

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 FINANCIAL YEAR ENDED 31 DECEMBER 2017

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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) 6491.5218

STATEMENT BY MANAGEMENT COMMITTEE

In the opinion of the Management Committee,

- a) the financial statements as set out on pages 6 to 35 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 2017, and the results, changes in funds and cash flows of the Society for the financial year then ended;
- b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, authorised the issue of these financial statements on

Choo Buck Kwang
Tan Teik Seng
Ang Sze Wee Erik
Chew Yew Kuen Michael
Teo Chin Poh Terence
Rev. Dr Yap Kim Sin

Chairman
Vice-Chairman
Honorary Secretary
Honorary Treasurer
Member
Member

On behalf of the Management Committee,



Choo Buck Kwang
Chairman



Ang Sze Wee Erik
Honorary Secretary



Chew Yew Kuen Michael
Honorary Treasurer

Singapore, 20 APR 2018

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Independent auditor's report to the members of:

THE HELPING HAND

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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 2017, 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 2017 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 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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(CONT'D)

Independent auditor's report to the members of:

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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 *up*

Fiducia LLP

Public Accountants and
Chartered Accountants
Singapore, 20 APR 2018

Partner-in-charge: Soo Hon Weng
PAB No.: 01089

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Unrestricted Fund	Restricted Fund	Total Funds
		General Fund	Care and Share Matching Fund	
Note		S\$	S\$	S\$
INCOME				
Income from generating funds				
- Voluntary income	4	1,611,466	176,921	1,788,387
- Activities for generating funds	4	24,766	0	24,766
Income from charitable activities	4	3,530,281	0	3,530,281
Other income	4	81,034	0	81,034
Total income		5,247,547	176,921	5,424,468
EXPENDITURE				
Cost of charitable activities	5	2,509,334	3,088	2,512,422
Governance and other administrative costs	5	2,490,896	86,516	2,577,412
Total expenditure		5,000,230	89,604	5,089,834
Net income		247,317	87,317	334,634
<u>Reconciliation of funds</u>				
Total funds brought forward		4,981,161	5,086	4,986,247
Total funds carried forward		5,228,478	92,403	5,320,881

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

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

		Unrestricted Fund	Restricted Fund	
		General Fund	Care and Share Matching Fund	Total Funds
	Note	S\$	S\$	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 POSITION AS AT 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
ASSETS			
Current assets			
Cash and cash equivalents	8	4,414,101	4,133,785
Trade and other receivables	9	65,205	124,691
Inventories	10	234,850	307,299
		<u>4,714,156</u>	<u>4,565,775</u>
Non-current assets			
Property, plant and equipment	11	<u>1,015,652</u>	<u>959,147</u>
Total assets		<u>5,729,808</u>	<u>5,524,922</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	345,404	409,023
Deferred income	13	10,917	10,917
Deferred grant	14	3,479	37,881
Finance lease liabilities	15	0	20,809
		<u>359,800</u>	<u>478,630</u>
Non-current liabilities			
Deferred income	13	<u>49,127</u>	<u>60,045</u>
Total liabilities		<u>408,927</u>	<u>538,675</u>
NET ASSETS		<u>5,320,881</u>	<u>4,986,247</u>
FUNDS			
Unrestricted			
- General fund	16	5,228,478	4,981,161
Restricted			
- Care and Share Matching fund	16	<u>92,403</u>	<u>5,086</u>
		<u>5,320,881</u>	<u>4,986,247</u>

