

THE HELPING HAND

[UEN. S88SS0058F]

[IPC No. IPC000344]

[Registered under the Registrar of Societies]

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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Fiducia LLP

(UEN. T10LL0955L)

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6725.8161

STATEMENT BY MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the financial statements as set out on pages 5 to 33 are drawn up so as to give a true and fair view of the financial position of the Society as at 31 December 2015, and the financial performance, changes in funds and cash flows of the Society for the year then ended.

At the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, authorised the issue of these financial statements on **1 8 MAR 2016**

Choo Buck Kwang	Chairman
Tan Teik Seng	Vice-Chairman
Ang Sze Wee Erik	Honorary Secretary
Chew Yew Kuen Michael	Honorary Treasurer
Terence Teo Chin Poh	Member
Rev. Dr Yap Kim Sin	Member
Rev. Luke Thuraisingham	Member

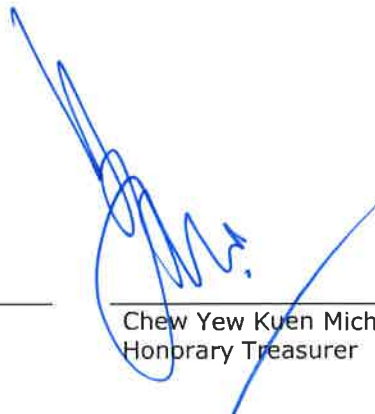
On behalf of the Management Committee,



Choo Buck Kwang
Chairman



Ang Sze Wee Erik
Honorary Secretary



Chew Yew Kuen Michael
Honorary Treasurer

Singapore, **1 8 MAR 2016**

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Independent auditors' report to the members of:

THE HELPING HAND

[UEN. S88SS0058F]
[IPC No. IPC000344]
[Registered under the Registrar of Societies]

Report on the Financial Statements

We have audited the accompanying financial statements of **THE HELPING HAND** (the "Society") set out on pages 5 to 33, which comprise the statement of financial position as at 31 December 2015, the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 about 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 of financial statements that give a true and fair view 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 management, 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.

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Chartered Accountants of Singapore

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(CONT'D)

Independent auditors' report to the members of:

THE HELPING HAND

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[Registered under the Registrar of Societies]

Opinion

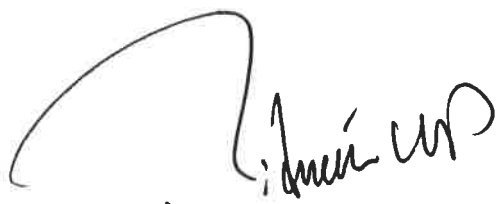
In our opinion, the financial statements of the Society are properly drawn up in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Society as at 31 December 2015, and the financial performance, changes in funds and cash flows of the Society for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the regulations enacted under the Societies Act (Chapter 311) to be kept by the Society have been properly kept in accordance with those regulations.

During the course of our audit, nothing has come to our attention that the 30% cap mentioned in Regulation 15(1) of the Charities Act, Cap. 37 (Institutions of a Public Character) Regulations 2007 and as amended by Charities (Institutions of a Public Character) (Amendments) Regulations 2008 has been exceeded.

During the course of our audit, nothing has come to our attention that donation moneys are used for disbursements other than those in accordance with the objectives of the Society.



Fiducia LLP
Public Accountants and
Chartered Accountants
Singapore, 18 MAR 2016

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Unrestricted Fund	Restricted Fund	
	Note	General Fund S\$	Care and Share Fund S\$	Total funds S\$
INCOME				
Income from generating funds				
- Voluntary income	4	1,414,165	26,719	1,440,884
- Activities for generating funds	4	24,252	0	24,252
Income from charitable activities	4	3,701,728	0	3,701,728
Other income	4	60,282	0	60,282
Total income		<u>5,200,427</u>	<u>26,719</u>	<u>5,227,146</u>
EXPENDITURE				
Cost of charitable activities	5	2,606,123	0	2,606,123
Governance and other administrative costs	5	2,154,151	24,216	2,178,367
Total expenditure		<u>4,760,274</u>	<u>24,216</u>	<u>4,784,490</u>
Net income		440,153	2,503	442,656
<u>Reconciliation of funds</u>				
Total funds brought forward		3,635,316	0	3,635,316
Total funds carried forward	15	<u>4,075,469</u>	<u>2,503</u>	<u>4,077,972</u>

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Unrestricted Fund	Restricted Fund	Total funds S\$
		General Fund S\$	Care and Share Fund S\$	
INCOME				
Income from generating funds				
- Voluntary income	4	1,247,159	0	1,247,159
- Activities for generating funds	4	12,393	0	12,393
Income from charitable activities	4	3,609,893	0	3,609,893
Other income	4	30,460	0	30,460
Total income		4,899,905	0	4,899,905
EXPENDITURE				
Cost of charitable activities	5	2,311,597	0	2,311,597
Governance and other administrative costs	5	2,077,676	0	2,077,676
Total expenditure		4,389,273	0	4,389,273
Net income		510,632	0	510,632
<u>Reconciliation of funds</u>				
Total funds brought forward		3,124,684	0	3,124,684
Total funds carried forward	15	3,635,316	0	3,635,316

