary income

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

ii. Charitable activities expenditure

All resources applied in undertaking activities to meet the Society's charitable objectives are classified under charitable activities expenditure.

(b) Governance costs

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

(c) Allocation of costs

Where appropriate, expenditures that are specifically identifiable to each cost classification are allocated directly to the type of costs incurred.

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**4 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 revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**4.1 Judgements made in applying accounting policies**

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.

**4.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

*Provision for expected credit losses of trade receivables*

The Society uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Society's historical observed default rates. The Society will calibrate the matrix to adjust historical credit loss experience with forward-looking information. As every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Society's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Society's trade receivables is disclosed in Note 15.

The carrying amount of the Society's trade receivables as at 31 December 2023 was \$27,943 (2022: \$5,000).

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

**5 RELATED PARTY TRANSACTIONS****Compensation of key management personnel**

The key management personnel are those person having executive authority and responsibility for planning, directing and controlling the activities of the Society. None of the Society's staff is a close member of the family of the Executive Director or board members. None of the Board members receive remuneration for their services to the Board. The key management personnel for the financial year end is the Executive Director who received the following:

	<u><b>2023</b></u>	<u><b>2022</b></u>
	\$	\$
Salaries and bonuses	46,437	44,850
Employer's CPF contributions	7,900	7,630
Annual remuneration	<u>54,337</u>	<u>52,480</u>

**6 CHARITABLE ACTIVITIES INCOME**

	<u><b>2023</b></u>	<u><b>2022</b></u>
	\$	\$
Sexual health outreach services grant	300,001	376,271
Other grants	39,653	39,634
Social service fund	26,358	-
Service income	19,330	-
Fundraising	4,649	-
Sponsorship	700	-
Education	-	16,464
	<u>390,691</u>	<u>432,369</u>

**7 VOLUNTARY INCOME**

	<u><b>2023</b></u>	<u><b>2022</b></u>
	\$	\$
Donations	36,353	33,680
Membership fees	715	2,200
	<u>37,068</u>	<u>35,880</u>

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**PROJECT X SOCIETY**

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

**8 OTHER INCOME**

	<u><b>2023</b></u>	<u><b>2022</b></u>
	\$	\$
Wage credit scheme	7,368	13,432
Others	2,500	1,501
Refund from extra payment	320	-
Senior employment credit	205	69
CPF transition offset	117	23
Bank rebates	100	-
Job growth incentive	-	3,450
SGUnited traineeship grant	-	12,087
	<u>10,610</u>	<u>30,562</u>

**9 COST OF GENERATING VOLUNTARY INCOME**

	<u><b>2023</b></u>	<u><b>2022</b></u>
	\$	\$
Online service fees	<u>56</u>	<u>128</u>

**10 CHARITABLE ACTIVITIES EXPENDITURE**

	<u><b>2023</b></u>	<u><b>2022</b></u>
	\$	\$
Sexual health outreach services	244,256	253,386
Casework	60,114	36,714
Other activities	35,290	28,704
Community event and empowerment	19,696	31,075
Research	10,424	15,521
Education	5,457	2,279
	<u>375,237</u>	<u>367,679</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

**11 GOVERNANCE COSTS**

	<u><b>2023</b></u>	<u><b>2022</b></u>
	\$	\$
Staff salaries and bonus	23,218	22,675
Professional fees	14,831	13,026
IT Expenses	6,064	14,772
Rental	5,625	7,500
Depreciation of property, plant and equipment	5,024	3,013
Staff CPF	4,002	3,866
Telephone expenses	3,402	144
Training expenses	2,460	383
Other employee benefits	2,162	1,851
Renovation	1,645	-
Relocation expenses	1,055	-
Office cleaning and supplies	937	1,544
Utilities	704	630
Insurance	700	659
Minor assets not capitalised	448	650
Bank charges	238	49
Meals and entertainment	232	941
Interest expense	178	-
Transport and travelling	42	55
Postage and courier	41	-
Office stationery	3	35
Subscription fees	-	279
Temporary staff pay	-	775
General expenses	-	333
	<u>73,011</u>	<u>73,180</u>

