RAINBOW CENTRE
(UEN: S92SS0061A)
(IPC No: IPC000298)

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2011

LHM/MYN/BT/STV

RAINBOW CENTRE
(UEN: S92SS0061A)
(IPC No: IPC000298)

STATEMENT BY BOARD OF GOVERNANCE

In the opinion of the Board of Governance, the financial statements of Rainbow Centre set out on pages 4 to 30 are properly drawn up so as to give a true and fair view of the state of affairs of the Association as at 31 March 2011 and of its financial activities, changes in general and specific funds and cash flows of the Association for the year ended on that date.

On behalf of the Board,

MR YEW TENG LEONG
President

MR TAN YEW HOW
Honorary Treasurer

Singapore, 18 AUG 2011

RAINBOW CENTRE
(UEN: S92SS0061A)
(IPC No: IPC000298)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RAINBOW CENTRE

We have audited the accompanying financial statements of Rainbow Centre (the "Association"), which comprise the balance sheet as at 31 March 2011, and the statement of financial activities, statement of comprehensive income, statement of changes in general and specific funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 30.

Board of Governance's Responsibility for the Financial Statements

The Board of Governance of Rainbow Centre are responsible for the preparation and fair presentation of these financial statements in accordance with the Statement of Recommended Accounting Practice ("RAP 6") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of financial activities and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Governance, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the accompanying financial statements are properly drawn up in accordance with the provisions of the Constitution of Rainbow Centre, the Statement of Recommend Accounting Practice ("RAP 6") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Association as at 31 March 2011 and of its financial activities, changes in general and specific funds and cash flows of the Association for the year ended on that date;

(b) the accounting and other records required by the regulation enacted under Societies Cap. 311 to be kept by the Association have been properly kept in accordance with those regulations;

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RAINBOW CENTRE

(c) the total fund-raising expenses of the Association did not exceed 30% of the total gross receipts from fund-raising;

(d) the use of donation money received is in accordance with the Association's objectives; and

(e) the fund-raising appeals held during the financial year have been carried out in accordance with regulation 6 of the Charities (Fund-raising appeals) Regulations 2007 issued under the Charities Act, Cap. 37 and proper accounts and other records have been kept of the fund-raising appeals.

Kreston David Yeung PAC

KRESTON DAVID YEUNG PAC
Public Accountants and
Certified Public Accountants

Singapore, 18 AUG 2011

RAINBOW CENTRE
(UEN: S92SS0061A)
(IPC No: IPC000298)

BALANCE SHEET
As at 31 March 2011

	Note	2011 S$	2010 S$
ASSETS			
Non-current asset			
Plant and equipment	3	31,025	38,514
Current assets			
Inventories	4	-	-
Training fee receivables	5	23,220	33,782
Other receivables and prepayments	6	28,404	2,393
Amounts due from inter-related parties	7	18,507	275,250
Structured deposit	8	912,000	-
Cash and bank balances	9	2,897,015	3,140,239
Total current assets		3,879,146	3,451,664
TOTAL ASSETS		3,910,171	3,490,178
FUNDS AND LIABILITIES			
Funds			
Accumulated fund		341,566	355,931
Restricted funds	10	3,521,397	3,106,581
Total funds		3,862,963	3,462,512
Current liabilities			
Other payables and accruals	11	32,383	27,666
Amount due to inter-related parties	7	14,825	-
Total liabilities		47,208	27,666
TOTAL FUNDS AND LIABILITIES		3,910,171	3,490,178

The notes set out on pages 9 to 30 form an integral part of and should be read in conjunction with this set of financial statements

RAINBOW CENTRE
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STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 March 2011