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 S\$	2014 S\$
ASSETS			
Current assets			
Cash and cash equivalents	8	3,702,036	3,258,747
Trade and other receivables	9	144,709	83,141
Inventories	10	253,693	244,910
		<u>4,100,438</u>	<u>3,586,798</u>
Non-current assets			
Property, plant and equipment	11	<u>581,259</u>	<u>728,651</u>
Total assets		<u>4,681,697</u>	<u>4,315,449</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	385,804	353,355
Deferred income/grant - current	13	85,026	85,026
Finance lease liabilities - current	14	67,430	91,495
		<u>538,260</u>	<u>529,876</u>
Non-current liabilities			
Deferred income/grant - non-current	13	45,488	63,684
Finance lease liabilities - non-current	14	19,977	86,573
		<u>65,465</u>	<u>150,257</u>
Total liabilities		<u>603,725</u>	<u>680,133</u>
NET ASSETS		<u>4,077,972</u>	<u>3,635,316</u>
FUNDS			
Unrestricted			
- General fund		4,075,469	3,635,316
Restricted			
- Care and Share fund	15	2,503	0
		<u>4,077,972</u>	<u>3,635,316</u>

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Unrestricted Fund General Fund S\$	Restricted Fund Care and Share Fund S\$	Total Funds S\$
2015				
Balance at beginning of year		3,635,316	0	3,635,316
Net income		440,153	2,503	442,656
Balance at end of year	15	<u>4,075,469</u>	<u>2,503</u>	<u>4,077,972</u>

	Note	Unrestricted Fund General Fund S\$	Restricted Fund Care and Share Fund S\$	Total Funds S\$
2014				
Balance at beginning of year		3,124,684	0	3,124,684
Net income		510,632	0	510,632
Balance at end of year	15	<u>3,635,316</u>	<u>0</u>	<u>3,635,316</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 S\$	2014 S\$
Cash flows from operating activities			
Net income		442,656	510,632
Adjustment for:			
- Allowance for impairment of receivables	9	0	625
- Amortisation of deferred income	13	(18,195)	(18,195)
- Depreciation	11	249,433	215,767
- Loss/ (gain) on disposal of property, plant and equipment		872	(467)
- Impaired inventory written off	10	6,093	1,412
- Finance lease interest		10,796	10,933
- Interest on fixed deposits		(33,792)	(9,334)
- Interest on auto-saved accounts		(247)	(247)
Operating cash flow before working capital changes		657,616	711,126
Changes in operating assets and liabilities			
- Inventories		(14,876)	(67,036)
- Trade and other receivables		(61,568)	36,786
- Trade and other payables		32,449	115,115
- Deferred income/grant		0	6,480
Net cash generated from operating activities		<u>613,621</u>	<u>802,471</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(102,913)	(69,123)
Interest received		34,039	9,581
Proceeds from disposal of property, plant and equipment		0	467
Net cash used in investing activities		<u>(68,874)</u>	<u>(59,075)</u>
Cash flows from financing activities			
Payment of finance lease liabilities		(101,458)	(120,250)
Net cash used in financing activities		<u>(101,458)</u>	<u>(120,250)</u>
Net increase in cash and cash equivalents		443,289	623,146
Cash and cash equivalents at beginning of financial year		3,258,747	2,635,601
Cash and cash equivalents at end of financial year	8	<u>3,702,036</u>	<u>3,258,747</u>
Cash and cash equivalents comprise:			
Cash and bank balances		478,880	1,043,157
Fixed deposits	8	<u>3,223,156</u>	<u>2,215,590</u>
		<u>3,702,036</u>	<u>3,258,747</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

1. General information

The Helping hand (the "Society") was registered on 03 August 1988 under the Societies Act (Chapter 311) and on 20 July 1989 under the Charities Act (Chapter 37). The sector administrator of the Society is Ministry of Social and Family Development.

The registered office and principal place of business is at 819 Upper Serangoon Road, Singapore 534678.

The objective of the Society is to promote social concern in the community and to establish halfway house programmes based on Christian principles to help recovering addicts and ex-offenders rehabilitate and re-integrate into society.

The Society has been accorded the Institute of Public Character ("IPC") status for the period from 01 January 2015 to 31 December 2017.

The Temporary Occupation Licence fee in respect of the premises occupied by the Society was paid to the Singapore Land Authority by Singapore Corporation of Rehabilitative Enterprises.