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Unrestricted Fund	Restricted Fund	Total Funds
	General Fund S\$	Care and Share Matching Fund S\$	
2017			S\$
Balance at beginning of financial year	4,981,161	5,086	4,986,247
Net income	247,317	87,317	334,634
Balance at end of financial year	<u>5,228,478</u>	<u>92,403</u>	<u>5,320,881</u>
	Unrestricted Fund	Restricted Fund	Total Funds
	General Fund S\$	Care and Share Matching Fund S\$	
2016			S\$
Balance at beginning of financial year	4,420,938	2,503	4,423,441
Net income	560,223	2,583	562,806
Balance at end of financial year	<u>4,981,161</u>	<u>5,086</u>	<u>4,986,247</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
Cash flows from operating activities			
Net income		334,634	562,806
Adjustment for:			
- Amortisation of deferred income	13	(10,917)	(10,917)
- Depreciation	11	210,704	190,703
- Gain on disposal of property, plant and equipment		(4,500)	(2,891)
- Impaired inventory written off	10	0	574
- Finance lease interest		2,401	8,549
- Interest on fixed deposits		(48,308)	(54,094)
- Interest on auto-saved accounts		(232)	(242)
Operating cash flow before working capital changes		483,782	694,488
Changes in working capital:			
- Inventories		72,449	(54,180)
- Trade and other receivables		58,538	20,018
- Trade and other payables		(98,022)	(5,730)
Net cash generated from operating activities		<u>516,747</u>	<u>654,596</u>
Cash flows from investing activities			
Interest received		49,488	54,336
Proceeds from disposal of property, plant and equipment		4,500	3,738
Purchases of property, plant and equipment	11	(267,209)	(205,774)
Net cash used in investing activities		<u>(213,221)</u>	<u>(147,700)</u>
Cash flows from financing activities			
Payment of finance lease liabilities representing net cash used in financing activities		(23,210)	(75,147)
Net increase in cash and cash equivalents		280,316	431,749
Cash and cash equivalents at beginning of financial year		4,133,785	3,702,036
Cash and cash equivalents at end of financial year	8	<u>4,414,101</u>	<u>4,133,785</u>
Cash and cash equivalents comprise:			
Cash and bank balances		985,015	454,187
Fixed deposits	8	3,429,086	3,679,598
		<u>4,414,101</u>	<u>4,133,785</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 and subsequently renewed from 1 January 2018 to 30 September 2020.

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.

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.

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

Interpretations and amendments to published standards effective in 2017

On 1 January 2017, 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.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

New or amended Standards and Interpretations effective after 1 January 2017

The following are the new or amended Standards and Interpretations (Issued by Accounting Standards Council up to (29 December 2017) that are not yet applicable, but may be early adopted for the current financial year:

Descriptions	Annual periods commencing on
FRS 109 Financial Instruments FRS 115 Revenue from Contracts with Customers Amendments to: <ul style="list-style-type: none"> - 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 Amendments to: <ul style="list-style-type: none"> - FRS 109 Prepayment Features with Negative Compensation - FRS 28 Long-term Interests in Associates and Joint Ventures 	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.

2. Significant accounting policies (Cont'd)**2.4 Property, plant and equipment (Cont'd)****2.4.1 Measurement (Cont'd)**

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.

2.4.2 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.

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.

2. Significant accounting policies (Cont'd)

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

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 statement of financial activities.

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.

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 "Trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

2.6.2 Recognition and derecognition

Regular way 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 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.

2.6.4 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.

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

2.6.4 Impairment (Cont'd)

Loans and receivables

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

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

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

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.

2.11 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. Significant accounting policies (Cont'd)

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.

2.14 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. Significant accounting policies (Cont'd)

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 accounting estimates and assumptions

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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. The carrying amount of property, plant and equipment and the depreciation charge for the year are disclosed in Note 11.

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.

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.

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.

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

Critical judgments in applying the entity's accounting policies (Cont'd)

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

2017	Note	Unrestricted Fund	Restricted Fund	Total funds
		General Fund	Care and Share Matching Fund	
		S\$	S\$	S\$
Voluntary income				
Donations				
- Tax exempt		370,261	0	370,261
- Non-tax exempt		57,530	0	57,530
Government and other grants		1,183,675	176,921	1,360,596
		<u>1,611,466</u>	<u>176,921</u>	<u>1,788,387</u>
Activities for generating funds				
- Annual magazine		24,766	0	24,766
Income from charitable activities				
- General work projects		1,560,244	0	1,560,244
- Sale of furniture, vases, gallery items and fishing tackle		1,892,037	0	1,892,037
- Services rendered		78,000	0	78,000
		<u>3,530,281</u>	<u>0</u>	<u>3,530,281</u>
Other income				
- Amortisation of deferred income	13	10,917	0	10,917
- Gain on disposal of property, plant and equipment		4,500	0	4,500
- Interest on auto-saved accounts		232	0	232
- Interest on fixed deposits		48,308	0	48,308
- Others		17,077	0	17,077
		<u>81,034</u>	<u>0</u>	<u>81,034</u>
Total income		<u>5,247,547</u>	<u>176,921</u>	<u>5,424,468</u>

4. Income (Cont'd)

2016	Note	Unrestricted Fund	Restricted Fund	Total funds
		General Fund S\$	Care and Share Matching Fund 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
		<u>1,594,327</u>	<u>77,919</u>	<u>1,672,246</u>
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
		<u>3,970,371</u>	<u>0</u>	<u>3,970,371</u>
Other income				
- Amortisation of deferred income	13	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
		<u>87,137</u>	<u>0</u>	<u>87,137</u>
Total income		<u>5,663,330</u>	<u>77,919</u>	<u>5,741,249</u>

