

THE HELPING HAND

[Unique Entity No. S88SS0058F]

[IPC No. IPC000344]

[Registered under the Registrar of Societies]

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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STATEMENT BY MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the financial statements as set out on pages 5 to 28 are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 December 2013, and of the results of the financial activities, changes in funds and cash flows of the Society for the year then ended.

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

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

29 MAY 2014

Choo Buck Kwang
Luke Thuraisingham
Chew Yew Kuen Michael
Terence Teo
Rev. Dr. Yap Kim Sin
Danny Leow Eng Hua
Wong King Yoong

Chairman
Honorary Secretary
Honorary Treasurer
Vice Chairman
Member
Member
Member

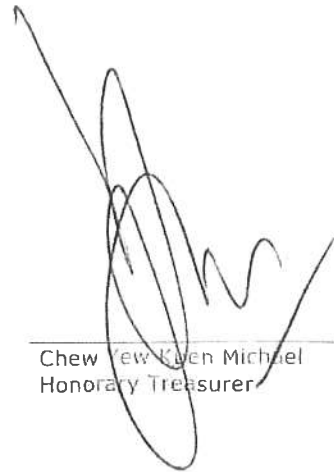
On behalf of the Management Committee,



Choo Buck Kwang
Chairman



Luke Thuraisingham
Honorary Secretary



Chew Yew Kuen Michael
Honorary Treasurer

Singapore, **29 MAY 2014**

Fiducia LLP

Public Accountants and
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Independent auditors' report to the members of:

THE HELPING HAND

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

We have audited the accompanying financial statements of **THE HELPING HAND** (the "Society") set out on pages 5 to 28, which comprise the statement of financial position as at 31 December 2013, the statement of financial activities, the statement of changes in funds and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Chartered Accountants of Singapore

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(CONT'D)

Independent auditors' report to the members of:

THE HELPING HAND

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

Opinion

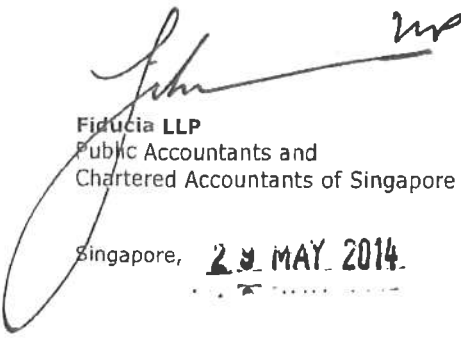
In our opinion, the financial statements of the Society are properly drawn up in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 December 2013, and the results, changes in funds and cash flows of the Society for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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



Fiducia LLP
Public Accountants and
Chartered Accountants of Singapore

Singapore, **29 MAY 2014**

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | Note | 2013 Unrestricted Fund General Fund S\$ | 2012 Unrestricted Fund General Fund S\$ |
|---|------|--|--|
| INCOME | | | |
| Income from generating funds | | | |
| - Voluntary income | 4 | 921,138 | 1,128,951 |
| - Activities for generating funds | 4 | 30,701 | 17,617 |
| Income from charitable activities | 4 | 3,496,112 | 3,456,387 |
| Other income | 4 | 16,474 | 11,444 |
| Total income | | <u>4,464,425</u> | <u>4,614,399</u> |
| EXPENDITURE | | | |
| Cost of charitable activities | 5 | 2,289,019 | 2,310,401 |
| Governance and other administrative costs | 5 | 1,945,040 | 1,843,720 |
| Total expenditure | | <u>4,234,059</u> | <u>4,154,121</u> |
| Net income | | 230,366 | 460,278 |
| Gross transfers between funds | | 0 | 0 |
| Net movement in funds | | <u>230,366</u> | <u>460,278</u> |
| <u>Reconciliation of funds</u> | | | |
| Total funds brought forward | | 2,894,318 | 2,434,040 |
| Total funds carried forward | | <u>3,124,684</u> | <u>2,894,318</u> |