				2011	2010
Incoming resources		Unrestricted Funds	Restricted Funds	Total	Total
	Note	S$	S$	S$	S$
Incoming resources from generated funds					
Voluntary income					
Donations	12	353,455	499,275	852,730	871,048
Activities for generating funds					
Training fee		-	153,205	153,205	169,941
Workshop		-	253	253	2,928
Income from fundraising activities	13	-	13,737	13,737	294,920
Income from programme activities		-	2,035	2,035	2,246
Miscellaneous sales		257	1,620	1,877	5,060
Membership fee		860	204	1,064	677
Investment income					
Interest income		2,970	4,971	7,941	6,576
Other income					
Amortisation of fixed assets		1,444	570	2,014	2,015
TOTAL INCOMING RESOURCES		358,986	675,870	1,034,856	1,355,411
Less: Resources expended					
Costs of generating funds					
Cost of training		-	44,228	44,228	56,982
Cost of fund raising activities		-	1,689	1,689	27,148
Programme activities expenses		-	1,372	1,372	1,246
		-	47,289	47,289	85,376
Governance costs		-	350	350	400
Other operating and administration expenses	14	373,351	322,034	695,385	615,406
TOTAL RESOURCES EXPENDED		373,351	369,673	743,024	701,182
Net movement in funds		(14,365)	306,197	291,832	654,229
Fund balances at beginning of the year		355,931	3,106,581	3,462,512	2,841,986
Net movement in specific funds		-	108,619	108,619	(33,703)
Fund balances at end of the year		341,566	3,521,397	3,862,963	3,462,512

The notes set out on pages 9 to 30 form an integral part of and should be read in conjunction with this set of financial statements.

RAINBOW CENTRE
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STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2011

	2011 S$	2010 S$
Net (deficit)/surplus for the year	(14,365)	45,509
Other comprehensive income		
- Net surplus in restricted fund	414,816	575,017
Total comprehensive income for the year	400,451	620,526

The notes set out on pages 9 to 30 form an integral part of and should be read in conjunction with this set of financial statements.

RAINBOW CENTRE
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STATEMENT OF CHANGES IN GENERAL AND SPECIFIC FUNDS
For the year ended 31 March 2011

	Accumulated Surplus S$	Restricted Funds S$	Total S$
Balance as at 01.04.2009	310,422	2,531,564	2,841,986
Total comprehensive income for the year	45,509	575,017	620,526
Balance at 31.03.2010/01.04.2010	355,931	3,106,581	3,462,512
Total comprehensive income for the year	(14,365)	414,816	400,451
Balance at 31.03.2011	341,566	3,521,397	3,862,963
		(Note 9)	

The notes set out on pages 9 to 30 form an integral part of and should be read in conjunction with this set of financial statements.

RAINBOW CENTRE
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CASH FLOW STATEMENT
For the year ended 31 March 2011

	Note	2011 S$	2010 S$
Cash flows from operating activities			
Net surplus for the year		291,832	654,229
Adjustments for: -			
- Depreciation of plant and equipment		13,040	13,391
- Interest income		(7,941)	(6,576)
- Fair value loss from structured deposit		38,000	-
Operating surplus before working capital changes		334,931	661,044
(Increase)/Decrease in receivables		(15,051)	11,796
Decrease in amounts due from/(to) inter-related parties		271,568	189,959
Increase/(Decrease) in trade and other payables		4,717	(71,614)
Net cash generated from operations		596,165	791,185
Increase/(Decrease) in funds		108,619	(33,703)
Net cash generated from operating activities		704,784	757,482
Cash flows from investing activities			
Purchase of plant and equipment		(5,551)	(45,321)
Structured deposits		(950,000)	-
Interest received		7,543	8,270
Net cash used in investing activities		(948,008)	(37,051)
Net (decrease)/increase in cash and cash equivalents		(243,224)	720,431
Cash and cash equivalents at beginning of year		3,140,239	2,419,808
Cash and cash equivalents at end of year	9	2,897,015	3,140,239

The notes set out on pages 9 to 30 form an integral part of and should be read in conjunction with this set of financial statements.

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

1. GENERAL

Rainbow Centre (the "Association") is registered in the Republic of Singapore under the Societies Act. The principal activities of Rainbow Centre are to provide early intervention and special education for children with Down Syndrome, cerebral palsy, autism, multiple disabilities and other developmental disabilities. It also provides education and support to parents of persons with special needs, and a training and consultancy unit to train professionals for children with special needs locally and in the region.

The Rainbow Centre Training and Consultancy (RCTC) is set-up by Rainbow Centre to provide training and professional support to early childhood educators, special needs professionals and parents of children with special needs.