5. Expenditure

2017		Unrestricted Fund	Restricted Fund	
			Care and Share Matching Fund	Total funds
	Note	General Fund S\$	S\$	S\$
Cost of charitable activities				
- Advertisement		15,492	0	15,492
- Containers transport and freight		38,978	0	38,978
- Cost of furniture, vases, gallery items and fishing tackle		799,920	0	799,920
- Cost of general work projects		125,207	0	125,207
- GST expense off		5,871	0	5,871
- Inventory adjustment		(26)	0	(26)
- Overseas shipping fee		9,672	0	9,672
- Rental fees for tentage		15,410	0	15,410
- Speakers' honorarium		11,930	0	11,930
- Staff costs	6	1,486,880	3,088	1,489,968
		<u>2,509,334</u>	<u>3,088</u>	<u>2,512,422</u>
Governance and other administrative costs				
Accounting services		23,370	0	23,370
Audit fee		7,490	0	7,490
Bank charges		29,646	0	29,646
Banners-Fundraising event		390	0	390
Computers		0	4,554	4,554
Condolences and gifts		2,215	0	2,215
Depreciation of property, plant and equipment		203,221	7,483	210,704
Donation		3,200	0	3,200
Dues and subscriptions		15,675	0	15,675
Equipment		607	2,036	2,643
General expenses		57,074	0	57,074
Hire purchase interest		2,401	0	2,401
Hosting of meals		83,137	0	83,137
Other expenses		44,261	0	44,261
Postage		1,954	0	1,954
Printing and stationery		20,606	0	20,606
Rental of equipment		6,653	0	6,653
Repairs and maintenance		54,611	0	54,611
Small value items expenses off		4,183	0	4,183
Staff costs	6	1,409,913	42,212	1,452,125
Telecommunication		26,204	0	26,204
Travelling and transport expenses		3,518	0	3,518
Upkeep of kitchen		231,112	1,727	232,839
Upkeep of motor vehicles		226,279	0	226,279
Upkeep of pet		1,649	0	1,649
Utilities		31,527	28,504	60,031
		<u>2,490,896</u>	<u>86,516</u>	<u>2,577,412</u>
Total expenditure		5,000,230	89,604	5,089,834

5. Expenditure (Cont'd)

2016		Unrestricted Fund	Restricted Fund	
			Care and Share Matching Fund	Total funds
	Note	General Fund S\$	S\$	S\$
Cost of charitable activities				
- Advertisement		20,991	0	20,991
- Containers transport and 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
		<u>2,709,621</u>	<u>5,123</u>	<u>2,714,744</u>
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 and 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
		<u>2,393,486</u>	<u>70,213</u>	<u>2,463,699</u>
Total expenditure		5,103,107	75,336	5,178,443

6. Staff cost

Included in the expenses expended are the following staff costs:

2017	Note	Unrestricted Fund	Restricted Fund	Total funds
		General Fund S\$	Care and Share Matching Fund S\$	
CPF and SDF contributions		290,212	0	290,212
Membership fee		380	0	380
Residents costs		452,016	4,089	456,105
Staff incentive		61,240	0	61,240
Staff insurance		43,486	0	43,486
Staff medical expenses		22,088	0	22,088
Staff salaries and bonus		1,995,945	0	1,995,945
Staff training expenses		227	41,211	41,438
Staff uniforms		1,309	0	1,309
Staff welfare/benefits		29,890	0	29,890
		<u>2,896,793</u>	<u>45,300</u>	<u>2,942,093</u>

The staff costs were allocated as follows:

▪ Cost of charitable activities	5	1,486,880	3,088	1,489,968
▪ Administration	5	1,409,913	42,212	1,452,125
		<u>2,896,793</u>	<u>45,300</u>	<u>2,942,093</u>

2016	Note	Unrestricted Fund	Restricted Fund	Total funds
		General Fund S\$	Care and Share Matching Fund S\$	
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
		<u>3,082,934</u>	<u>44,615</u>	<u>3,127,549</u>

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
		<u>3,082,934</u>	<u>44,615</u>	<u>3,127,549</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

	2017 S\$	2016 S\$
Cash and bank balances	985,015	454,187
Fixed deposits	3,429,086	3,679,598
	<u>4,414,101</u>	<u>4,133,785</u>

Fixed deposits at the reporting date have an average maturity of 11 months (2016: 11 months) from the end of the financial year with weighted average effective interest rate of 1.41% (2016: 1.47%).

