THE HELPING HAND

[UEN. S88SS0058F]
[IPC No. IPC000344]

[Registered under the Societies Act (Chapter 311) in the Republic of Singapore]

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

CONTENTS

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 6 to 36 are drawn up so as to present fairly, in all material respects, the state of affairs of The Helping Hand (the "Society") as at 31 December 2016, and the results, 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

24 APR 2017

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

On behalf of the Management Committee,

Choo Buck Kwang	Ang Sze Wee Erik	Chew Yew Kuen Michael
Chairman	Honorary Secretary	Honorary Treasurer

Singapore, 24 APR 2017

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Independent auditor's report to the members of:

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **The Helping Hand** (the "Society") which comprise the statement of financial position as at 31 December 2016, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Society for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations ("the Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2016, and the results, changes in funds and cash flows of the Society for the financial year ended on that date.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises the Statement by Management Committee included in page 2 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

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

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

(b) the Society has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

Fiducia LLP
Public Accountants and
Chartered Accountants
Singapore, 24 APR 2017

Partner-in-charge: Lee Choon Keat
PAB No.: 01721

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Unrestricted Fund	Restricted Fund	
	Note	General Fund S$	Care and Share Matching Fund S$	Total Funds S$
INCOME				
Income from generating funds				
- Voluntary income	4	1,594,327	77,919	1,672,246
- Activities for generating funds	4	11,495	0	11,495
Income from charitable activities	4	3,970,371	0	3,970,371
Other income	4	87,137	0	87,137
Total income		5,663,330	77,919	5,741,249
EXPENDITURE				
Cost of charitable activities	5	2,709,621	5,123	2,714,744
Governance and other administrative costs	5	2,393,486	70,213	2,463,699
Total expenditure		5,103,107	75,336	5,178,443
Net income		560,223	2,583	562,806
<u>Reconciliation of funds</u>				
Total funds brought forward		4,420,938	2,503	4,423,441
Total funds carried forward		4,981,161	5,086	4,986,247

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

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

	Note	Unrestricted Fund	Restricted Fund	
		General Fund S$ Restated	Care and Share Matching Fund S$	Total Funds S$ Restated
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	53,004	0	53,004
Total income		5,193,149	26,719	5,219,868
EXPENDITURE				
Cost of charitable activities	5	2,606,123	0	2,606,123
Governance and other administrative costs	5	2,067,281	24,216	2,091,497
Total expenditure		4,673,404	24,216	4,697,620
Net income		519,745	2,503	522,248
Reconciliation of funds				
Total funds brought forward		3,901,193	0	3,901,193
Total funds carried forward		4,420,938	2,503	4,423,441

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 S$	2015 S$ Restated	01.01.2015 S$ Restated
ASSETS				
Current assets				
Cash and cash equivalents	8	4,133,785	3,702,036	3,258,747
Trade and other receivables	9	124,691	144,709	83,141
Inventories	10	307,299	253,693	244,910
		4,565,775	4,100,438	3,586,798
Non-current assets				
Property, plant and equipment	11	959,147	944,923	1,005,445
Total assets		5,524,922	5,045,361	4,592,243
LIABILITIES				
Current liabilities				
Trade and other payables	12	409,023	385,803	353,355
Deferred income	13	10,917	10,917	10,917
Deferred grant	14	37,881	66,831	66,831
Finance lease liabilities	15	20,809	67,430	91,495
		478,630	530,981	522,598
Non-current liabilities				
Deferred income	13	60,045	70,962	81,879
Finance lease liabilities	15	0	19,977	86,573
		60,045	90,939	168,452
Total liabilities		538,675	621,920	691,050
NET ASSETS		4,986,247	4,423,441	3,901,193
FUNDS				
Unrestricted				
- General fund	16	4,981,161	4,420,938	3,901,193
Restricted				
- Care and Share Matching fund	16	5,086	2,503	0
		4,986,247	4,423,441	3,901,193