With the transfer of funding of the Early Intervention Programme for Infants and Young Children (EIPIC) from the Ministry of Education (MOE) to the Ministry of Community Development, Youth and Sports (MCYS), and the introduction of Means Testing for EIPIC, the EIPIC Fund has been set up to raise funds to cover the operating cost of the programme at Margaret Drive and Yishun Park (formerly at Balestier). The aim of the EIPIC fund is to ensure that the programme is sustainable.

The Family Support Group (FSG) is a programme aimed to provide peer emotional support for caregivers and family members to manage and cope in the care of their disabled dependents. It also aims to impart family life education and skills to the families.

Rainbow Centre Head Office provides leadership, management, professional support, and control of all the programmes under it. It is also one of the key players in the early intervention and special education sectors.

Rainbow Centre has been granted the Institution of Public Character (IPC) status to issue tax-exempt receipts for donations to Rainbow Centre.

The registered office of Rainbow Centre is located at 501 Margaret Drive, Singapore 149306.

The following School/Programme/Fund are under the umbrella of Rainbow Centre.

Name of School/Programme/Fund	**Location**
<u>School</u>	
Rainbow Centre	
- Yishun Park School	15 Yishun Street 61, Singapore 768548
- Margaret Drive School	501 Margaret Drive, Singapore 149306

1. GENERAL (Continued)

Name of School/Programme/Fund	**Location**
Programmes	
Rainbow Centre Early Intervention Programme	
- Yishun Park School	15 Yishun Street 61, Singapore 768548
- Margaret Drive School	501 Margaret Drive, Singapore 149306
Funds	
Balestier Special School Building Fund	15 Yishun Street 61, Singapore 768548
Margaret Drive Special School Building Fund	501 Margaret Drive, Singapore 149306

The financial statements of Rainbow Centre for the year ended 31 March 2011 are authorised for issue in accordance with a resolution of the Board of Governance on

The financial statements of Rainbow Centre are expressed in Singapore dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the Association have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the Statement of Recommended Accounting Practice ("RAP 6") and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the Association has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual period beginning on or after 1 April 2010. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

b) Significant Accounting Estimates and Judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on the Board of Governance's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

Critical assumption used and accounting estimates in applying accounting policies

<u>Depreciation of plant and equipment</u>

Plant and equipment are depreciated on straight-line basis over their estimated useful lives. Board of Governance estimates the useful lives of these property, plant and equipment to be within 4 to 5 years. The carrying amounts of the Rainbow Centre's property, plant and equipment at 31 March 2011 was S$31,025. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values, if any, of these assets, therefore future depreciation charges could be revised.

Critical judgements made in applying accounting policies

In the process of applying the Association's accounting policies, the Board of Governance had made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

<u>Allowance for bad and doubtful debts</u>

The Association makes allowances for bad and doubtful debts based on an assessment of the recoverability of other receivables. Allowances are applied to other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of other receivables and doubtful debt expenses in the period in which such estimate has been changed.

c) Plant and Equipment and Depreciation

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. Subsequent to initial recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) **Plant and Equipment and Depreciation** (Continued)

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 on derecognition of the asset is included in the statement of financial activities in the year the asset is derecognised.

Depreciation is calculated on the straight-line method so as to write off the costs of the plant and equipment over their estimated useful lives as follows:-

Furniture and fittings	25%
Motor vehicle	20%
Office equipments	25%
Computers	25%

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

d) **Inventories**

Inventories are stated at the lower of the cost and net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is the estimated selling price less anticipated cost of disposal after making allowance for damaged, obsolete and slow moving items.

e) **Other Receivables**

Other receivables including training fee receivables and amounts due from inter-related parties are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. An allowance is made for uncollectible amounts when there is objective evidence the Association will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are in Note 2(e) below.

f) **Financial Assets**

Classification

The Association classifies its financial assets as loans and receivables financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) **Financial Assets** (Continued)

Financial assets at fair value through profit or loss

There are two sub-categories: financial assets held for trading, and those designated as fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified under this category unless they are designated as hedging derivatives. Gains or losses on financial instruments held at fair value through profit or loss are recognised in the statement of financial activities. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Association provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables consist of cash and cash equivalents and other receivables.