These financial statements are presented in Singapore Dollar (S\$), which is the Society's functional currency.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard ("FRS"), under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Society adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adaptation of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Society and had no material effect on the amounts reported for the current or prior financial years.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

New or amended Standards and Interpretations effective after 1 January 2015

The following are the new or amended Standards and Interpretations (issued up to 04 January 2016) that are not yet applicable, but may be early adopted for the current financial year:

Descriptions	Annual periods commencing on
FRS 114: Regulatory Deferral Accounts Amendments to FRS 27: Equity Method in Separate Financial Statements Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation Amendments to FRS 16 and FRS 41: Agricultural – Bearer Plants Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception FRS 1 Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 109 Financial Instruments FRS 115 Revenue from Contracts with Customers	1 January 2018

Management believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of initial application.

2.2 Income recognition

Income comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Society's activities. Revenue is recognised as follows:

2.2.1 Sale of goods

Revenue from the sale of goods is recognised when the Society has delivered the products to the customers, the customer has accepted the products and the collectability of the related receivables are reasonably assured.

2.2.2 Rendered of services

Revenue from services income is recognised over the period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided.

2.2.3 Donations

Donations are taken up and accrued as and when they are committed. Those uncommitted donations, income from charity events and all income except as listed below, are recognised on receipt basis. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

2. Significant accounting policies (Cont'd)

2.2 Income recognition

2.2.4 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Society will comply with all attached conditions. Government grants, relating to costs are deferred and recognised in the statement of financial activities over the period necessary to match them with the costs they are intended to compensate.

2.2.5 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.3 Expenditure recognition

All expenditures are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.3.1 Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Society. The total costs of charitable activities are apportionment of overhead and shared costs.

2.3.2 Governance and other administrative costs include the costs of governance arrangement, which relate to the general running of the Society, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2.4 Property, plant and equipment

2.4.1 Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any costs that are 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.

2. Significant accounting policies (Cont'd)**2.4 Property, plant and equipment****2.4.2 Depreciation**

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Computer equipment	3 years
Electrical equipment	3 years
Furniture and fittings	5 years
Motor vehicles	5-6 years
Musical equipment	3 years
Office equipment	3 years
Renovation	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in the statement of financial activities in the financial year in which the changes arise.

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that have already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities. Any amount in revaluation reserve relating to that asset is transferred to statement of financial activities directly.

2.5 Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.5 Impairment of non-financial assets (Cont'd)

An impairment loss for an asset is reversed if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

2.6 Financial assets

2.6.2 Classification

The Society classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the statement of financial position date, which are classified as non-current assets. Loans and receivables are classified within "other receivables" and "cash and cash equivalents" on the statement of financial position.

2.6.3 Recognition and derecognition

Usual purchases and sales of financial assets are recognised on trade-date – the date on which the Society commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership. On disposal sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the statement of financial activities. Any amount in the fair value reserve relating to that asset is also taken to the statement of financial activities.

2.6.4 Measurement

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using effective interest method.

2. Significant accounting policies (Cont'd)**2.6 Financial assets (Cont'd)****2.6.5 Impairment**

The Society assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments is considered indicators that the receivable is impaired.

An allowance for impairment of loans and receivables, is recognised when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the amount 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 profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment losses 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.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions that are subject to an insignificant risk of change in value.

2.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of inventories comprises other direct costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable variable selling expenses.

2.9 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2. Significant accounting policies (Cont'd)

2.10 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.11 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values due to their short-term nature.

2.12 Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Management Committee. Externally restricted funds may only be utilised in accordance with the purposes for which they are established. The Management Committee retains full control over the use of unrestricted funds for any of the Society's purposes.

2.13 Leases

Finance leases

Leases of property, property, plant and equipment where the Society assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are shown on the statement of financial position. The interest element of the finance cost is taken to the statement of financial activities over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to statement of financial activities. Contingent rents are recognised as an expense in the statement of financial activities in the financial year in which they are incurred.

2. Significant accounting policies (Cont'd)

2.14 Employee compensation

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid. The Society's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

2.15 Currency translation

Transactions denominated in a currency other than Singapore Dollar ('foreign currency') are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at the closing rate at the statement of financial position date of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial activities.

3. Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated useful lives of property, plant and equipment

The Society reviews annually the estimated useful lives of property, plant and equipment based on factors such as operating plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.

3. Critical accounting estimates, assumptions and judgments (Cont'd)

Allowance for impairment of receivables

The Society reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluates the risks of collection according to the credit standing and collection history of individuals. If there are indications that the financial position of an individual has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

Valuation of inventories

At each statement of financial position date, the management assess whether there is any objective evidence that certain inventories are stated at cost which are above their net realisable value. If so, these inventories are written down to their net realisable value. To determine whether there is such objective evidence, the management considers factors such as the shelf lives of the stocks, customer preferences and customer purchasing trends. Management assessment is performed periodically to ensure that inventories are fairly stated. The carrying amount of inventories is disclosed in Note 10.