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Unrestricted Fund	Restricted Fund	
2016	Note	General Fund S$	Care and Share Matching Fund S$	Total Funds S$
Balance at beginning of financial year - As previously stated		4,075,469	2,503	4,077,972
Prior year adjustments	23	345,469	0	345,469
Balance at beginning of financial year - As restated		4,420,938	2,503	4,423,441
Net income		560,223	2,583	562,806
Balance at end of financial year		4,981,161	5,086	4,986,247

		Unrestricted Fund	Restricted Fund	
2015	Note	General Fund S$	Care and Share Matching Fund S$	Total Funds S$
Balance at beginning of financial year – As previously stated		3,635,316	0	3,635,316
Prior year adjustments	23	265,877	0	265,877
Balance at beginning of financial year – As restated		3,901,193	0	3,901,193
Net income		519,745	2,503	522,248
Balance at end of financial year – As restated		4,420,938	2,503	4,423,441

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 S$	2015 S$ Restated
Cash flows from operating activities			
Net income		562,806	522,248
Adjustment for:			
- Amortisation of deferred income	13	(10,917)	(10,917)
- Depreciation	11	190,703	162,563
- (Gain)/ loss on disposal of property, plant and equipment		(2,891)	872
- Impaired inventory written off	10	574	6,093
- Finance lease interest		8,549	10,796
- Interest on fixed deposits		(54,094)	(33,792)
- Interest on auto-saved accounts		(242)	(247)
Operating cash flow before working capital changes		694,488	657,616
Changes in operating assets and liabilities			
- Inventories		(54,180)	(14,876)
- Trade and other receivables		20,018	(61,568)
- Trade and other payables		(5,730)	32,448
Net cash generated from operating activities		654,596	613,620
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(205,774)	(102,913)
Interest received		54,336	34,039
Proceeds from disposal of property, plant and equipment		3,738	0
Net cash used in investing activities		(147,700)	(68,874)
Cash flows from financing activities			
Payment of finance lease liabilities		(75,147)	(101,457)
Net cash used in financing activities		(75,147)	(101,457)
Net increase in cash and cash equivalents		431,749	443,289
Cash and cash equivalents at beginning of financial year		3,702,036	3,258,747
Cash and cash equivalents at end of financial year	8	4,133,785	3,702,036
Cash and cash equivalents comprise:			
Cash and bank balances		454,187	478,880
Fixed deposits		3,679,598	3,223,156
	8	4,133,785	3,702,036

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 Society's 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 an Institution of A 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 2016

On 1 January 2016, 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 adoption 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.

New or amended Standards and Interpretations effective after 1 January 2016

The following are the new or amended Standards and Interpretations (Issued by Accounting Standards Council up to (04 January 2017) that are not yet applicable, but may be early adopted for the current financial year:

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

New or amended Standards and Interpretations effective after 1 January 2016 (Cont'd)

Descriptions	Annual periods commencing on
Amendments to: - FRS 7 Statement of cash flows (Disclosure initiative) - FRS 12 Income taxes (Recognition of deferred tax assets for unrealised losses)	1 January 2017
FRS 109 Financial Instruments FRS 115 Revenue from Contracts with Customers Amendments to: - FRS 102 Classification and Measurement of Share-based Payment Transactions - FRS 40 Transfers of Investment Property - FRS 115 Clarifications to FRS 115 Revenue from contracts with customers	1 January 2018
FRS 116 Leases	1 January 2019

Management believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of the 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. Significant accounting policies (Cont'd)

2.2 Income recognition (Cont'd)

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.

2.2.4 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.

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

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

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	5-10 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 tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) 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, the 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 is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income or expenditure.

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

2.6.1 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.

<u>Loans and receivables</u>

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.

2.6.2 Recognition and derecognition

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 of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in statement of financial activities.

2.6.3 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)

2.6.4 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 income or expenditure.

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.

