

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 2018

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Fiducia LLP

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STATEMENT BY GOVERNING BOARD

In the opinion of the Governing Board,

- a) the financial statements 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 2018, 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 Governing Board, comprising the following, authorised the issue of these financial statements on

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

On behalf of the Governing Board,



Choo Buck Kwang
Chairman



Ang Sze Wee Erik
Honorary Secretary



Teo Chin Poh Terence
Honorary Treasurer

Singapore, 25 APR 2019

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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 2018, 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 2018 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 Governing Board 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.

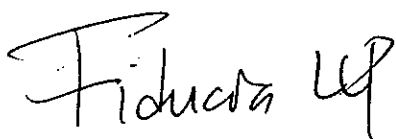
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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,

25 APR 2019

Partner-in-charge: Looi Chee Bin
PAB. No.: 01834

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Unrestricted Fund	Restricted Fund	Total Funds
		General Fund S\$	Care and Share Matching Fund S\$	S\$
	Note			
INCOME				
Income from generating funds				
- Voluntary income	4	1,661,334	3,479	1,664,813
- Activities for generating funds	4	34,346	0	34,346
Income from charitable activities	4	3,457,282	0	3,457,282
Other income	4	93,349	0	93,349
Total income		5,246,311	3,479	5,249,790
EXPENDITURE				
Cost of charitable activities	5	2,537,222	3,912	2,541,134
Governance and other administrative costs	5	2,528,468	90,578	2,619,046
Total expenditure		5,065,690	94,490	5,160,180
Net income/(expenditure)		180,621	(91,011)	89,610
<u>Reconciliation of funds</u>				
Total funds brought forward		5,228,478	92,403	5,320,881
Total funds carried forward		5,409,099	1,392	5,410,491

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

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

		Unrestricted Fund	Restricted Fund	
		General Fund S\$	Care and Share Matching Fund S\$	Total Funds S\$
	Note			
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 POSITION AS AT 31 DECEMBER 2018

	Note	2018 S\$	2017 S\$
ASSETS			
Current assets			
Cash and cash equivalents	8	4,450,355	4,414,101
Trade and other receivables	9	377,169	65,205
Inventories	10	311,658	234,850
		<u>5,139,182</u>	<u>4,714,156</u>
Non-current assets			
Property, plant and equipment	11	<u>1,573,906</u>	<u>1,015,652</u>
Total assets		<u>6,713,088</u>	<u>5,729,808</u>
LIABILITIES			
Current liabilities			
Other payables	12	636,062	345,404
Deferred income	13	136,492	10,917
Deferred grant	14	0	3,479
		<u>772,554</u>	<u>359,800</u>
Non-current liabilities			
Deferred income	13	<u>530,043</u>	<u>49,127</u>
Total liabilities		<u>1,302,597</u>	<u>408,927</u>
NET ASSETS		<u>5,410,491</u>	<u>5,320,881</u>
FUNDS			
Unrestricted			
- General fund	15	5,409,099	5,228,478
Restricted			
- Care and Share Matching fund	15	<u>1,392</u>	<u>92,403</u>
		<u>5,410,491</u>	<u>5,320,881</u>

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Unrestricted Fund	Restricted Fund	Total Funds
	General Fund S\$	Care and Share Matching Fund S\$	S\$
2018			
Balance at beginning of financial year	5,228,478	92,403	5,320,881
Net income / (expenditure)	180,621	(91,011)	89,610
Balance at end of financial year	5,409,099	1,392	5,410,491

	Unrestricted Fund	Restricted Fund	Total Funds
	General Fund S\$	Care and Share Matching Fund S\$	S\$
2017			
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	5,228,478	92,403	5,320,881