4. Income

2015	Unrestricted	Restricted	Total funds
	Fund	Fund	
	General	Care and	
	Fund	Share	
	S\$	Fund	S\$
		S\$	S\$
Voluntary income			
Donations			
- Tax exempt	216,554	0	216,554
- Non-tax exempt	89,067	0	89,067
Government and other grants	1,108,544	26,719	1,135,263
	<u>1,414,165</u>	<u>26,719</u>	<u>1,440,884</u>
Activities for generating funds			
- Annual magazine	24,252	0	24,252
	<u>24,252</u>	<u>0</u>	<u>24,252</u>
Income from charitable activities			
- General work projects	1,608,910	0	1,608,910
- Sale of furniture, vases, gallery items, fishing tackle and bicycle	2,029,368	0	2,029,368
- Services rendered	63,450	0	63,450
	<u>3,701,728</u>	<u>0</u>	<u>3,701,728</u>
Other income			
- Amortisation of deferred income	18,195	0	18,195
- Bad debts recovery	397	0	397
- Gain on disposal of property, plant and equipment	0	0	0
- Interest on auto-saved accounts	247	0	247
- Interest on fixed deposits	33,792	0	33,792
- Others	7,651	0	7,651
	<u>60,282</u>	<u>0</u>	<u>60,282</u>
Total income	<u>5,200,427</u>	<u>26,719</u>	<u>5,227,146</u>

4. Income (Cont'd)

2014	Unrestricted Fund	Restricted Fund	Total funds
	General Fund S\$	Care and Share Fund S\$	
Voluntary income			
Donations			
- Tax exempt	219,061	0	219,061
- Non-tax exempt	58,760	0	58,760
Government and other grants	969,338	0	969,338
	<u>1,247,159</u>	<u>0</u>	<u>1,247,159</u>
Activities for generating funds			
- Annual magazine	12,393	0	12,393
	<u>12,393</u>	<u>0</u>	<u>12,393</u>
Income from charitable activities			
- General work projects	1,445,998	0	1,445,998
- Sale of furniture, vases, gallery items and fishing tackle	2,084,190	0	2,084,190
- Services rendered	79,705	0	79,705
	<u>3,609,893</u>	<u>0</u>	<u>3,609,893</u>
Other income			
- Amortisation of deferred income	18,195	0	18,195
- Bad debts recovery	1,062	0	1,062
- Gain on disposal of property, plant and equipment	467	0	467
- Interest on auto-saved accounts	247	0	247
- Interest on fixed deposits	9,334	0	9,334
- Others	1,155	0	1,155
	<u>30,460</u>	<u>0</u>	<u>30,460</u>
Total income	<u>4,899,905</u>	<u>0</u>	<u>4,899,905</u>

5. Expenditure

2015	Note	Unrestricted	Restricted	Total funds
		Fund	Fund	
		General	Care and	
		Fund	Share	
		S\$	Fund	
			S\$	S\$
Cost of charitable activities				
- Advertisement		23,928	0	23,928
- Allowance for impairment of trade receivables		0	0	0
- Containers transport & freight		41,888	0	41,888
- Cost of furniture, vases, gallery items, fishing tackle and bicycle		704,830	0	704,830
- Cost of general work projects		135,714	0	135,714
- GST expense out		5,241	0	5,241
- Impaired inventories written off		6,093	0	6,093
- Impaired receivables written off		15,902	0	15,902
- Overseas shipping fee		10,799	0	10,799
- Realised loss on foreign exchange		955	0	955
- Rental fees for tentage		10,310	0	10,310
- Speakers' honorarium		9,817	0	9,817
- Staff costs	6	1,640,040	0	1,640,040
- Unrealised loss on foreign exchange		35	0	35
- Volunteers expenses		571	0	571
		<u>2,606,123</u>	<u>0</u>	<u>2,606,123</u>
Governance and other administrative costs				
Accounting services		21,090	0	21,090
Audit fee		7,000	0	7,000
Bank charges		32,128	0	32,128
Banners-Fundraising event		430	0	430
Computers		10,381	0	10,381
Condolences & gifts		764	0	764
Depreciation of property, plant and equipment		249,286	147	249,433
Donation		3,500	0	3,500
Dues and subscriptions		17,147	0	17,147
Disposal of property, plant and equipment		872	0	872
Equipment		4,874	0	4,874
Furniture and fittings		67	0	67
General expenses		5,419	0	5,419
Hire purchase interest		10,796	0	10,796
Hosting of meals		30,590	0	30,590
Other expenses		33,324	1,525	34,849
Postage		1,801	0	1,801
Printing and stationery		16,121	0	16,121
Professional fees		5,500	0	5,500
Rental of equipment		5,700	0	5,700
Repairs and maintenance		40,448	0	40,448
Small value items expenses off		3,292	0	3,292
Staff costs	6	1,133,161	22,544	1,155,705
Telecommunication		25,648	0	25,648
Travelling and transport expenses		1,888	0	1,888
Upkeep of kitchen		226,239	0	226,239
Upkeep of motor vehicles		194,422	0	194,422
Upkeep of pet		0	0	0
Utilities		72,263	0	72,263
		<u>2,154,151</u>	<u>24,216</u>	<u>2,178,367</u>
Total expenditure		<u>4,760,274</u>	<u>24,216</u>	<u>4,784,490</u>