**12 FINANCE COST**

	<u><b>2023</b></u>	<u><b>2022</b></u>
	\$	\$
Interest expense on lease liability (Note 25(b))	<u>714</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

**13 INCOME TAX****(a) Income tax (benefit) expense**

The major components of income tax (benefit) expense recognised in profit or loss for the years ended 31 December 2023 and 2022 were:

	<u>2023</u>	<u>2022</u>
	\$	\$
Current year income tax provision	-	7,489
Underprovision in respect of prior years	959	768
Refund tax received	(2,525)	-
	<u>(1,566)</u>	<u>8,257</u>

**Relationship between tax (benefit) expense and accounting (loss) income**

A reconciliation between tax (benefit) expense and the product of accounting (loss) income multiplied by the applicable corporate tax rate for the financial years ended 31 December 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
(Loss) income before income tax	<u>(4,560)</u>	<u>57,824</u>
Income tax using statutory tax rate of 17%	(775)	9,830
Underprovision in respect of prior years	959	-
Deferred tax assets not recognised	3,889	-
Non-deductible expenses	1,846	5,998
Income not subject to tax	(4,960)	-
Refund tax received	(2,525)	-
Singapore statutory tax exemptions	-	(8,339)
(Tax benefit) income tax expense recognised in statement of financial activities	<u>(1,566)</u>	<u>7,489</u>

**(b) Income tax payable**

	<u>2023</u>	<u>2022</u>
	\$	\$
At 1 January	7,489	4,666
Tax expense on (loss) profit	-	7,489
Payments made during the year	(8,448)	(5,434)
Underprovision in respect of prior years	959	768
At 31 December	<u>-</u>	<u>7,489</u>

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For the financial year ended 31 December 2023

**14 CASH AND CASH EQUIVALENTS**

	<u>2023</u>	<u>2022</u>
	\$	\$
Cash at bank	<u>235,225</u>	<u>234,451</u>

Cash at bank is held in non-interest bearing account.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the balances as shown above.

Cash and cash equivalents are denominated in Singapore Dollar.

**15 TRADE AND OTHER RECEIVABLES**

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Trade receivables</u>		
External parties	27,943	5,000
Contract assets	<u>29,967</u>	<u>56,543</u>
	<u>57,910</u>	<u>61,543</u>
<u>Other receivables</u>		
Deposits	5,890	140
Prepayments	1,426	7,225
Donation receivables	<u>1,190</u>	<u>1,129</u>
	<u>8,506</u>	<u>8,494</u>
	<u>66,416</u>	<u>70,037</u>
Total trade and other receivables (excluding contract assets and prepayments)	35,023	6,269
Add: Cash and cash equivalents (Note 14)	<u>235,225</u>	<u>234,451</u>
Total financial assets carried at amortised cost	<u>270,248</u>	<u>240,720</u>

**Trade receivables**

Trade receivables are non-interest bearing and generally on 30 days' terms.

Contract assets primarily relate to the Society's right to satisfaction of performance obligations but not yet billed at reporting date. Contract assets pertain to grant income amounting to \$29,967 (2022: \$56,543).

During the year, contract assets amounting to \$56,543 (2022: nil) was reclassified to trade receivables.

Expected credit losses ("ECL")

As at 31 December 2023, there is no allowance provided on ECL of the Society's trade receivables based on lifetime ECL (2022: nil).