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

| | Note | 2013 S\$ | 2012 S\$ |
|---|------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 8 | 2,635,601 | 2,446,932 |
| Trade and other receivables | 9 | 120,552 | 139,464 |
| Inventories | 10 | 179,286 | 160,187 |
| | | <u>2,935,439</u> | <u>2,746,583</u> |
| Non-current assets | | | |
| Property, plant and equipment | 11 | <u>825,297</u> | <u>822,795</u> |
| Total assets | | <u>3,760,736</u> | <u>3,569,378</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 238,240 | 316,095 |
| Deferred income/grant - current | 13 | 78,546 | 0 |
| Hire purchase liabilities - current | 14 | 101,814 | 162,683 |
| | | <u>418,600</u> | <u>478,778</u> |
| Non-current liabilities | | | |
| Deferred income/grant - non-current | 13 | 81,879 | 0 |
| Hire purchase liabilities - non-current | 14 | 135,573 | 196,282 |
| | | <u>217,452</u> | <u>196,282</u> |
| Total liabilities | | <u>636,052</u> | <u>675,060</u> |
| NET ASSETS | | <u>3,124,684</u> | <u>2,894,318</u> |
| FUNDS | | | |
| Unrestricted | | | |
| - General fund | 15 | 2,894,318 | 2,434,040 |
| Net income | | 230,366 | 460,278 |
| | | <u>3,124,684</u> | <u>2,894,318</u> |

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | Note | Unrestricted Fund General Fund S\$ |
|-------------------------------------|------|--|
| 2013 | | |
| Balance at beginning of year | | 2,894,318 |
| Net income | | 230,366 |
| Balance at end of year | 15 | <u>3,124,684</u> |

| | Note | Unrestricted Fund General Fund S\$ |
|-------------------------------------|------|--|
| 2012 | | |
| Balance at beginning of year | | 2,434,040 |
| Net income | | 460,278 |
| Balance at end of year | 15 | <u>2,894,318</u> |

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | Note | 2013 S\$ | 2012 S\$ |
|---|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Net income | | 230,366 | 460,278 |
| Adjustment for: | | | |
| - Allowance for impairment of receivables | 9 | 1,443 | 795 |
| - Amortisation of deferred income | 13 | (9,098) | 0 |
| - Depreciation | 11 | 205,146 | 207,011 |
| - Hire purchase interest | | 13,504 | 14,540 |
| - Interest on fixed deposits | | (5,006) | (1,444) |
| - Interest on auto-saved accounts | | (248) | (247) |
| Operating cash flow before working capital changes | | <u>436,107</u> | <u>680,933</u> |
| Changes in operating assets and liabilities | | | |
| - Inventories | | (19,099) | 168,209 |
| - Trade and other receivables | | 17,469 | (77,650) |
| - Trade and other payables | | (77,855) | (11,717) |
| - Deferred income/grant | | <u>169,523</u> | <u>0</u> |
| Net cash provided by operating activities | | <u>526,145</u> | <u>759,775</u> |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | 11 | (157,648) | (141,037) |
| Interest received | | <u>5,254</u> | <u>1,691</u> |
| Net cash (used in) investing activities | | <u>(152,394)</u> | <u>(139,346)</u> |
| Cash flows from financing activities | | | |
| Payment of hire purchase instalments | | <u>(185,082)</u> | <u>(128,945)</u> |
| Net cash (used in) financing activities | | <u>(185,082)</u> | <u>(128,945)</u> |
| Net increase in cash and cash equivalents | | 188,669 | 491,484 |
| Cash and cash equivalents at beginning of financial year | | 2,446,932 | 1,955,448 |
| Cash and cash equivalents at end of financial year | 8 | <u>2,635,601</u> | <u>2,446,932</u> |
| Cash and cash equivalents comprise: | | | |
| Cash and bank balances | | 1,629,345 | 1,445,682 |
| Fixed deposits | | <u>1,006,256</u> | <u>1,001,250</u> |
| | 8 | <u>2,635,601</u> | <u>2,446,932</u> |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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

1. General information

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

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

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

The Society has been accorded the Institute of Public Character ("IPC") status for the period from 01 January 2012 to 31 December 2014.

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

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

2. Significant accounting policies

2.1 Basis of preparation

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

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2013

On 1 January 2013, 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.

Amendment to FRS 1 Presentation of Items of Other Comprehensive Income

The Society has adopted the amendment to FRS 1 Presentation of Items of Other Comprehensive Income on 1 January 2013. The amendment is applicable for annual periods beginning on or after 1 July 2012 (with early adoption permitted). It requires items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Interpretations and amendments to published standards effective in 2013 (Cont'd)

Amendment to FRS 1 Presentation of Financial Statements – Clarification of the requirements for comparative information

This amendment arose from Annual Improvements to FRSs issued by the Accounting Standards Council in August 2012. The amendment clarified that when an entity presents a balance sheet at the beginning of the preceding period, it need not present the related notes to that balance sheet if that balance sheet was required as a result of either:

- retrospective application of an accounting policy
- retrospective restatement or reclassification of items in the financial statements.