5. Expenditure

2014	Note	Unrestricted	Restricted	Total funds
		Fund	Fund	
		General	Care and	
		Fund	Share and	
		S\$	Fund	S\$
			S\$	S\$
Cost of charitable activities				
- Advertisement		31,910	0	31,910
- Allowance for impairment of trade receivables		625	0	625
- Containers transport & freight		44,501	0	44,501
- Cost of furniture, vases, gallery items and fishing tackle		674,244	0	674,244
- Cost of general work projects		140,058	0	140,058
- GST expense out		4,603	0	4,603
- Impaired inventories written off		1,412	0	1,412
- Impaired receivables written off		835	0	835
- Overseas shipping fee		11,489	0	11,489
- Realised loss on foreign exchange		2,190	0	2,190
- Rental fees for tentage		6,000	0	6,000
- Speakers' honorarium		11,784	0	11,784
- Staff costs	6	1,368,733	0	1,368,733
- Unrealised loss on foreign exchange		11,032	0	11,032
- Volunteers expenses		2,181	0	2,181
		<u>2,311,597</u>	<u>0</u>	<u>2,311,597</u>
Governance and other administrative costs				
Accounting services		19,920	0	19,920
Audit fee		7,420	0	7,420
Bank charges		33,591	0	33,591
Banners-Fundraising event		2,462	0	2,462
Computers		11,263	0	11,263
Condolences & gifts		2,195	0	2,195
Depreciation of property, plant and equipment		215,767	0	215,767
Donation		4,128	0	4,128
Dues and subscriptions		16,727	0	16,727
Disposal of property, plant and equipment		0	0	0
Equipment		0	0	0
Furniture and fittings		0	0	0
General expenses		13,822	0	13,822
Hire purchase interest		10,933	0	10,933
Hosting of meals		15,787	0	15,787
Other expenses		41,070	0	41,070
Postage		1,178	0	1,178
Printing and stationery		15,995	0	15,995
Professional fees		1,001	0	1,001
Rental of equipment		5,908	0	5,908
Repairs and maintenance		44,493	0	44,493
Small value items expenses off		1,816	0	1,816
Staff costs	6	1,099,684	0	1,099,684
Telecommunication		27,208	0	27,208
Travelling and transport expenses		1,549	0	1,549
Upkeep of kitchen		208,733	0	208,733
Upkeep of motor vehicles		199,477	0	199,477
Upkeep of pet		1,703	0	1,703
Utilities		73,846	0	73,846
		<u>2,077,676</u>	<u>0</u>	<u>2,077,676</u>
Total expenditure		<u>4,389,273</u>	<u>0</u>	<u>4,389,273</u>

6. Staff cost

Included in the expenses expended are the following staff costs:

2015	Note	Unrestricted Fund	Restricted Fund	Total funds
		General Fund S\$	Care and Share Fund S\$	
CPF and SDF contributions		288,203	0	288,203
Membership fee		716	0	716
Residents costs		387,830	2,819	390,649
Staff incentive		72,822	0	72,822
Staff insurance		33,960	0	33,960
Staff medical expenses		20,992	0	20,992
Staff retreat		24,435	0	24,435
Staff salaries and bonus		1,903,497	0	1,903,497
Staff training expenses		4,524	19,725	24,249
Staff uniforms		6,292	0	6,292
Staff welfare/benefits		29,930	0	29,930
		<u>2,773,201</u>	<u>22,544</u>	<u>2,795,745</u>

The staff costs were allocated as follows:

▪ Cost of charitable activities	5	1,640,040	0	1,640,040
▪ Administration	5	1,133,161	22,544	1,155,705
		<u>2,773,201</u>	<u>22,544</u>	<u>2,795,745</u>

2014	Note	Unrestricted Fund	Restricted Fund	Total funds
		General Fund S\$	Care and Share Fund S\$	
CPF and SDF contributions		230,795	0	230,795
Membership fee		0	0	0
Residents costs		387,200	0	387,200
Staff incentive		64,492	0	64,492
Staff insurance		34,520	0	34,520
Staff medical expenses		25,128	0	25,128
Staff retreat		16,241	0	16,241
Staff salaries and bonus		1,644,180	0	1,644,180
Staff training expenses		24,881	0	24,881
Staff uniforms		7,176	0	7,176
Staff welfare/benefits		33,804	0	33,804
		<u>2,468,417</u>	<u>0</u>	<u>2,468,417</u>

The staff costs were allocated as follows:

▪ Cost of charitable activities	5	1,368,733	0	1,368,733
▪ Administration	5	1,099,684	0	1,099,684
		<u>2,468,417</u>	<u>0</u>	<u>2,468,417</u>

7. Income tax

The Society is a registered charity under the Charities Act and is exempted from income tax under Section 13 of the Income Tax Act.