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 S\$	2017 S\$
Cash flows from operating activities			
Net income		89,610	334,634
Adjustment for:			
- Amortisation of deferred income	13	(21,382)	(10,917)
- Depreciation	11	237,742	210,704
- Gain on disposal of property, plant and equipment		0	(4,500)
- Finance lease interest		0	2,401
- Interest on fixed deposits		(48,541)	(48,308)
- Interest on auto-saved accounts		(248)	(232)
Operating cash flow before working capital changes		257,181	483,782
Changes in working capital:			
- Inventories		(76,808)	72,449
- Trade and other receivables		(308,481)	58,538
- Other payables		915,052	(98,022)
Net cash generated from operating activities		<u>786,944</u>	<u>516,747</u>
Cash flows from investing activities			
Interest received		45,307	49,488
Proceeds from disposal of property, plant and equipment		0	4,500
Purchases of property, plant and equipment	11	(795,996)	(267,209)
Net cash used in investing activities		<u>(750,689)</u>	<u>(213,221)</u>
Cash flows from financing activity			
Payment of finance lease liabilities representing net cash used in financing activity		0	(23,210)
Net increase in cash and cash equivalents		36,254	280,316
Cash and cash equivalents at beginning of financial year		4,414,101	4,133,785
Cash and cash equivalents at end of financial year	8	<u>4,450,355</u>	<u>4,414,101</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 2018

On 1 January 2018, 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 except for the following:

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Interpretations and amendments to published standards effective in 2018 (Cont'd)

(i) Adoption of FRS 115 Revenue from Contracts with Customers

The Society adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. The changes arising from the adoption of FRS 115 have been applied retrospectively. There is no adjustment made to opening balance of retained earnings of the annual reporting period. Hence, there is no restatement made to the comparative information in the statement of financial position.

(ii) Adoption of FRS 109 Financial instruments – Impairment of financial assets

The Society has adopted FRS 109 which is effective for annual periods beginning on or after 1 January 2018 for the following financial assets:

- Cash and bank deposits
- Trade and other receivables

The Society has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39. There is no adjustment made to opening balance of retained earnings of the annual reporting period that includes the date of initial application (i.e. 1 January 2018). Hence, there is no restatement made to the comparative information in the statement of financial position.

New or amended Standards and Interpretations effective after 1 January 2018

The Society has not adopted the following standards that have been issued but not yet effective:

Descriptions	Annual periods commencing on
FRS 116 Leases Amendments to: - FRS 28 Investments in associates (Long term interests in associates and joint venture) - FRS 19 Employee benefits (Plan amendments, curtailment or settlement) - FRS 109 Financial Instruments (Prepayment features with negative compensation)	1 January 2019
Amendments to: - FRS 103 Business Combinations (Definition of a business)	1 January 2020
FRS 117 Insurance contracts	1 January 2021
FRS 110 Consolidated financial statement and FRS 28 Investment in associates and joint venture (Sale or contribution of assets between an investor and its associate or joint venture)	To be determined

2. Significant accounting policies (Cont'd)**2.1 Basis of preparation (Cont'd)*****New or amended Standards and Interpretations effective after 1 January 2018 (Cont'd)***

Except for FRS 116, the management believe that the adoption of the other standards and interpretations do not have material impact on the financial statements in the period of the initial application. The nature of the impending changes in accounting policy on adoption of the FRS116 described below.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019. The Society is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Society expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA

2.2 Income recognition

Revenue is measured based on the consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Society satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2.1.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price.

2.1.2 Rendering of services – Contract revenue

Revenue from services is recognised upon rendering of services, in accordance with the relevant agreement.

2.1.3 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. Significant accounting policies (Cont'd)

2.2 Income recognition (Cont'd)

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.

2.4.2 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
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. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

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.

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 The accounting for financial assets before 1 January 2018 under FRS 39 are as follows:

Cash and bank deposits
Other receivables

Cash and bank balances, and other receivables are initially recognised at fair values plus transaction costs and subsequently carried at amortised cost using effective interest method, less accumulated impairment losses.

The Society assesses at each reporting 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. 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.

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

2.6.2 The accounting for financial assets from 1 January 2018 under FRS 109 are as follows:

The Society classifies its financial assets into the following measurement categories:

- Amortised costs;
- Fair value through comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL)

The classification of debt instruments depends on the Society's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Society reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Society measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of financial activities.