2.10 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. Significant accounting policies (Cont'd)

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 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

2016	Unrestricted Fund	Restricted Fund	
	General Fund S$	Care and Share Matching Fund S$	Total funds S$
Voluntary income			
Donations			
- Tax exempt	281,488	0	281,488
- Non-tax exempt	109,421	0	109,421
Government and other grants	1,203,418	77,919	1,281,337
	1,594,327	77,919	1,672,246
Activities for generating funds			
- Annual magazine	11,495	0	11,495
Income from charitable activities			
- General work projects	1,848,151	0	1,848,151
- Sale of furniture, vases, gallery items and fishing tackle	2,050,020	0	2,050,020
- Services rendered	72,200	0	72,200
	3,970,371	0	3,970,371
Other income			
- Amortisation of deferred income	10,917	0	10,917
- Bad debts recovery	50	0	50
- Gain on disposal of property, plant and equipment	2,891	0	2,891
- Interest on auto-saved accounts	242	0	242
- Interest on fixed deposits	54,094	0	54,094
- Sponsorships	3,300	0	3,300
- Others	15,643	0	15,643
	87,137	0	87,137
Total income	5,663,330	77,919	5,741,249

4. Income (Cont'd)

2015	Unrestricted Fund	Restricted Fund	
	General Fund	Care and Share Matching Fund	Total funds
	S$	S$	S$
	Restated		Restated
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
	1,414,165	26,719	1,440,884
Activities for generating funds			
- Annual magazine	24,252	0	24,252
Income from charitable activities			
- General work projects	1,608,910	0	1,608,910
- Sale of furniture, vases, gallery items and fishing tackle	2,029,368	0	2,029,368
- Services rendered	63,450	0	63,450
	3,701,728	0	3,701,728
Other income			
- Amortisation of deferred income	10,917	0	10,917
- 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
	53,004	0	53,004
Total income	5,193,149	26,719	5,219,868

5. Expenditure

2016	Note	Unrestricted Fund General Fund S$	Restricted Fund Care and Share Matching Fund S$	Total funds S$
Cost of charitable activities				
- Advertisement		20,991	0	20,991
- Containers transport & freight		41,948	0	41,948
- Cost of furniture, vases, gallery items and fishing tackle		738,669	0	738,669
- Cost of general work projects		154,140	0	154,140
- GST expense off		6,295	0	6,295
- Impaired inventories written off		574	0	574
- Overseas shipping fee		10,584	0	10,584
- Realised loss on foreign exchange		36	0	36
- Rental fees for tentage		11,280	0	11,280
- Speakers' honorarium		8,000	0	8,000
- Staff costs	6	1,717,104	5,123	1,722,227
		2,709,621	5,123	2,714,744
Governance and other administrative costs				
Accounting services		21,480	0	21,480
Audit fee		7,490	0	7,490
Bank charges		31,777	0	31,777
Banners-Fundraising event		430	0	430
Computers		7,781	0	7,781
Condolences & gifts		3,348	0	3,348
Depreciation of property, plant and equipment		188,486	2,217	190,703
Donation		3,702	0	3,702
Dues and subscriptions		15,968	0	15,968
Equipment		4,173	0	4,173
Furniture and fittings		1,156	0	1,156
General expenses		25,995	0	25,995
Hire purchase interest		8,549	0	8,549
Hosting of meals		39,763	0	39,763
Other expenses		57,021	0	57,021
Postage		1,684	0	1,684
Printing and stationery		15,962	0	15,962
Rental of equipment		6,057	0	6,057
Repairs and maintenance		57,524	0	57,524
Small value items expenses off		7,184	0	7,184
Staff costs	6	1,365,830	39,492	1,405,322
Telecommunication		26,600	0	26,600
Travelling and transport expenses		1,559	0	1,559
Upkeep of kitchen		240,654	0	240,654
Upkeep of motor vehicles		222,453	0	222,453
Upkeep of pet		1,135	0	1,135
Utilities		29,725	28,504	58,229
		2,393,486	70,213	2,463,699
Total expenditure		5,103,107	75,336	5,178,443