8. Cash and cash equivalents

	2015 S\$	2014 S\$
Cash and bank balances	478,880	1,043,157
Fixed deposits	<u>3,223,156</u>	<u>2,215,590</u>
	<u><u>3,702,036</u></u>	<u><u>3,258,747</u></u>

Fixed deposits at the reporting date have an average maturity of 12 months (2014: 12 months) from the end of the financial year with weighted average effective interest rate of 1.73% (2014: 1.3%).

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair values.

9. Trade and other receivables

	2015 S\$	2014 S\$
Trade receivables	24,062	28,756
Less: Allowance for impairment of receivables	<u>(228)</u>	<u>(625)</u>
Trade receivables – Net	23,834	28,131
Other receivables:		
- Deposits	4,070	12,071
- Interest receivable	10,627	0
- Prepayment	42,851	42,363
- Grant receivable	62,751	0
- Others	<u>576</u>	<u>576</u>
	<u><u>144,709</u></u>	<u><u>83,141</u></u>

Movement in allowance for impairment of receivables is as follows:

	2015 S\$	2014 S\$
Balance at beginning of year	625	1,443
Additional allowance	<u>0</u>	<u>625</u>
	625	2,068
Reversal of Allowance	<u>(397)</u>	<u>(1,443)</u>
Balance at end of year	<u><u>228</u></u>	<u><u>625</u></u>

Trade receivables are denominated in Singapore Dollar and are non-interest bearing with the average credit period of between 30 to 60 days (2014: 30 to 60 days).

9. Trade and other receivables (Cont'd)

At the reporting date, the carrying amounts of trade and other receivables approximated their fair values and were denominated in the following currencies:

	2015 S\$	2014 S\$
Singapore Dollar	144,709	73,340
Indonesian Rupiah	0	9,801
	<u>144,709</u>	<u>83,141</u>

10. Inventories

	2015 S\$	2014 S\$
Furniture, vases and gallery items, at cost	150,262	144,660
Fishing tackle, at cost	82,635	100,250
Inventories in transit	20,796	0
	<u>253,693</u>	<u>244,910</u>

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to S\$704,830 (2014: S\$674,244). Total impaired inventories written off amounted to S\$6,093 (2014: S\$1,412).

11. Property, plant and equipment

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
2015				
At cost				
Computer equipment	31,816	1,800	(21,212)	12,404
Electrical equipment	37,958	19,787	(23,259)	34,486
Furniture & fittings	34,303	0	(9,072)	25,231
Motor vehicles	1,739,759	0	(166,736)	1,573,023
Musical equipment	3,838	0	(3,838)	0
Office equipment	2,188	2,520	(2,188)	2,520
Renovation	151,844	78,806	(151,844)	78,806
	<u>2,001,706</u>	<u>102,913</u>	<u>(378,149)</u>	<u>1,726,470</u>
Accumulated depreciation and impairment losses				
	Balance at beginning of year S\$	Depreciation charge S\$	(Disposals) S\$	Balance at end of Year S\$
Computer equipment	25,647	2,613	(21,212)	7,048
Electrical equipment	36,670	3,366	(23,259)	16,777
Furniture & fittings	31,696	1,902	(9,011)	24,587
Motor vehicles	1,021,172	239,888	(165,925)	1,095,135
Musical equipment	3,838	0	(3,838)	0
Office equipment	2,188	350	(2,188)	350
Renovation	151,844	1,314	(151,844)	1,314
	<u>1,273,055</u>	<u>249,433</u>	<u>(377,277)</u>	<u>1,145,211</u>

11. Property, plant and equipment (Cont'd)

Net book value	Balance at beginning of year S\$			Balance at end of Year S\$
Computer equipment	6,169			5,356
Electrical equipment	1,288			17,709
Furniture & fittings	2,607			644
Motor vehicles	718,587			477,888
Musical equipment	0			0
Office equipment	0			2,170
Renovation	0			77,492
	<u>728,651</u>			<u>581,259</u>
	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
2014				
At cost				
Computer equipment	24,876	6,940	0	31,816
Electrical equipment	36,413	1,545	0	37,958
Furniture & fittings	34,303	0	0	34,303
Motor vehicles	1,660,694	110,636	(31,571)	1,739,759
Musical equipment	3,838	0	0	3,838
Office equipment	2,188	0	0	2,188
Renovation	151,844	0	0	151,844
	<u>1,914,156</u>	<u>119,121</u>	<u>(31,571)</u>	<u>2,001,706</u>
Accumulated depreciation and impairment losses	Balance at beginning of year S\$	Depreciation charge S\$	(Disposals) S\$	Balance at end of Year S\$
Computer equipment	24,709	938	0	25,647
Electrical equipment	35,991	679	0	36,670
Furniture & fittings	26,607	5,089	0	31,696
Motor vehicles	844,143	208,600	(31,571)	1,021,172
Musical equipment	3,838	0	0	3,838
Office equipment	2,188	0	0	2,188
Renovation	151,383	461	0	151,844
	<u>1,088,859</u>	<u>215,767</u>	<u>(31,571)</u>	<u>1,273,055</u>
Net book value	Balance at beginning of year S\$			Balance at end of Year S\$
Computer equipment	167			6,169
Electrical equipment	422			1,288
Furniture & fittings	7,696			2,607
Motor vehicles	816,551			718,587
Musical equipment	0			0
Office equipment	0			0
Renovation	461			0
	<u>825,297</u>			<u>728,651</u>