(ii) At subsequent measurement

Debt instrument

Debt instruments of the Society mainly comprise of cash and bank deposits, and trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Society's business model in managing the assets and the cash flow characteristic of the assets. The Society managed these groups of financial assets by collecting the contractual cash flow and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of financial activities when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

The Society assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivable, the Society applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Significant accounting policies (Cont'd)**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 Other payables

Other payables represent liabilities for goods and services provided to the Society prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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.

2.12 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 Governing Board. Externally restricted funds may only be utilised in accordance with the purposes for which they are established. The Governing Board retains full control over the use of unrestricted funds for any of the Society's purposes.

2.13 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 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.

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

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.

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.

Government grants

Government grants to meet operating expenses are recognised as income in the statement of financial activities on the accrual basis in the financial year these operating expenses were incurred and there is reasonable assurance that the Society will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Society if the conditions are not met.

4. Income

2018	Note	Unrestricted Fund	Restricted Fund	Total funds
		General Fund S\$	Care and Share Matching Fund S\$	
Voluntary income				
Donations				
- Tax exempt		330,392	0	330,392
- Non-tax exempt		70,328	0	70,328
Government and other grants		<u>1,260,614</u>	<u>3,479</u>	<u>1,264,093</u>
		<u>1,661,334</u>	<u>3,479</u>	<u>1,664,813</u>
Activities for generating funds				
- Annual magazine		<u>34,346</u>	<u>0</u>	<u>34,346</u>
Income from charitable activities				
- General work projects		1,641,705	0	1,641,705
- Sale of furniture, vases, gallery items and fishing tackle		1,738,077	0	1,738,077
- Services rendered		<u>77,500</u>	<u>0</u>	<u>77,500</u>
		<u>3,457,282</u>	<u>0</u>	<u>3,457,282</u>
Other income				
- Amortisation of deferred income	13	21,382	0	21,382
- Interest on auto-saved accounts		248	0	248
- Interest on fixed deposits		48,541	0	48,541
- Others		<u>23,178</u>	<u>0</u>	<u>23,178</u>
		<u>93,349</u>	<u>0</u>	<u>93,349</u>
Total income		<u>5,246,311</u>	<u>3,479</u>	<u>5,249,790</u>

4. Income (Cont'd)

2017	Note	Unrestricted Fund	Restricted Fund	Total funds
		General Fund S\$	Care and Share Matching Fund 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>

5. Expenditure

2018		Unrestricted Fund	Restricted Fund	
			Care and Share Matching Fund	Total funds
	Note	General Fund S\$	S\$	S\$
Cost of charitable activities				
- Advertisement		29,474	0	29,474
- Containers transport and freight		46,423	0	46,423
- Cost of furniture, vases, gallery items and fishing tackle		789,843	0	789,843
- Cost of general work projects		145,622	0	145,622
- Overseas shipping fee		10,436	0	10,436
- Rental fees for tentage		31,051	0	31,051
- Staff costs	6	1,484,373	3,912	1,488,285
		<u>2,537,222</u>	<u>3,912</u>	<u>2,541,134</u>
Governance and other administrative costs				
Accounting services		24,000	0	24,000
Audit fee		7,490	0	7,490
Bank charges		19,500	0	19,500
Banners-Fundraising event		390	0	390
Computers		0	14,784	14,784
Condolences and gifts		900	0	900
Depreciation of property, plant and equipment	11	215,559	22,183	237,742
Dues and subscriptions		16,705	0	16,705
Donation		1,750	0	1,750
Equipment		788	466	1,254
General expenses		18,632	0	18,632
GST expensed off		11,098	0	11,098
Hosting of meals		32,944	0	32,944
Other expenses		45,542	0	45,542
Postage		1,722	0	1,722
Printing and stationery		14,016	0	14,016
Rental of equipment		6,653	0	6,653
Repairs and maintenance		87,783	0	87,783
Small value items expenses off		6,838	0	6,838
Speakers' honorarium		14,870	0	14,870
Staff costs	6	1,482,830	19,075	1,501,905
Telecommunication		23,633	0	23,633
Travelling and transport expenses		1,140	0	1,140
Upkeep of kitchen		232,990	5,566	238,556
Upkeep of motor vehicles		215,237	0	215,237
Upkeep of pet		1,509	0	1,509
Utilities		43,949	28,504	72,453
		<u>2,528,468</u>	<u>90,578</u>	<u>2,619,046</u>
Total expenditure		<u>5,065,690</u>	<u>94,490</u>	<u>5,160,180</u>