5. Expenditure (Cont'd)

2015	Note	Unrestricted Fund General Fund S$ Restated	Restricted Fund Care and Share Matching Fund S$	Total funds S$ Restated
Cost of charitable activities				
- Advertisement		23,928	0	23,928
- Containers transport & freight		41,888	0	41,888
- Cost of furniture, vases, gallery items and fishing tackle		704,830	0	704,830
- Cost of general work projects		135,714	0	135,714
- GST expense off		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
		2,606,123	0	2,606,123
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		162,416	147	162,563
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
Utilities		72,263	0	72,263
		2,067,281	24,216	2,091,497
Total expenditure		4,673,404	24,216	4,697,620

6. Staff cost

Included in the expenses expended are the following staff costs:

2016

	Note	Unrestricted Fund General Fund S$	Restricted Fund Care and Share Matching Fund S$	Total funds
CPF and SDF contributions		318,552	0	318,552
Membership fee		840	0	840
Residents costs		454,749	7,044	461,793
Staff incentive		87,664	0	87,664
Staff insurance		37,148	0	37,148
Staff medical expenses		25,661	0	25,661
Staff retreat		45,332	0	45,332
Staff salaries and bonus		2,080,263	0	2,080,263
Staff training expenses		824	37,571	38,395
Staff uniforms		1,060	0	1,060
Staff welfare/benefits		30,841	0	30,841
		3,082,934	44,615	3,127,549
The staff costs were allocated as follows:				
▪ Cost of charitable activities	5	1,717,104	5,123	1,722,227
▪ Administration	5	1,365,830	39,492	1,405,322
		3,082,934	44,615	3,127,549

2015

	Note	Unrestricted Fund General Fund S$	Restricted Fund Care and Share Matching Grant S$	Total funds
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
		2,773,201	22,544	2,795,745
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
		2,773,201	22,544	2,795,745

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

	2016 S$	2015 S$
Cash and bank balances	454,187	478,880
Fixed deposits	3,679,598	3,223,156
	4,133,785	3,702,036

Fixed deposits at the reporting date have an average maturity of 12 months (2015: 12 months) from the end of the financial year with weighted average effective interest rate of 1.36% (2015: 1.73%).

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

9. Trade and other receivables

	Note	2016 S$	2015 S$
Trade receivables		35,526	24,062
Less: Allowance for impairment of receivables		0	(228)
Trade receivables – Net		35,526	23,834
Other receivables:			
- Outside parties		24,594	576
- Care and Share Matching Grant receivable	16	0	26,719
- Deposits		13,795	4,070
- Grant receivable		0	36,032
- Interest receivable		8,278	10,627
- Prepayment		42,498	42,851
		124,691	144,709

Movement in allowance for impairment of receivables is as follows:

	2016 S$	2015 S$
Balance at beginning of year	228	625
Additional allowance	0	0
	228	625
Reversal of Allowance	(228)	(397)
Balance at end of year	0	228

Trade receivables are denominated in Singapore Dollar and are non-interest bearing with the average credit period of between 30 to 60 days (2015: 30 to 60 days).

At the reporting date, the carrying amounts of trade and other receivables approximated their fair values.

10. Inventories

	2016 S$	2015 S$
Furniture, vases and gallery items, at cost	172,888	150,262
Fishing tackle, at cost	108,759	82,635
Inventories in transit	25,652	20,796
	307,299	253,693

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to S$738,669 (2015: S$704,830). Total inventories written off amounted to S$574 (2015: S$6,093).