Trade and other receivables are denominated in Singapore Dollar.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

**16 PROPERTY, PLANT AND EQUIPMENT**

	<u>Office equipment</u> \$	<u>Furniture and fittings</u> \$	<u>Leasehold Premise</u> \$	<u>Total</u> \$
<b>Cost</b>				
At 1 January 2022	9,039	-	-	9,039
Additions	-	-	-	-
At 31 December 2022	9,039	-	-	9,039
Additions	-	1,154	62,297	63,451
At 31 December 2023	9,039	1,154	62,297	72,490
<b>Accumulated depreciation</b>				
At 1 January 2022	704	-	-	704
Charge for the year	3,013	-	-	3,013
At 31 December 2022	3,717	-	-	3,717
Charge for the year	3,013	64	7,787	10,864
At 31 December 2023	6,730	64	7,787	14,581
<b>Net carrying amount</b>				
At 31 December 2022	5,322	-	-	5,322
At 31 December 2023	2,309	1,090	54,510	57,909

**17 TRADE AND OTHER PAYABLES**

	<u>2023</u> \$	<u>2022</u> \$
<u>Trade payables</u>		
Contract liabilities	-	17,791
<u>Other payables</u>		
Accruals	34,397	11,294
	<u>34,397</u>	<u>29,085</u>
Trade and other payables (excluding contract liabilities), representing total financial liabilities carried at amortised cost	34,397	11,294
Add: Lease liability (Note 25(b))	54,911	-
Total financial liabilities carried at amortised cost	<u>89,308</u>	<u>11,294</u>

**Trade payables**

Contract liabilities relates to Gilead grant received from Gilead Sciences Hong Kong Limited to support Raising HIV/AIDS Awareness through Social Media. The contract liabilities amounting to \$17,791 was fully recognised during the year upon completion of grant conditions.

Trade and other payables are denominated in Singapore Dollar.



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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

**18 PREVENTING THE EXPLOITATION OF MIGRANT WORKER BAR HOSTESSES**

	<u>2023</u>	<u>2022</u>
	\$	\$
At 1 January	-	-
Income received during the year	9,113	-
Expenditure incurred during the financial year	(9,113)	-
Net expenditure	-	-
At 31 December	-	-

This represents fund from Anglo American Foundation to inform and educate bar hostesses on their employment rights, as well as spread awareness on available platforms that they can turn towards for help when required. During the year, the Society recognised the grant amount in full.

**19 OFFICE MOVE**

	<u>2023</u>	<u>2022</u>
	\$	\$
At 1 January	-	-
Income received during the year	6,075	-
Expenditure incurred during the financial year	(3,213)	-
Net income	2,862	-
At 31 December	2,862	-

This represents fund set aside the support the office move from Orchard Towers to Little India.

**20 RAISING HIV/AIDS AWARENESS THROUGH SOCIAL MEDIA**

	<u>2023</u>	<u>2022</u>
	\$	\$
At 1 January	-	-
Income received during the year	17,791	14,584
Expenditure incurred during the financial year	(17,893)	(14,584)
Transfers from	(4,492)	-
Net expenditure	(4,594)	-
At 31 December	(4,594)	-

This represents fund from Gilead Sciences Hong Kong Limited to support raising HIV/AIDS awareness through social media. During the year, the Society recognised the remaining grant amounting to \$17,791 in full.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

**21 SINGLIT STATION - WRITERS' INCUBATION PROJECT**

	<u>2023</u>	<u>2022</u>
	\$	\$
At 1 January	-	-
Income received during the year	3,000	-
Expenditure incurred during the financial year	(3,039)	-
Net expenditure	(39)	-
At 31 December	(39)	-

This represents fund from Singlit Station to run a series of writing workshops for sex workers. During the year, the Society recognised the grant in full.

**22 THE NEXT STEP PROGRAMME**

	<u>2023</u>	<u>2022</u>
	\$	\$
At 1 January	-	-
Income received during the year	26,358	-
Expenditure incurred during the financial year	(24,182)	-
Net income	2,176	-
At 31 December	2,176	-

This represents fund from Tote Board Social Service Fund to support sex workers who have intentions to plan for their exit from the sex industry. The fund is disbursed quarterly based on the project agreement. During the year, the Society recognised grant amounting to \$26,538.