5. Expenditure (Cont'd)

2017	Note	Unrestricted Fund	Restricted Fund	Total funds
		General Fund S\$	Care and Share Matching Fund 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	11	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		<u>5,000,230</u>	<u>89,604</u>	<u>5,089,834</u>

6. Staff cost

Included in the expenses expended are the following staff costs:

2018	Note	Unrestricted Fund	Restricted Fund	Total funds
		General Fund S\$	Care and Share Matching Fund S\$	
CPF and SDF contributions		278,741	0	278,741
Residents costs		470,466	9,639	480,105
Staff incentive		80,325	0	80,325
Staff insurance		59,823	0	59,823
Staff medical expenses		17,868	0	17,868
Staff salaries and bonus		1,967,041	0	1,967,041
Staff training expenses		990	13,348	14,338
Staff uniforms		377	0	377
Staff unutilised leave		30,602	0	30,602
Staff welfare/benefits		60,970	0	60,970
		<u>2,967,203</u>	<u>22,987</u>	<u>2,990,190</u>

The staff costs were allocated as follows:

▪ Cost of charitable activities	5	1,484,373	3,912	1,488,285
▪ Administration	5	1,482,830	19,075	1,501,905
		<u>2,967,203</u>	<u>22,987</u>	<u>2,990,190</u>

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>

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

	2018 S\$	2017 S\$
Cash and bank balances	676,416	985,015
Fixed deposits	<u>3,773,939</u>	<u>3,429,086</u>
	<u>4,450,355</u>	<u>4,414,101</u>

Fixed deposits at the reporting date have an average maturity of 12 months (2017: 11 months) from the end of the financial year with weighted average effective interest rate of 1.73% (2017: 1.41%).

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

9. Trade and other receivables

	2018 S\$	2017 S\$
Trade receivables	<u>15,947</u>	<u>24,099</u>
Other receivables:		
- Outside parties	54,801	3,224
- Deposits	6,870	2,270
- Interest receivable	10,580	7,098
- Prepayment	<u>288,971</u>	<u>28,514</u>
	<u>361,222</u>	<u>41,106</u>
Total	<u>377,169</u>	<u>65,205</u>

Trade receivables are denominated in Singapore Dollar and are non-interest bearing with the average credit period of between 30 to 60 days (2017: 30 to 60 days).

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

10. Inventories

	2018 S\$	2017 S\$
Furniture, vases and gallery items, at cost	162,676	138,708
Fishing tackle, at cost	148,982	96,142
	<u>311,658</u>	<u>234,850</u>

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to S\$789,843 (2017: S\$799,920).