11. Property, plant and equipment

	Balance at beginning of year S$ Restated	Additions S$	(Disposals) S$	Balance at end of year S$
2016				
At cost				
Computer equipment	12,404	0	0	12,404
Electrical equipment	34,486	13,630	0	48,116
Furniture & fittings	25,231	2,269	0	27,500
Motor vehicles	1,573,023	181,614	(50,815)	1,703,822
Office equipment	2,520	8,261	0	10,781
Renovation	78,806	0	0	78,806
	1,726,470	205,774	(50,815)	1,881,429

Accumulated depreciation and impairment losses	Balance at beginning of year S$ Restated	Depreciation charge S$	(Disposals) S$	Balance at end of Year S$
Computer equipment	7,048	2,913	0	9,961
Electrical equipment	16,777	9,430	0	26,207
Furniture & fittings	24,587	790	0	25,377
Motor vehicles	731,471	160,510	(49,968)	842,013
Office equipment	350	1,299	0	1,649
Renovation	1,314	15,761	0	17,075
	781,547	190,703	(49,968)	922,282

Net book value	Balance at beginning of year S$ Restated	Balance at end of Year S$
Computer equipment	5,356	2,443
Electrical equipment	17,709	21,909
Furniture & fittings	644	2,123
Motor vehicles	841,552	861,809
Office equipment	2,170	9,132
Renovation	77,492	61,731
	944,923	959,147

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

	Balance at beginning of year S$ Restated	Additions S$	(Disposals) S$	Balance at end of year S$ Restated
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
	2,001,706	102,913	(378,149)	1,726,470

Accumulated depreciation and impairment losses	Balance at beginning of year S$ Restated	Depreciation charge S$ Restated	(Disposals) S$	Balance at end of Year S$ Restated
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	744,378	153,018	(165,925)	731,471
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
	996,261	162,563	(377,277)	781,547

Net book value	Balance at beginning of year S$ Restated	Balance at end of Year S$ Restated
Computer equipment	6,169	5,356
Electrical equipment	1,288	17,709
Furniture & fittings	2,607	644
Motor vehicles	995,381	841,552
Musical equipment	0	0
Office equipment	0	2,170
Renovation	0	77,492
	1,005,445	944,923

The carrying amounts of motor vehicles held under finance lease (Note 15) are S$316,667 (2015: S$370,856) at the reporting date.

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

The following property, plant and equipment were purchased through the Care and Share Matching Fund as disclosed in Note 16.

	2016 Electrical equipment S$	2015 Electrical equipment S$
Cost		
Beginning of financial year	2,650	0
Additions	4,800	2,650
End of financial year	7,450	2,650
Accumulated depreciation		
Beginning of financial year	147	0
Depreciation	2,217	147
End of financial year	2,364	147
Net book value	5,086	2,503

12. Trade and other payables

	2016 S$	2015 S$
Trade payables	25,652	21,275
Advanced advertisement income	7,476	0
Accruals	268,522	244,793
Deposits for water supply	5,550	5,500
Deposits received from customers	55,726	69,247
GST payables	46,097	44,988
	409,023	385,803

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

	2016 S$	2015 S$
Singapore Dollar	383,371	364,528
Indonesian Rupiah	25,652	21,275
	409,023	385,803

At the reporting date, the carrying amounts of trade and other payables approximated their fair values.

13. Deferred income

	Note	2016 Donation received S$	2015 Donation received S$ Restated	01.01.2015 Donation received S$ Restated
Cost				
Beginning and end of financial year		109,172	109,172	109,172
Accumulated amortisation				
Beginning of financial year		(27,293)	(16,376)	(5,459)
Amortisation for the year	4	(10,917)	(10,917)	(10,917)
End of financial year		(38,210)	(27,293)	(16,376)
Net carrying amount at end of financial year				
Current		10,917	10,917	10,917
Non-current		60,045	70,962	81,879
		70,962	81,879	92,796

The amounts represent donations received for the Society's charitable activities and for purchase of property, plant and equipment. The unamortised balance as at the reporting date substantially represent sums payable to the donor should the Society fail to fulfil the obligations stipulated under the letter of offer.