Recognition and Derecognition

All financial assets are recognised on their trade-date – the date on which the Association commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Association has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets are initially recognised at fair value plus transaction costs.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment

The Association assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) **Financial Assets** (Continued)

Impairment (Continued)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of financial activities.

The allowance for impairment loss account is reduced through the income and expenditure account in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

g) **Cash and Cash Equivalents**

Cash and cash equivalents are defined as cash in hand and at bank and fixed deposits which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

h) **Funds**

Unless specifically indicated, fund balances are not represented by any specific accounts, but are represented by all assets of the Association.

i) **Financial Liabilities**

Financial liabilities include other payables are recognised on the balance sheet when, and only when, the Association becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

For financial liabilities other than derivatives, gains and losses are recognised in the statement of financial activities when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of financial activities. Net gains or losses in derivatives include exchange differences.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) **Financial Liabilities** (Continued)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of financial activities.

j) **Deferred Revenue**

Amounts billed in advance for service contracts are reflected in the balance sheet as deferred revenue. They are transferred to income on a straight-line basis over the year of the individual service.

k) **Government Grants**

A government grant is recognised when there is reasonable assurance that the conditions attaching to it will be complied with and the grant will be received.

l) **Capital Donation/Grant**

Donations and grants received for the purchase of capital assets are accounted for in the respective capital fund accounts. Amounts utilised for the purchase of property, plant and equipment are transferred to Deferred Capital Donations/Grant account and amortised over the useful lives of the related assets to match the depreciation of the assets purchased with the related donation/grant.

m) **Recognition of income**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Association and the revenue can be reliably measured. Revenue is measured at fair value of consideration received or receivable.

i) Donations are accounted for on an accrual basis when monies are received or pledged and collection is certain.

ii) Grants to fund operating expenses, income from services rendered and interest income are taken up on an accrual basis.

iii) Sale of goods are recognised when goods are sold.

n) **Employee Benefits**

As required by law, the school makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) **Employee Leave Entitlement**

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by the employees up to the end of the reporting period.

p) **Contingencies**

A contingent liability or asset is a possible obligation or 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 Association.

Contingent liabilities and assets are not recognised on the balance sheet of the Association.

q) **Impairment of Non-Financial Assets**

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

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 or group of assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the statement of financial activities except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 asset is increased to its recoverable amount. That increased 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 the statement of financial activities unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Provisions

Provisions are recognised when the Association 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 a reliable estimate can be made of the amount of the obligation.

s) Key Management Personnel

Key management personnel of the Association are those having authority and responsibility for planning, directing and controlling the activities of the Association. The Executive Director, Principals and Vice Principals are considered as the key management personnel.

3. PLANT AND EQUIPMENT

	Furniture and Fittings S$	Motor Vehicle S$	Office Equipments S$	Computers S$	Total S$
Cost					
At 01.04.2009	9,592	-	34,258	2,810	46,660
Additions	6,925	32,518	5,878	-	45,321
Reclassification	-	-	2,810	(2,810)	-
Disposal	-	-	(5,107)	-	(5,107)
At 31.03.2010/01.04.2010	16,517	32,518	37,839	-	86,874
Additions	2,950	-	2,601	-	5,551
At 31.03.2011	19,467	32,518	40,440	-	92,425
Accumulated Depreciation					
At 01.04.2009	9,592	-	29,781	703	40,076
Additions	1,731	6,504	5,156	-	13,391
Reclassification	-	-	703	(703)	-
Disposal	-	-	(5,107)	-	(5,107)
At 31.03.2010/01.04.2010	11,323	6,504	30,533	-	48,360
Additions	2,469	6,504	4,067	-	13,040
At 31.03.2011	13,792	13,008	34,600	-	61,400
Net Book Value					
At 31.03.2011	5,675	19,510	5,840	-	31,025
At 31.03.2010	5,194	26,014	7,306	-	38,514

4. INVENTORIES

	2011 S$	2010 S$
Inventories, at cost	8,296	9,510
Less: Allowance for obsolete inventories	(8,296)	(9,510)
	-	-

Movements in allowance for obsolete inventories are as follows:-

Balance at beginning of year	9,510	11,204
Less: Allowance no longer required	(1,214)	(1,694)
	8,296	9,510

5. TRAINING FEE RECEIVABLES

The training fee receivables are non-interest bearing and the analysis of their aging at the balance sheet date is as follows:-

	2011 S$	2010 S$
Not past due	13,723	30,250
Past due:-		
31 to 60 days	8,497	3,532
61 to 90 days	1,000	-
	23,220	33,782

The receivables are past due at the balance sheet date but not impaired amounting to S$9,497 (2010: S$3,532).