During the financial year, the Society acquired property, plant and equipment with an aggregate cost of S\$102,913 (2014: S\$119,121) of which S\$ NIL (2014: S\$50,000) was acquired by means of finance lease arrangement.

11. Property, plant and equipment (Cont'd)

The carrying amounts of motor vehicles held under finance lease (Note 14) are S\$267,657 (2014: S\$431,624) at the reporting date.

12. Trade and other payables

	2015 S\$	2014 S\$
Trade payables	21,275	(16,791)
Accruals	244,794	268,848
Deposits for water supply	5,500	5,500
Deposits received from customers	69,247	52,855
GST payables	44,988	42,943
	<u>385,804</u>	<u>353,355</u>

At the reporting date, the carrying amounts of trade and other payables approximated their fair values and were denominated in the following currencies:

	2015 S\$	2014 S\$
Singapore Dollar	364,529	370,146
Indonesian Rupiah	21,275	(16,791)
	<u>385,804</u>	<u>353,355</u>

13. Deferred income/grant

	Donation received S\$	Grant from Ministry of Home Affair Prison HQ S\$	Total S\$
2015			
Cost			
Beginning of financial year	109,172	66,831	176,003
Received during the year	0	831,188	831,188
Charged to income and expenditure	0	(831,189)	(831,189)
End of financial year	<u>109,172</u>	<u>66,830</u>	<u>176,002</u>
Accumulated amortisation			
Beginning of financial year	(27,293)	0	(27,293)
Amortisation for the year	(18,195)	0	(18,195)
End of financial year	<u>(45,488)</u>	<u>0</u>	<u>(45,488)</u>
Net carrying amount at end of financial year			
Current	18,196	66,830	85,026
Non-current	45,488	0	45,488
	<u>63,684</u>	<u>66,830</u>	<u>130,514</u>

13. Deferred income/grant (Cont'd)

	Donation received	Grant from Ministry of Home Affairs Prison HQ	Total
	S\$	S\$	S\$
2014			
Cost			
Beginning of financial year	109,172	60,351	169,523
Received during the year	0	763,084	763,084
Charged to income and expenditure	0	(756,604)	(756,604)
End of financial year	109,172	66,831	176,003
Accumulated amortisation			
Beginning of financial year	(9,098)	0	(9,098)
Amortisation for the year	(18,195)	0	(18,195)
End of financial year	(27,293)	0	(27,293)
Net carrying amount at end of financial year			
Current	18,195	66,831	85,026
Non-current	63,684	0	63,684
	81,879	66,831	148,710

These amounts represent government grant and donations received for the Society's charitable activities and for purchase of property, plant and equipment. The unamortised balance as at the date of the statement of the financial position substantially represent sums payable to the grantor or donor should the Society fail to fulfil the obligations stipulated under the grant agreement or letter of offer.

14. Finance lease liabilities

	2015 S\$	2014 S\$
Minimum lease payments due:		
- Not later than one year	76,097	102,263
- Between two and five years	22,260	97,551
	98,357	199,814
Less: Future finance charges	(10,950)	(21,746)
Present value of finance lease liabilities	87,407	178,068
The present values of finance lease liabilities are analysed as follows:		
Current liabilities		
- Not later than one year	67,430	91,495
Non-current liabilities:		
- Between two and five years	19,977	86,573
	87,407	178,068

The net book value of motor vehicles acquired under finance lease agreement is disclosed in Note 11.

15. Funds

Funds comprise of unrestricted and restricted fund.

a) Unrestricted general fund

This fund represents accumulated surplus and is for the purpose of meeting operating expenses incurred by the Society.

b) Restricted fund

Fund balances restricted by outside sources are indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purpose established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its society purposes.

Restricted funds comprise:

Care and Share fund is a grant from Ministry of Social and Family Development ("MSF"), based on qualifying donations, to develop the charitable agency's capabilities and capacity in the provision of social services and programmes for its beneficiaries. The unused funds for projects that are withdrawn or terminated prematurely may be clawed back if the new proposed projects are not approved by MSF.