14. Deferred grants

	Note	2016 S$	2015 S$
Comprised:			
- Grant from Ministry of Home Affairs Prison		0	66,831
- Care and share matching grant	16	37,881	0
		37,881	66,831

The Deferred grants consist of the following:

	2016 S$	2015 S$
Balance at beginning of the year	66,831	66,831
- Care and share matching grant	142,519	0
- Grant from Ministry of Home Affairs Prison	749,885	831,188
Less: Utilisation		
- Care and share matching grant	(104,638)	0
- Grant from Ministry of Home Affairs Prison	(816,716)	(831,188)
Balance at end of the year	37,881	66,831

15. Finance lease liabilities

	2016 S$	2015 S$
Minimum lease payments due:		
- Not later than one year	23,210	76,097
- Between two and five years	0	22,260
	23,210	98,357
Less: Future finance charges	(2,401)	(10,950)
Present value of finance lease liabilities	20,809	87,407
The present values of finance lease liabilities are analysed as follows:		
Current liabilities		
- Not later than one year	20,809	67,430
Non-current liabilities:		
- Between two and five years	0	19,977
	20,809	87,407

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

16. Funds

Funds comprise of unrestricted and restricted fund.

Unrestricted fund

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

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.

16. Funds (Cont'd)

Restricted funds comprise:

Care and Share Matching Fund

Care and Share Grant is a grant from Ministry of Social and Family Development ("MSF"), based on qualifying donations, to develop the charitable society'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 were not being approved by MSF.

The Care and Share Grant is restricted and is to be utilised for the following purposes:

(a) Capability building

(i) Organisational development:

Examples include engaging consultants or developing training in areas of strategic planning, business contingency planning, business process re-design, workplace health, research, improving organisation models to ensure financial viability and find raising capacity.

(ii) Manpower development:

Examples include the awarding of scholarships to the Society's staff, manpower training, human resource management and development like leadership management, learning needs analysis for Society staff and talent development.

(b) Capacity building

Examples include the purchase of additional equipment to enhance social service delivery (E.g. wheelchairs), investment in technology (E.g. the purchase of electronic devices for staff to boost productivity so as to better serve the Society's beneficiaries) and physical infrastructure developments (e.g. renovation of the Society's premises, expansion of physical space).

(c) New programmes to meet emerging or unmet needs and enhancements/ expansion of existing services. Examples include inter-agency projects to meet specific needs in the community or enhanced services to provide more upstream intervention.

(d) Critical existing needs

Examples include the Society's recurring operating costs and costs that are crucial to the continued operations of the Society.

The net assets of the Care and Share Matching funds are as follows:

	Note	2016 S$	2015 S$
Total restricted fund		5,086	2,503
Represented by:			
Cash and bank balances		37,881	(26,719)
Care and Share Matching Grant receivable	9	0	26,719
Deferred Care and Share grant	14	(37,881)	0
Property, plant and equipment	11	5,086	2,503
		5,086	2,503

17. Operating lease commitments

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

	2016 S$	2015 S$
Not later than one year	6,767	5,868
Later than one year but not later than five years	18,776	9,717

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.

18. 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.

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

18.1 Related party transactions

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

	2016 S$	2015 S$
Insurance expenses paid to a company in which the Managing Director is also the Honorary Treasurer	82,863	80,151

18.2 Remuneration of key employees/executives

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

	2016 S$	2015 S$
Salaries, allowance and bonuses	342,410	307,621
CPF and SDL contributions	50,640	43,294
	393,050	350,915

	2016 No. of key management personnel	2015 No. of key management personnel
Remuneration band (S$)		
S$100,001 to S$150,000	1	1
S$50,001 to S$100,000	4	3
Below S$50,000	0	2

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

19. 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.