6. OTHER RECEIVABLES AND PREPAYMENTS

	2011 S$	2010 S$
Interest receivables	1,404	1,006
Prepayments	27,000	1,387
	28,404	2,393

7. AMOUNTS DUE FROM/(TO) INTER-RELATED PARTIES

Inter-related parties refer to those entities that under the umbrella of the Association.

	2011 S$	2010 S$
Amount due from inter-related parties:-		
Rainbow Centre - Yishun Park School	18,507	30,756
Rainbow Centre - Margaret Drive School	-	11,414
Rainbow Centre Early Intervention Programme (Yishun Park)	-	99,930
Rainbow Centre Early Intervention Programme (Margaret Drive School)	-	133,150
	18,507	275,250
Amount due to inter-related parties:-		
Rainbow Centre Early Intervention Programme (Margaret Drive School)	4,012	-
Rainbow Centre Early Intervention Programme (Yishun Park)	2,753	-
Rainbow Centre - Margaret Drive School	8,060	-
	14,825	-

Amount due from Rainbow Centre-Yishun Park School comprises of:-

	2011 S$	2010 S$
Training fee receivables	-	3,000
Advances	18,507	27,756
	18,507	30,756

Amount due (to)/from Rainbow Centre - Margaret Drive School comprises of:-

	2011 S$	2010 S$
Advances	(8,060)	11,414

Amount due (to)/from Rainbow Centre Early Intervention programme (Yishun Park) comprises of:-

	2011 S$	2010 S$
Advances	(2,753)	99,930

7. AMOUNTS DUE FROM/(TO) INTER-RELATED PARTIES (Continued)

	2011	2010
	S$	S$
Amount due (to)/from Rainbow Centre Early Intervention programme (Margaret Drive) comprises of:-		
Training fee receivables	-	1,500
Advances	(4,012)	131,650
	(4,012)	133,150

The training fee receivables due from inter-related parties are non-interest bearing and is not past due as at balance sheet date.

8. STRUCTURED DEPOSIT

	2011	2010
	S$	S$
Structured deposit at beginning of year	-	-
Addition for the year	950,000	-
Fair value loss on structured deposit for the year	(38,000)	-
	912,000	-

The structured deposit is carried at fair value through profit or loss. This one-year structured deposit earned interest at 1% per annum and principal amount is 100% guaranteed.

The value of structured deposit is on the basis of indicative valuation prices by financial institutions. The underlying models and calculations have not been disclosed to the Association. The Association is unable to measure the derivative on the structure products separately either at acquisition or at a subsequent date and as such the entire hybrid (combined) instrument was designated at fair value through profit or loss.

9. CASH AND CASH EQUIVALENTS

	2011	2010
	S$	S$
Fixed deposits	1,702,878	2,258,527
Cash and bank balances	1,194,137	881,712
	2,897,015	3,140,239

Fixed deposits earned interest at 0.15% to 0.30% (2010: 0.25% to 0.30%) per annum.

RAINBOW CENTRE
(UEN: S92SS0061A)
(IPC No: IPC000298)