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

9. Trade and other receivables

	2017 S\$	2016 S\$
Trade receivables	<u>24,099</u>	<u>35,526</u>
Other receivables:		
- Outside parties	3,224	24,594
- Deposits	2,270	13,795
- Interest receivable	7,098	8,278
- Prepayment	28,514	42,498
	<u>41,106</u>	<u>89,165</u>
Total	<u>65,205</u>	<u>124,691</u>

Movement in allowance for impairment of receivables is as follows:

	2017 S\$	2016 S\$
Balance at beginning of year	0	228
Additional allowance	<u>0</u>	<u>0</u>
	0	228
Reversal of Allowance	<u>0</u>	<u>(228)</u>
Balance at end of year	<u>0</u>	<u>0</u>

Trade receivables are denominated in Singapore Dollar and are non-interest bearing with the average credit period of between 30 to 60 days (2016: 30 to 60 days).

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

10. Inventories

	2017 S\$	2016 S\$
Furniture, vases and gallery items, at cost	138,708	172,888
Fishing tackle, at cost	96,142	108,759
Inventories in transit	0	25,652
	<u>234,850</u>	<u>307,299</u>

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to S\$799,920 (2016: S\$738,669). Total inventories written off amounted to NIL (2016: S\$574).

11. Property, plant and equipment

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
2017				
At cost				
Computer equipment	12,404	0	0	12,404
Electrical equipment	48,116	7,350	0	55,466
Furniture & fittings	27,500	0	0	27,500
Motor vehicles	1,703,822	252,947	(86,870)	1,869,899
Office equipment	10,781	6,912	0	17,693
Renovation	78,806	0	0	78,806
	<u>1,881,429</u>	<u>267,209</u>	<u>(86,870)</u>	<u>2,061,768</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	9,961	2,142	0	12,103
Electrical equipment	26,207	11,978	0	38,185
Furniture & fittings	25,377	762	0	26,139
Motor vehicles	842,013	174,267	(86,870)	929,410
Office equipment	1,649	5,794	0	7,443
Renovation	17,075	15,761	0	32,836
	<u>922,282</u>	<u>210,704</u>	<u>(86,870)</u>	<u>1,046,116</u>
Net book value				
	Balance at beginning of year S\$			Balance at end of Year S\$
Computer equipment	2,443			301
Electrical equipment	21,909			17,281
Furniture & fittings	2,123			1,361
Motor vehicles	861,809			940,489
Office equipment	9,132			10,250
Renovation	61,731			45,970
	<u>959,147</u>			<u>1,015,652</u>

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

	Balance at beginning of year S\$	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
	<u>1,726,470</u>	<u>205,774</u>	<u>(50,815)</u>	<u>1,881,429</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	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
	<u>781,547</u>	<u>190,703</u>	<u>(49,968)</u>	<u>922,282</u>
Net book value				
	Balance at beginning of year S\$			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
	<u>944,923</u>			<u>959,147</u>

As at 31 December 2016, the carrying amount of motor vehicles held under finance lease, as disclosed in Note 15, was S\$316,667.

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.

	Balance at beginning of year S\$	Additions S\$	Balance at end of year S\$
2017			
At cost			
Electrical equipment	7,450	2,700	10,150
Motor vehicles	0	92,100	92,100
	<u>7,450</u>	<u>94,800</u>	<u>102,250</u>
Accumulated depreciation			
	Balance at beginning of year S\$	Depreciation charge S\$	Balance at end of Year S\$
Electrical equipment	2,364	2,558	4,922
Motor vehicles	0	4,925	4,925
	<u>2,364</u>	<u>7,483</u>	<u>9,847</u>
Net book value			
	Balance at beginning of year S\$		Balance at end of Year S\$
Electrical equipment	5,086		5,228
Motor vehicles	0		87,175
	<u>5,086</u>		<u>92,403</u>
	Balance at beginning of year S\$	Additions S\$	Balance at end of year S\$
2016			
At cost			
Electrical equipment	2,650	4,800	7,450
Accumulated depreciation			
	Balance at beginning of year S\$	Depreciation charge S\$	Balance at end of Year S\$
Electrical equipment	147	2,217	2,364
Net book value			
	Balance at beginning of year S\$		Balance at end of Year S\$
Motor vehicles	<u>2,503</u>		<u>5,086</u>

12. Trade and other payables

	2017 S\$	2016 S\$
Trade payables	0	25,652
Other payables		
-Advanced advertisement income	0	7,476
-Accruals	211,458	268,522
-Deposits for water supply	5,500	5,550
-Deposits received from customers	89,642	55,726
-GST payables	38,804	46,097
	<u>345,404</u>	<u>409,023</u>