20. Reserve position and policy

The Society's reserve position for financial year ended 31 December 2016 is as follows:

		2016	2015	Increase/ (decrease)
		S$'000	S$'000	%
A	Unrestricted Funds			
	Accumulated general funds	4,981	4,421	13
B	Restricted or Designated Funds			
	Designated Funds	0	0	0
	Restricted Funds	5	2	150
C	Endowment Funds	0	0	0
D	Total Funds	4,986	4,423	13
E	Total Annual Operating Expenditure	5,178	4,698	10
F	Ratio of Funds to Annual Operating Expenditure (A/E)	0.96	0.94	

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.

21. Financial instrument

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

	2016 S$	2015 S$
Financial assets		
Cash and cash equivalents	4,133,785	3,702,036
Trade and other receivables (excluding prepayment)	82,193	101,858
	4,215,978	3,803,894
Financial liabilities		
Trade and other payables	401,547	385,803
Finance lease liabilities	20,809	87,407
	422,356	473,210

22. 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

Credit risk is the potential financial loss resulting from the failure of a debtor to settle its financial and contractual obligations to the Society, as and when they fall due.

The carrying amount of trade and other receivables, and cash and cash equivalents represent the Society's maximum exposure to credit risk. As at the reporting 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 the reporting 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 2016

	2016 S$	2015 S$
Not past due and no impaired	26,198	20,743
Past due but not impaired	9,328	2,991
	35,526	23,734
Impaired receivables	0	328
Less: Allowance for impairment	0	(228)
	0	100
Total trade receivables	35,526	23,834

Aging of receivables that are past due but not impaired

	2016 S$	2015 S$
0 to 30 days	2,287	1,209
31 days to 60 days	3,283	375
Over 60 days	3,758	1,407
	9,328	2,991

22. Financial risk management (Cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Society's financial instruments will fluctuate because of changes in market interest rates.

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 2016, the carrying amounts of all financial assets and liabilities approximated their fair values.

23. Restatement of financial statements

The comparative figures for the statement of financial position as at 1 January 2015 have been re-stated in these financial statements due to:

i) An error in prior years in determining useful life of 6 years for motor vehicles when it should be depreciated over 10 years based on the Certificate of Entitlement;

ii) Since the deferred income is served for the purpose of purchase of motor vehicles, the deferred income should be amortised over 10 years instead of 6 years so as to be consistent with the changes made for (i) above.

	Previously Reported in S$	Restatement S$	Restated S$
01.01.2015			
Statement of financial position			
Assets			
Property, plant and equipment	728,651	276,794	1,005,445
Liabilities			
Deferred income - current	(18,195)	7,278	(10,917)
Deferred income - non current	(63,684)	(18,195)	(81,879)
Funds			
General funds	(3,635,316)	(265,877)	(3,901,193)
Statement of financial activities			
Other income			
Amortisation of deferred income	(18,195)	7,278	(10,917)
Governance and other administrative costs			
Depreciation of property, plant and equipment	215,767	(61,154)	154,613

23. Restatement of financial statements (Cont'd)

In addition to the restatement of the statement of financial position as at 1 January 2015, the comparative figures for the financial year ended 31 December 2015 have been re-stated due to:

i) An error in prior years in determining useful life of 6 years for motor vehicles when it should be depreciated over 10 years based on the Certificate of Entitlement;

ii) Since the deferred income is served for the purpose of purchase of motor vehicles, the deferred income should be amortised over 10 years instead of 6 years so as to be consistent with the changes made for (i) above.

	Previously Reported in S$	Restatement S$	Restated S$
31.12.2015			
Statement of financial position			
Assets			
Property, plant and equipment	581,259	363,664	944,923
Liabilities			
Deferred income - current	(18,195)	7,278	(10,917)
Deferred income- non current	(45,488)	(25,474)	(70,962)
Funds			
General funds	(4,075,469)	(345,469)	(4,420,938)
Statement of financial activities			
Other income			
Amortisation of deferred income	(18,195)	7,278	(10,917)
Governance and other administrative costs			
Depreciation of property, plant and equipment	249,433	(86,870)	162,563

24. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on 24 APR 2017