NOTES TO FINANCIAL STATEMENTS – 31 MARCH 2011

10. RESTRICTED FUNDS

	EIPIC Fund S$	Family Support Group Fund S$	Parent Training Fund S$	Project Wheels Fund S$	Rainbow Centre Training and Consultancy Programme Fund S$	Scholarship Funds S$	Building Redevelopment Fund S$	My PAL Programme Fund S$	World Autism Awareness Day S$	OFA Training Grant Fund S$	Total S$
Balance as at 01.04.2009	1,002,025	61,098	10,577	11,148	1,380,276	66,440	-	-	-	-	2,531,564
Addition for the year	651,688	4,743	-	-	325,397	19,165	8,057	-	-	-	1,009,050
Utilised during for the year	(27,447)	(18,088)	-	(2,950)	(327,573)	(55,960)	-	-	-	-	(432,018)
Amount released to set-off against depreciation on related assets	-	-	-	-	-	-	(2,015)	-	-	-	(2,015)
Other comprehensive income	624,241	(13,345)	-	(2,950)	(2,176)	(36,795)	6,042	-	-	-	575,017
Balance as at 31.03.2010/01.04.2010	1,626,266	47,753	10,577	8,198	1,378,100	29,645	6,042	-	-	-	3,106,581
Additions for the year	446,857	2,239	-	-	226,486	118,631	-	40,000	16,200	1,900	852,313
Utilised during the year	(39,735)	(7,888)	-	(5,667)	(322,050)	(55,770)	-	(2,200)	(997)	(1,176)	(435,483)
Amount released to set-off against depreciation on related assets	-	-	-	-	-	-	(2,014)	-	-	-	(2,014)
Balance as at 31.03.2011	2,033,388	42,104	10,577	2,531	1,282,536	92,506	4,028	37,800	15,203	724	3,521,397

10. RESTRICTED FUNDS (Continued)

a) EIPIC FUND

	2011 S$	2010 S$
Balance at beginning of the year	1,626,266	1,002,025
Add: Additions during the year	446,857	651,688
Less: Utilised during the year	(39,735)	(27,447)
Balance at end of the year	2,033,388	1,626,266

EIPIC Fund designated for Early Intervention Programme for Infants and Young Children (EIPIC) is used to defray operational costs of the programme at Margaret Drive and Yishun Park School. The aim of EIPIC Fund is to ensure that the programme is sustainable.

b) FAMILY SUPPORT GROUP FUND

	2011 S$	2010 S$
Balance at beginning of the year	47,753	61,098
Add: Additions during the year	2,239	4,743
Less: Utilised during the year	(7,888)	(18,088)
Balance at end of the year	42,104	47,753

Family Support Group Fund designated for Family Support Group is used to defray operational costs of providing peer emotional support for caregivers and family members to manage and cope in the care of their disabled dependents. It also aims to impart family life education and skills to the families.

c) PARENT TRAINING FUND

	2011 S$	2010 S$
Balance at beginning and end of the year	10,577	10,577

Parent Training Fund designated for parent training is used to defray operational costs of providing training to parents of children with special needs. The funding by National Council of Social Service was discontinued since 31 March 2002.

10. RESTRICTED FUNDS (Continued)

d) PROJECT WHEELS FUND

	2011 S$	2010 S$
Balance at beginning of the year	8,198	11,148
Less: Utilised during the year	(5,667)	(2,950)
Balance at end of the year	2,531	8,198

Project Wheels Fund is set up from a fundraising event by a group of donors for the purpose of supporting wheelchairs for students to develop independence in their mobility hence enhancing the quality of their lives.

e) RAINBOW CENTRE TRAINING AND CONSULTANCY PROGRAMME FUND

	2011 S$	2010 S$
Balance at beginning of the year	1,378,100	1,380,276
Add: Additions during the year	226,486	325,397
Less: Utilised during the year	(322,050)	(327,573)
Balance at end of the year	1,282,536	1,378,100

Rainbow Centre Training and Consultancy (RCTC) Programme Fund is used to defray the operational costs of training and consultancy programmes. RCTC was initiated to provide on-site intervention and consultation in addition to professional training and support to preschool educators, special needs professionals and parents of children with special needs. Funding comes from National Council of Social Service (NCSS), income from training and consultation fees and designated donations.

Since 1 April 2002, RCTC received NCSS grant funding to help defray 50% of the budgeted expenses. The approved amount for FY 2010/2011 was S$55,307 (2010: FY 2009/2010 was S$105,104).

However, with effect from 1 April 2011, NCSS ceased their funding to RCTC on the basis that they do not fund training programme.