However, when an entity chooses to present FRS-compliant comparative financial statements in addition to the minimum comparatives required, the entity shall present related note information for those additional statements.

Amendment to FRS 107 Disclosure-Offsetting Financial assets and Financial Liabilities

The amendment includes new disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This amendment does not have any impact on the accounting policies of the Society. The Society has incorporated the additional required disclosures into the financial statements.

FRS 113 Fair value Measurement

FRS 113 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within FRSs.

The adoption of FRS 113 does not have any material impact on the accounting policies of the Society. The Society has incorporated the additional disclosures required by FRS 113 into the financial statements.

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

New or amended Standards and Interpretations effective after 1 January 2013

The Society did not early adopt the following new/revised FRS, INT FRS and amendments to FRSs that were issued at the date of authorisation of these financial statements but not yet effective until future periods:

| Descriptions | Annual periods commencing on |
|--|-------------------------------------|
| Amendments to FRS 32 – Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| FRS 27 (revised 2011) Separate Financial Statements | |
| FRS 28 (revised 2011) Investments in Associates and Joint Ventures | |
| FRS 111 Joint Arrangements | |
| FRS 112 Disclosure of Interest in Other Entities | |

2. Significant accounting policies (Cont'd)

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 recognized 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 recognized over the period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided.

2.2.3 Donations

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

2.2.4 Government grants

Grants from the government are recognized 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 recognized 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 recognized 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. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

2.6.3 Measurement

Financial assets are initially recognized 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 recognizes an allowance for impairment when such evidence exists.

Loans and receivables

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

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

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the amount becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment losses decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognized 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 realizable value. Cost is determined using the weighted average basis. The cost of inventories comprises other direct costs. Net realizable 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 recognized at fair value, and subsequently carried at amortized cost, using the effective interest method.

2. Significant accounting policies (Cont'd)

2.10 Provisions for other liabilities and charges

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

2.11 Fair value estimation of financial assets and liabilities

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

2.12 Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Management Committee. Externally restricted funds may only be utilized 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, plant and equipment where the Society assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized 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, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

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

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

2. Significant accounting policies (Cont'd)

2.14 Employee compensation

Defined contribution plans

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

Employee leave entitlement

Employee entitlements to annual leave are recognized 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 recognized in the statement of financial activities.

2.16 Related parties

Related parties are entities with one or more common Management Committee members. Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial and operating decisions.

3. Critical accounting estimates, assumptions and judgments

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

Critical judgments in applying the entity's accounting policies

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

Estimated useful lives of property, plant and equipment

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

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

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.

4. Income

| | 2013 Unrestricted Fund General Fund S\$ | 2012 Unrestricted Fund General Fund S\$ |
|---|---|---|
| Note | | |
| Voluntary income | | |
| Donations | 252,655 | 230,686 |
| - Tax exempt | 58,575 | 87,613 |
| - Non-tax exempt | 609,908 | 810,652 |
| Government and other grants | <u>921,138</u> | <u>1,128,951</u> |
| Activities for generating funds | | |
| - Annual magazine | <u>30,701</u> | <u>17,617</u> |
| Income from charitable activities | | |
| - General work projects | 1,483,864 | 1,397,000 |
| - Sale of furniture, vases, gallery items, banners and framing and Chinese New Year goodies | 1,923,751 | 1,948,295 |
| - Services rendered | 80,772 | 111,092 |
| - Realised foreign exchange gain | 1,395 | 0 |
| - Unrealised foreign exchange gain | 6,330 | 0 |
| | <u>3,496,112</u> | <u>3,456,387</u> |
| Other income | | |
| - Amortisation of deferred income | 9,098 | 0 |
| - Bad debts recovery | 180 | 535 |
| - Discount received | 0 | 14 |
| - Interest on auto-saved accounts | 248 | 247 |
| - Interest on fixed deposits | 5,006 | 1,444 |
| - Others | 1,942 | 9,204 |
| | <u>16,474</u> | <u>11,444</u> |
| Total income | <u>4,464,425</u> | <u>4,614,399</u> |