**23 EMERGENCY SAFETY NET PROGRAMME FUND**

	<u>2023</u>	<u>2022</u>
	\$	\$
At 1 January	-	-
Income received during the year	-	13,940
Expenditure incurred during the financial year	-	(13,940)
Net expenditure	-	-
At 31 December	-	-

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

**24 FUNDS*****Unrestricted funds – General funds***

General funds are expendable at the discretion of the Board in furtherance of the Society's objectives and purposes.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**24 FUNDS (Continued)*****Restricted funds – fund descriptions***

Restricted funds comprise the following:

## (a) Office Move

Fund set aside to support the office move from Orchard Towers to Little India.

## (b) Preventing the Exploitation of Migrant Worker Bar Hostesses

A programme funded by Anglo American Foundation to inform and educate bar hostesses on their employment rights, as well as spread awareness on available platforms that they can turn towards for help when required.

## (c) Raising HIV/AIDS Awareness through Social Media

A programme funded by Gilead Rainbow Grant to create social media posts on the latest HIV prevention, testing and treatment methods.

## (d) Singlit Station -Writers' Incubation Project

A programme funded by Singlit Station to run a series of writing workshops for sex workers.

## (e) The Next Step Programme

A programme funded by the Tote Board Social Service Fund to support sex workers who have intentions to plan for their exit from the sex industry.

**25 LEASES**Society as a lessee

The Society has a lease contract for office premises. The Society is restricted from assigning and subleasing the leased assets.

**(a) Carrying amounts of right-of-use asset classified within property, plant and equipment**

	<u>Leasehold premise</u>	
	<u>2023</u>	<u>2022</u>
	\$	\$
At 1 January	-	-
Addition	62,297	-
Depreciation	(7,787)	-
At 31 December	<u>54,510</u>	<u>-</u>

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**25 LEASES (Continued)****(b) Lease liability**

The carrying amounts of lease liability and the movements during the period are disclosed below, and the maturity analysis of lease liability is disclosed in Note 26(b) to the financial statements.

	<u>Leasehold premise</u>	
	<u>2023</u>	<u>2022</u>
	\$	\$
At 1 January	-	-
Addition	62,297	-
Cash flows	(8,100)	-
Interest expense on lease liability (Note 12)	714	-
At 31 December	<u>54,911</u>	<u>-</u>
Portion classified as current liabilities	30,789	-
Portion classified as non-current liabilities	<u>24,122</u>	<u>-</u>
	<u>54,911</u>	<u>-</u>

**(c) Amounts recognised in profit or loss**

	<u>2023</u>	<u>2022</u>
	\$	\$
Depreciation of right-of-use asset	7,787	-
Interest expense on lease liability (Note 12)	714	-
Total amount recognised in profit or loss	<u>8,501</u>	<u>-</u>

**(d) Total cash outflow**

The Society had total cash outflows for lease of \$8,100 (2022: nil).

**26 FINANCIAL RISK MANAGEMENT**

The Society's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk and liquidity risk. The Society has no market risk, interest rate risk and foreign currency risk.

The executive committee 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 abovementioned 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.

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**26 FINANCIAL RISK MANAGEMENT (Continued)****(a) Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Society. The Society's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Society minimises credit risk by dealing exclusively with high credit rating counterparties.

The Society has adopted a policy of only dealing with creditworthy counterparties. The Society performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Society considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Society has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Society has developed and maintained the Society's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Society's own trading records to rate its major customers and other debtors. The Society considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Society determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor;
- A breach of contract, such as a default or past due event; or
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Society categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 60 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

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**26 FINANCIAL RISK MANAGEMENT (Continued)****(a) Credit risk (Continued)**

The Society's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL or Lifetime ECL (simplified)
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Society's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
<b>2023</b>						
Trade receivables	15	Note 1	Lifetime ECL (simplified)	27,943	-	27,943
Contract assets	15	I	Lifetime ECL (simplified)	29,967	-	29,967
Other receivables (excluding prepayments)	15	I	12-month ECL	7,080	-	7,080
					-	