11. Property, plant and equipment

	Balance at beginning of year S\$	Additions S\$	Balance at end of year S\$
2018			
At cost			
Computer equipment	12,404	4,202	16,606
Electrical equipment	55,466	52,955	108,421
Furniture & fittings	27,500	7,620	35,120
Motor vehicles	1,869,899	17,865	1,887,764
Office equipment	17,693	0	17,693
Renovation	78,806	713,354	792,160
	<u>2,061,768</u>	<u>795,996</u>	<u>2,857,764</u>
Accumulated depreciation and impairment losses			
	Balance at beginning of year S\$	Depreciation charge S\$	Balance at end of Year S\$
Computer equipment	12,103	1,001	13,104
Electrical equipment	38,185	20,065	58,250
Furniture & fittings	26,139	1,119	27,258
Motor vehicles	929,410	182,359	1,111,769
Office equipment	7,443	5,548	12,991
Renovation	32,836	27,650	60,486
	<u>1,046,116</u>	<u>237,742</u>	<u>1,283,858</u>
Net book value			
	Balance at beginning of year S\$		Balance at end of Year S\$
Computer equipment	301		3,502
Electrical equipment	17,281		50,171
Furniture & fittings	1,361		7,862
Motor vehicles	940,489		775,995
Office equipment	10,250		4,702
Renovation	45,970		731,674
	<u>1,015,652</u>		<u>1,573,906</u>

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

	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)

The following property, plant and equipment were purchased through the Care and Share Matching Fund as disclosed in Note 15.

	Balance at beginning of year S\$	Additions S\$	Balance at end of year S\$
2018			
At cost			
Computers	0	4,201	4,201
Electrical equipment	10,150	49,410	59,560
Motor vehicles	92,100	0	92,100
	<u>102,250</u>	<u>53,611</u>	<u>155,861</u>

	Balance at beginning of year S\$	Depreciation charge S\$	Balance at end of Year S\$
Accumulated depreciation			
Computers	0	700	700
Electrical equipment	4,922	12,273	17,195
Motor vehicles	4,925	9,210	14,135
	<u>9,847</u>	<u>22,183</u>	<u>32,030</u>

	Balance at beginning of year S\$	Balance at end of Year S\$
Net book value		
Computers	0	3,501
Electrical equipment	5,228	42,365
Motor vehicles	87,175	77,965
	<u>92,403</u>	<u>123,831</u>

	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>

	Balance at beginning of year S\$	Depreciation charge S\$	Balance at end of Year S\$
Accumulated depreciation			
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>

	Balance at beginning of year S\$	Balance at end of Year S\$
Net book value		
Electrical equipment	5,086	5,228
Motor vehicles	0	87,175
	<u>5,086</u>	<u>92,403</u>

12. Other payables

	2018 S\$	2017 S\$
Other payables		
-Accruals	269,589	211,458
-Deposits for water supply	0	5,500
-Deposits received from customers	40,069	89,642
-General	52	0
-GST payables	40,234	38,804
-Provision for unutilised leave	30,602	0
-Subsidised advance rental	255,516	0
	<u>636,062</u>	<u>345,404</u>

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

13. Deferred income

	Note	Motor Vehicle S\$	Cyclical Maintenance S\$	Total S\$
2018				
Cost				
Balance at beginning of financial year		109,172	0	109,172
Addition		0	627,873	627,873
Balance at end of financial year		<u>109,172</u>	<u>627,873</u>	<u>737,045</u>
Accumulated amortisation				
Beginning of financial year		(49,128)	0	(49,128)
Amortisation for the year	4	(10,917)	(10,465)	(21,382)
End of financial year		<u>(60,045)</u>	<u>(10,465)</u>	<u>(70,510)</u>
Carrying amount at end of financial year				
Current		10,917	125,575	136,492
Non-current		38,210	491,833	530,043
		<u>49,127</u>	<u>617,408</u>	<u>666,535</u>

13. Deferred income (Cont'd)

2017	Note	Motor Vehicle S\$	Total S\$
Cost			
Beginning and end of financial year		<u>109,172</u>	<u>109,172</u>
Accumulated amortisation			
Beginning of financial year		(38,211)	(38,211)
Amortisation for the year	4	<u>(10,917)</u>	<u>(10,917)</u>
End of financial year		<u>(49,128)</u>	<u>(49,128)</u>
Carrying amount at end of financial year			
Current		10,917	10,917
Non-current		<u>49,127</u>	<u>49,127</u>
		<u>60,044</u>	<u>60,044</u>

Deferred income are represented by a donation of motor vehicle, YN4062A in 2013 and cyclical maintenance fund granted by SCORE in 2017 in which SCORE will bear 90% of cyclical maintenance cost performed at the premise of Helping Hand.