Net assets of the restricted funds

	Care and Share fund S\$
Total restricted funds as at 31 December 2015	<u>2,503</u>
Represented by:	
Property, plant and equipment	2,503
Grant receivables	26,719
Cash and cash equivalents	<u>(26,719)</u>
	<u>2,503</u>

16. Operating lease commitments

At the reporting date, the Society has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2015 S\$	2014 S\$
Not later than one year	5,868	6,988
Later than one year but not later than five years	<u>9,717</u>	<u>15,585</u>

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

17. Related party relationship and transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Society if that person:
- (i) has control or joint control of the Society;
 - (ii) has significant influence over the Society; or
 - (iii) is a member of the key management personnel of the Society or of a parent of the Society.
- (b) An entity is related to the Society if any of the following conditions applies:
- (i) The entity and the Society are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the Society. If the Society is itself such a plan, the sponsoring employers are also related to the Society.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Society or to the parent of Society.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

17.1 Related party transaction

The Society has significant related party transactions with a related party on terms agreed with the parties as follows:

	2015 S\$	2014 S\$
Insurance expenses paid to a company in which the Managing Director is also the Honorary Treasurer in year 2015 and Vice Chairman in year 2014	<u>80,151</u>	<u>79,474</u>

17. Related party relationship and transactions (Cont'd)

17.2 Remuneration of key employees/executives

Key management personnel compensation for the financial year was as follows:

	2015 S\$	2014 S\$
Salaries, allowance and bonuses	307,621	337,785
CPF and SDL contributions	43,294	55,508
	<u>350,915</u>	<u>393,293</u>
	2015 No. of key management personnel S\$	2014 No. of key management personnel S\$
Remuneration band (S\$)		
S\$100,001 to S\$150,000	1	1
S\$50,001 to S\$100,000	3	4
Below S\$50,000	<u>2</u>	<u>1</u>

The remuneration of key employees/executives is determined by the Management Committee.

18. Conflict of interest

Committee members are required to disclose any interest that they may have, whether directly or indirectly, that the Society may enter into or in any organisations that the Society has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Society's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Management Committee member may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

19. Reserve position and policy

The Society's reserve position for financial year ended 31 December 2015 is as follows:

		2015	2014	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	Accumulated general funds	4,075	3,635	12%
B	Restricted or Designated Funds			
	Designated Funds	0	0	0%
	Restricted Funds	3	0	100%
C	Endowment Funds	0	0	0%
D	Total Funds	4,078	3,635	12%
E	Total Annual Operating Expenditure	4,784	4,389	9%
F	Ratio of Funds to Annual Operating Expenditure (A/E)	0.85	0.83	

Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted / designated and endowment funds.
- E. Total Annual Operating Expenditure includes expenses related to Cost of Charitable Activities and Governance and Other Administrative Costs.

The Society does not have a reserve policy.

20. Financial instrument

The financial assets and liabilities of the Society as at the financial reporting date are as follows:

	2015	2014
	S\$	S\$
Financial assets		
Cash and cash equivalents	3,702,036	3,258,747
Trade and other receivables (excluding prepayments)	101,858	40,778
	<u>3,803,894</u>	<u>3,299,525</u>
Financial liabilities		
Trade and other payables (excluding GST payable)	340,816	310,412
Finance lease liabilities	87,407	178,068
	<u>428,223</u>	<u>488,480</u>

21. Financial risk management

The Society's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Management Committee on an informal basis.

Liquidity risk

Liquidity risk reflects the risk that the Society will have insufficient resources to meet its financial liabilities as and when they fall due.

The Society manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the Management Committee to fund the Society's activities. It places its cash with creditworthy institutions.

Credit risk

The carrying amount of trade and other receivables, and cash and cash equivalents represent the Society's maximum exposure to credit risk. As at balance sheet date, the Society has no significant concentration of credit risk.

Bank balances of the Society are placed with reputable banks and are neither past due nor impaired.

Trade and other receivables that are neither past due nor impaired are substantially companies or parties with good collection record with the Society. At balance sheet date, certain trade and other receivables of the Society are past due but not impaired as there has not been any significant change in credit quality and the amounts are still considered recoverable. The Society does not hold collateral over these receivables.

The table below is an analysis of trade receivables as at 31 December 2015

	2015 S\$	2014 S\$
Not past due and no impaired	20,743	15,451
Past due but not impaired	2,991	12,680
	<u>23,734</u>	<u>28,131</u>
Impaired receivables	328	625
Less: Allowance for impairment	(228)	(625)
	<u>100</u>	<u>0</u>
Total trade receivables	<u>23,834</u>	<u>28,131</u>

Aging of receivables that are past due but not impaired

	2015 S\$	2014 S\$
0 to 30 days	1,209	288
31 days to 60 days	375	7,600
Over 60 days	1,407	4,792
	<u>2,991</u>	<u>12,680</u>

21. Financial risk management (Cont'd)

Interest rate risk

Changes in interest rates do not have a material impact on the Society as it does not have any interest-bearing liabilities.

Foreign exchange risk

The Society has minimal exposure to foreign exchange risk.

The responsibility for managing the above risks is vested in the Management Committee.

Fair value

As at 31 December 2015, the carrying amounts of all financial assets and liabilities approximated their fair values.

22. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on **18 MAR 2016**