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

	2017 S\$	2016 S\$
Singapore Dollar	345,404	383,371
Indonesian Rupiah	0	25,652
	<u>345,404</u>	<u>409,023</u>

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

13. Deferred income

		2017	2016
	Note	Donation received S\$	Donation received S\$
Cost			
Beginning and end of financial year		<u>109,172</u>	<u>109,172</u>
Accumulated amortisation			
Beginning of financial year		(38,210)	(27,293)
Amortisation for the year	4	(10,917)	(10,917)
End of financial year		<u>(49,127)</u>	<u>(38,210)</u>
Carrying amount at end of financial year			
Current		10,917	10,917
Non-current		<u>49,127</u>	<u>60,045</u>
		<u>60,044</u>	<u>70,962</u>

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	2017 S\$	2016 S\$
Comprised:			
- Care and share matching grant	16	<u>3,479</u>	<u>37,881</u>

The deferred grants consist of the following:

	2017 S\$	2016 S\$
Balance at beginning of the year	37,881	66,831
- Care and share matching grant	142,518	142,519
- Grant from Ministry of Home Affairs Prison	887,559	749,885
Less: Utilisation		
- Care and share matching grant	(176,920)	(104,638)
- Grant from Ministry of Home Affairs Prison	<u>(887,559)</u>	<u>(816,716)</u>
Balance at end of the year	<u>3,479</u>	<u>37,881</u>

15. Finance lease liabilities

	2017 S\$	2016 S\$
Minimum lease payments due:		
- Not later than one year	0	23,210
- Between two and five years	<u>0</u>	<u>0</u>
	0	23,210
Less: Future finance charges	<u>0</u>	<u>(2,401)</u>
Present value of finance lease liabilities	<u>0</u>	<u>20,809</u>

The present values of finance lease liabilities are analysed as follows:

Current liabilities		
- Not later than one year	0	20,809
Non-current liabilities:		
- Between two and five years	<u>0</u>	<u>0</u>
	<u>0</u>	<u>20,809</u>

The finance lease liabilities were fully settled by the end of the financial year. 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.

16. Funds (Cont'd)

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 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 fund 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.

16. Funds (Cont'd)

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

	Note	2017 S\$	2016 S\$
Total restricted fund		<u>92,403</u>	<u>5,086</u>
Represented by:			
Cash and bank balances		3,479	37,881
Care and Share Matching Grant receivable	9	0	0
Deferred Care and Share grant	14	(3,479)	(37,881)
Property, plant and equipment	11	<u>92,403</u>	<u>5,086</u>
		<u>92,403</u>	<u>5,086</u>

17. Operating lease commitments

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

	2017 S\$	2016 S\$
Not later than one year	6,767	6,767
Later than one year but not later than five years	<u>12,009</u>	<u>18,776</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.

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.

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

(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 the Society and a related party, regardless of whether a price is charged.

18.1 Related party transactions

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

	2017 S\$	2016 S\$
Insurance expenses paid to a company in which the Managing Director is also the Honorary Treasurer	82,165	82,863

18.2 Remuneration of key employees/executives

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

	2017 S\$	2016 S\$
Salaries, allowance and bonuses	363,368	342,410
CPF and SDL contributions	49,920	50,640
	<u>413,288</u>	<u>393,050</u>

	2017 No. of key management personnel	2016 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	4

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 2017 is as follows:

		2017	2016	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	Accumulated general funds	5,229	4,981	5%
B	Restricted or Designated Funds			
	Designated Funds	0	0	NA
	Restricted Funds	92	5	1,720%
C	Endowment Funds	0	0	NA
D	Total Funds	5,321	4,986	7%
E	Total Annual Operating Expenditure	5,090	5,178	(2%)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	1.03	0.96	

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:

	2017 S\$	2016 S\$
Financial assets		
Cash and cash equivalents	4,414,101	4,133,785
Trade and other receivables (excluding prepayment)	36,691	82,193
	<u>4,450,792</u>	<u>4,215,978</u>
Financial liabilities		
Trade and other payables (excluding GST)	306,600	362,926
Finance lease liabilities	0	20,809
	<u>306,600</u>	<u>383,735</u>

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 2017

	2017 S\$	2016 S\$
Not past due and not impaired	19,956	26,198
Past due but not impaired	4,143	9,328
Total trade receivables	<u>24,099</u>	<u>35,526</u>

Aging of receivables that are past due but not impaired

	2017 S\$	2016 S\$
0 to 30 days	0	2,287
31 days to 60 days	0	3,283
Over 60 days	4,143	3,758
	<u>4,143</u>	<u>9,328</u>

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 2017, the carrying amounts of all financial assets and liabilities approximated their fair values.

23. Authorisation of financial statements

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

20 APR 2018