14. Deferred grant

	Note	2018 S\$	2017 S\$
Comprised:			
- Care and share matching grant	15	<u>0</u>	<u>3,479</u>

The deferred grants consist of the following:

	2018 S\$	2017 S\$
Balance at beginning of the year	3,479	37,881
- grant received	0	142,518
Less utilisation	<u>(3,479)</u>	<u>(176,920)</u>
Balance at end of the year	<u>0</u>	<u>3,479</u>

15. 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.

15. 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.

15. Funds (Cont'd)

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

	Note	2018 S\$	2017 S\$
Total restricted fund		<u>1,392</u>	<u>92,403</u>
Represented by:			
Cash and bank balances		(122,439)	3,479
Deferred Care and Share grant	15	0	(3,479)
Property, plant and equipment	11	<u>123,831</u>	<u>92,403</u>
		<u>1,392</u>	<u>92,403</u>

16. Operating lease commitments

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

	2018 S\$	2017 S\$
Not later than one year	243,942	6,767
Later than one year but not later than five years	<u>482,067</u>	<u>12,009</u>

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

17. Related party transactions

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

	2018 S\$	2017 S\$
Insurance expenses paid to a company in which the Managing Director is also a board member	<u>92,943</u>	<u>82,165</u>

17. Related party transactions (Cont'd)

Remuneration of key employees/executives

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

	2018 S\$	2017 S\$
Salaries, allowance and bonuses	387,650	363,368
CPF and SDL contributions	50,000	49,920
	<u>437,650</u>	<u>413,288</u>
	2018 No. of key management personnel	2017 No. of key management personnel
Remuneration band (S\$)		
S\$100,001 to S\$150,000	1	1
S\$50,001 to S\$100,000	<u>4</u>	<u>4</u>

The remuneration of key employees/executives is determined by the Governing Board.

18. Conflict of interest

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

19. Reserve position and policy

The Society's reserve position for financial year ended 31 December 2018 is as follows:

		2018	2017	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	Accumulated general funds	5,409	5,229	3%
B	Restricted or Designated Funds			
	Designated Funds	0	0	NA
	Restricted Funds	1	92	(99%)
C	Endowment Funds	0	0	NA
D	Total Funds	5,410	5,321	2%
E	Total Annual Operating Expenditure	5,160	5,090	1%
F	Ratio of Funds to Annual Operating Expenditure (A/E)	1.04	1.03	

19. Reserve position and policy (Cont'd)

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 is still in the midst of finalizing a reserve policy for the Society.

20. Financial instruments

Financial instruments by category

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised costs are as follows:

	2018 S\$
Financial assets, at amortised cost	4,538,553
Financial liability, at amortised cost	<u>340,312</u>
	2017 S\$
Loans and receivables	4,450,792
Financial liability, at amortised cost	<u>306,600</u>

21. Financial risk management

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

Credit risk

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

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

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

The Society has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days or there is significant difficulty of the counterparty.

21. Financial risk management (Cont'd)*Credit risk (Cont'd)*

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

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

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

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

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

The Society categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

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

Category of internal credit rating	Definition of category	Basis for recognition of expected credit losses (ECL)
I	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default)	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery	Amount is written off

21. Financial risk management (Cont'd)*Credit risk (Cont'd)**Exposure to credit risk*

The Society has no significant concentration of credit risk. The Society has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Aging of trade receivables are as follows:

	2018 S\$	2017 S\$
Current	11,853	19,956
31 days to 60 days	3,464	0
Over 60 days	630	4,143
	<u>15,947</u>	<u>24,099</u>

All trade receivables aged 31 days and above were fully recovered subsequent to the financial year end.

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 Governing Board to fund the Society's activities. It places its cash with creditworthy institutions.

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 Governing Board.

Fair value

As at 31 December 2018, the carrying amounts of all financial assets and liabilities approximated their fair values.

22. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Governing Board on **25 APR 2019**