10. RESTRICTED FUNDS (Continued)

f) SCHOLARSHIP FUNDS

	2011 S$	2010 S$
Balance at beginning of the year	29,645	66,440
Add: Additions during the year	118,631	19,165
Less: Utilised during the year	(55,770)	(55,960)
Balance at end of the year	92,506	29,645

Scholarship Funds from Lee Foundation and Toh Kian Chui Foundation are set up to sponsor selected scholars to pursue the course of Master of Science (Speech and Language Pathology).

g) BUILDING REDEVELOPMENT FUND

	2011 S$	2010 S$
Balance at beginning of the year	6,042	-
Add: Fund transfer from Margaret Drive Special School Building Fund	-	8,057
Less: Amounts released to set-off against depreciation on related assets (Note 15)	(2,014)	(2,015)
	4,028	6,042
The Fund is used for acquisition of the following plant and equipment:-		
- Furniture and fittings	-	5,222
- Office equipments	-	2,835
	-	8,057

h) MY PAL PROGRAMME FUND

	2011	2010
Balance at beginning of the year	-	-
Add: Additions during the year	40,000	-
Less: Utilised during the year	(2,200)	-
Balance at end of the year	37,800	-

My PAL Programmed Fund designated for My PAL for support and inclusion of children with special needs project is used to detray operational costs for the purpose of the project.

10. RESTRICTED FUNDS (Continued)

i) WORLD AUTISM AWARDENESS DAY FUND

	2011 S$	2010 S$
Balance at beginning of the year	-	-
Add: Additions during the year	16,200	-
Less: Utilised during the year	(997)	-
Balance at end of the year	15,203	-

The World Autism Awareness Day fund is used to defray operational costs for Rainbow Centre's participation in the annual event.

j) OFA TRAINING FUND

	2011 S$	2010 S$
Balance at beginning of the year	-	-
Add: Additions during the year	1,900	-
Less: Utilised during the year	(1,176)	-
Balance at end of the year	724	-

The outcome funding is a one-off grant given by NCSS as an incentive grant to build the competencies of staff towards achieving the desired clients' outcomes under Comchest funded programmes. Rainbow Centre received the grant for our diligence in capturing and reporting our programmes' indicators and outcome information in a timely manner throughout FY09.

11. OTHER PAYABLES AND ACCRUALS

	2011 S$	2010 S$
Other payables	27,915	2,447
Accruals	1,218	1,385
Deferred revenue	3,250	23,834
	32,383	27,666

12. DONATIONS

	2011	2010
	S$	S$
Donations comprise of:-		
Donation to EIPIC fund	429,224	313,391
Donation from Tote Board Fund	-	40,000
Grant from NCSS for HQ	352,555	317,672
Grant from NCSS for RCTC	55,473	136,973
Grant for job credit scheme	1,525	24,196
Unsolicited donations	13,953	38,816
	852,730	871,048

13. INCOME FROM FUNDRAISING ACTIVITIES

	2011	2010
	S$	S$
Income from fundraising activities comprise of:-		
- Special movie screening	-	146,808
- Splash for cash	-	148,112
- Family day (Preschool by the Park)	13,737	-
	13,737	294,920

14. OTHER OPERATING AND ADMINISTRATION EXPENSES

	2011	2010
	S$	S$
Other operating and administration expenses include:-		
Depreciation of plant and equipment	13,040	13,391
Staff costs comprise:-		
Key management personnel compensation		
- Salaries and bonus	179,875	159,437
- Employer's contribution to CPF	5,363	6,403
Other staff:-		
- Staff salaries and other costs	387,874	373,038
- Employer's contribution to CPF	52,227	50,698
IT expendibles	2,460	3,021
Fair value loss on structured deposit	38,000	-
Printing and stationery	8,509	5,266
Repair and maintenance	3,610	1,514
Share of HQ's fund allocation	1,900	-
Upkeep of motor vehicle	614	646
Miscellaneous expenses	1,913	1,992
	695,385	615,406

14. OTHER OPERATING AND ADMINISTRATION EXPENSES (Continued)

Included in staff costs, there is nil key management personnel (2010: Nil) with emoluments above S$100,000 but less than S$150,000 and one key management personnel (2010: One) with emoluments above S$150,000 but less than S$200,000 for the financial year.

15. DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

	2011 S$	2010 S$
Depreciation of property, plant and equipment (Note 3)	13,040	13,391
Less: Transfer to building redevelopment fund (Note 10(g))	(2,014)	(2,015)
	11,026	11,376

16. TAXATION

The Association has been registered as a charity under the Charities Act and is also granted a Institution of Public Character (IPC) under section 37(2) (c) of the Income Tax Act, for a period of five years with effect from 1 October 2007 to 31 December 2011. The IPC number is IPC000298.

17. TAX EXEMPT DONATIONS

The Association issued tax exempt receipts for donations amounting to S$750,058 (2010: S$612,494) during the financial year.

18. RELATED PARTY TRANSACTIONS

In addition to the related party information shown elsewhere in financial statements, the following significant transactions between the Association and related parties took place during the financial year at terms agreed between the parties:-

	2011 S$	2010 S$
Collection		
Collection on behalf by the Association	74,703	799,212
Collection on behalf by the inter-related parties	5,571	24,467
Payment		
Payment on behalf by the Association	1,662,007	1,304,342
Payment on behalf by the inter-related parties	14,448	490,875

19. CONFLICT OF INTEREST POLICY

The Association has adopted a policy requiring all Board Members, all employees and assigned volunteers to declare on annual basis that they do not have any personal or private business or associates that might be a conflict to their functions or employment with the Association.

It is also the practice of the Association to disallow joint business ventures with any member, staff or volunteer of the Association.

20. FINANCIAL RISK MANAGEMENT POLICIES

Financial Risk Management Objectives and Policies

The Association is exposed to foreign currency risk, credit risk, interest rate risk and liquidity risk which arise in the normal course of its operations. The Association does not use derivative financial instruments to minimise its financial risk exposures. As at 31 March 2011, the Association does not hold or issue derivative financial instruments for trading purposes.

Foreign Currency Risk

The Association is not significantly exposed to foreign currency risk as most of its transactions are denominated in Singapore dollar.

Credit Risk

The Association has no significant concentrations of credit risk. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Association. The Association has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Association does not expect to incur material credit losses on its financial assets.

Interest Rate Risk

The Association’s income is substantially independent of changes in market interest rates. The Association has no significant interest-bearing financial assets and financial liabilities except for the fixed deposits placed with financial institution as disclosed in Note 8.

Liquidity Risk

The Association monitors and maintains a level of cash and cash equivalents deemed adequate by the Board of Governance to finance the Association’s operations and mitigate the effect of any unexpected fluctuations in cash flows.

21. RESERVE POLICY

The purpose of maintaining reserves is to ensure the sustainability of the Association's programmes and continuity of its services to its beneficiaries in the contingency that it incurs an operating deficit in any year.

For this purpose, the Association aims to build up reserves that are equivalent to 3 years of its operating expenses less regular grants that it can expect to receive from the government and NCSS.

The Association may drawdown its reserves only with the approval of the Board of Governance.

22. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of reporting period:-

	2011 S$	2010 S$
Assets		
Financial assets		
Financial assets designated as fair value through profit or loss:-		
Structured deposit	912,000	-
Loans and receivables: -		
Training fee receivables	23,220	33,782
Other receivables	1,404	1,006
Amounts due from inter-related parties	18,507	275,250
Cash and cash equivalents	2,897,015	3,140,239
Total financial assets	3,852,146	3,450,277
Total non-financial assets	58,025	39,901
Total assets	3,910,171	3,490,178
Liabilities		
Financial liabilities		
At amortised cost:-		
Other payables and accruals	29,133	3,832
Amount due to inter-related parties	14,825	-
Total financial liabilities	43,958	3,832
Total non-financial liabilities	3,250	23,834
Total liabilities	47,208	27,666

23. FAIR VALUES

Fair value of financial instruments that are carried at fair value

The Association classifies fair value measurement using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchies have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

- Level 3 – Inputs for the asset or liability that is not based on observable market data (unobservable inputs)

The structured deposit at fair value of S$912,000 (2010: S$NIL) is based on indicative valuation prices by financial institutions which is included in Level 2.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the financial assets (other than fair value through profit or loss instrument) and financial liabilities are recorded in the financial statements at their approximate fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

24. NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2011. The Association does not expect that adoption of these accounting standards or interpretations will have a material impact on the Association's financial statements.