	Note	Category	12-month or lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
<b>2022</b>						
Trade receivables	15	Note 1	Lifetime ECL (simplified)	5,000	-	5,000
Contract assets	15	I	Lifetime ECL (simplified)	56,543	-	56,543
Other receivables (excluding prepayments)	15	I	12-month ECL	1,269	-	1,269
					-	

**PROJECT X SOCIETY**

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**NOTES TO THE FINANCIAL STATEMENTS**

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**26 FINANCIAL RISK MANAGEMENT (Continued)****(a) Credit risk (Continued)****Trade receivables (Note 1)**

For trade receivables, the Society has applied the simplified approach in FRS 109 to measure loss allowance at lifetime ECL. The Society determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of debtor, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

	Trade receivables					
	Days past due					
	Not past due	≤30 days	31-60 days	61-90 days	>90 days	Total
	\$	\$	\$	\$	\$	\$
2023						
ECL rate	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default	27,943	-	-	-	-	27,943
ECL	-	-	-	-	-	-
						<u>27,943</u>
2022						
ECL rate	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default	-	-	5,000	-	-	5,000
ECL	-	-	-	-	-	-
						<u>5,000</u>

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet the contractual obligations to be similarly affected by the changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Society's performance to developments affecting a particular industry.

**Exposure to credit risk**

The Society has no significant concentration of credit risk. The Society monitors its credit collection regularly as a means of managing credit risk.

**Other receivables**

The Society assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there have been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Society measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

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**26 FINANCIAL RISK MANAGEMENT (Continued)****(b) 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 finances its working capital requirements through funds generated from operations. The Executive Committee are satisfied that funds are available to finance the operations of the Society.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Society's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

		<b>2023</b>		
	<b>Note</b>	<b>Carrying amount \$</b>	<b>Contractual cash flows \$</b>	<b>One year or less \$</b>
<b><u>Financial assets</u></b>				
Cash and cash equivalents	14	235,225	235,225	235,225
Trade and other receivables (excluding contract assets and prepayments)	15	35,023	35,023	35,023
Total undiscounted financial assets		270,248	270,248	270,248
<b><u>Financial liabilities</u></b>				
Other payables	17	34,397	34,397	34,397
Lease liabilities	25(b)	54,911	57,225	57,225
Total undiscounted financial liabilities		89,308	91,622	91,622
Total net undiscounted financial assets		180,940	178,626	178,626
		<b>2022</b>		
	<b>Note</b>	<b>Carrying amount \$</b>	<b>Contractual cash flows \$</b>	<b>One year or less \$</b>
<b><u>Financial assets</u></b>				
Cash and cash equivalents	14	234,451	234,451	234,451
Trade and other receivables (excluding contract assets and prepayments)	15	6,269	6,269	6,269
Total undiscounted financial assets		240,720	240,720	240,720
<b><u>Financial liabilities</u></b>				
Other payables	17	11,294	11,294	11,294
Total undiscounted financial liabilities		11,294	11,294	11,294
Total net undiscounted financial assets		229,426	229,426	229,426



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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2023

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**27 FAIR VALUE OF ASSETS AND LIABILITIES**

The fair value of financial assets and financial liabilities reported in the statement of financial position approximates the carrying amounts of those assets and liabilities, as these are short-term in nature except for lease liability.

Lease liability

Lease liability approximate its fair value as it is subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

During the financial year, no amount (2022: nil) has been recognised in profit or loss in relation to the change in fair value of financial assets or financial liabilities, estimated using a valuation technique.

The Society has no (2022: nil) fair value measurement recognised in the statement of financial position as at the end of the reporting period.

**28 FINANCIAL INSTRUMENTS BY CATEGORY**

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities carried at amortised cost were disclosed in Notes 15 and 17 to the financial statements.

**29 FUND MANAGEMENT**

The primary objective of the Society's fund management is to ensure that it maintains sufficient reserves in order to support its mission and meet its continuing obligations. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

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