5. Expenditure

| | Note | 2013 Unrestricted Fund General Fund S\$ | 2012 Unrestricted Fund General Fund S\$ |
|---|------|---|---|
| Cost of charitable activities | | | |
| - Advertisement | | 38,942 | 35,590 |
| - Allowance for impairment of trade receivables | | 1,443 | 795 |
| - Containers transport & freight | | 47,673 | 43,714 |
| - Cost of furniture, vases, gallery items, banners and framing and Chinese New Year goodies | | 731,106 | 849,631 |
| - Cost of general work projects | | 155,922 | 145,663 |
| - GST in respect of previous year | | 2,694 | 3,947 |
| - Impaired inventories written off | | 3,050 | 27,989 |
| - Impaired receivables written off | | 0 | 1,286 |
| - Overseas shipping fee | | 14,916 | 13,445 |
| - Realised loss on foreign exchange | | 0 | 19,947 |
| - Rental fees for tentage | | 11,720 | 12,300 |
| - Services rendered | | 0 | 7,968 |
| - Speakers' honorarium | | 19,175 | 21,705 |
| - Staff costs | 6 | 1,258,161 | 1,085,707 |
| - Unrealised loss on foreign exchange | | 0 | 22,654 |
| - Volunteers expenses | | 4,217 | 18,060 |
| | | <u>2,289,019</u> | <u>2,310,401</u> |
| Governance and other administrative costs | | | |
| Accounting services | | 18,500 | 19,400 |
| Audit fee | | 6,000 | 6,000 |
| Bank charges | | 29,303 | 33,245 |
| Banners-Fundraising event | | 2,135 | 0 |
| Computers | | 9,344 | 0 |
| Condolences & gifts | | 318 | 1,561 |
| Customer Refund | | 1,062 | 0 |
| Depreciation of property, plant and equipment | | 205,146 | 207,011 |
| Donation | | 5,137 | 1,050 |
| Dues and subscriptions | | 19,447 | 2,791 |
| General expenses | | 8,346 | 11,550 |
| Hire purchase interest | | 13,504 | 14,540 |
| Hosting of meals | | 13,036 | 5,765 |
| Other expenses | | 24,802 | 50,317 |
| Postage | | 1,325 | 1,274 |
| Printing and stationery | | 17,366 | 15,753 |
| Professional fees | | 0 | 100 |
| Rental of equipment | | 5,918 | 5,375 |
| Repairs and maintenance | | 48,804 | 36,877 |
| Small value items written off | | 0 | 11,657 |
| Staff costs | 6 | 967,641 | 903,461 |
| Telecommunication | | 25,952 | 22,552 |
| Travelling and transport expenses | | 4,478 | 13,499 |
| Upkeep of kitchen | | 226,247 | 213,895 |
| Upkeep of motor vehicles | | 213,376 | 187,992 |
| Upkeep of pet | | 715 | 921 |
| Utilities | | 77,138 | 77,134 |
| | | <u>1,945,040</u> | <u>1,843,720</u> |
| Total expenditure | | <u>4,234,059</u> | <u>4,154,121</u> |

6. Staff cost

Included in the expenses expended are the following staff costs:

| | Note | 2013 S\$ | 2012 S\$ |
|---------------------------|------|------------------|------------------|
| Casual labour | | 0 | 480 |
| CPF and SDF contributions | | 185,729 | 162,322 |
| Residents costs | | 404,936 | 396,438 |
| Staff incentive | | 60,688 | 44,884 |
| Staff insurance | | 12,617 | 23,783 |
| Staff medical expenses | | 24,769 | 22,070 |
| Staff retreat | | 16,519 | 6,901 |
| Staff salaries and bonus | | 1,443,551 | 1,274,281 |
| Staff training expenses | | 54,263 | 38,114 |
| Staff uniforms | | 8,027 | 7,995 |
| Staff welfare/benefits | | 14,703 | 11,900 |
| | | <u>2,225,802</u> | <u>1,989,168</u> |

The staff costs were allocated as follows:

| | | | |
|---------------------------------|---|------------------|------------------|
| | | 0 | 0 |
| ▪ Cost of generating funds | 5 | 1,258,161 | 1,085,707 |
| ▪ Cost of charitable activities | 5 | 967,641 | 903,461 |
| ▪ Administration | | <u>2,225,802</u> | <u>1,989,168</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

| | 2013 S\$ | 2012 S\$ |
|------------------------|------------------|------------------|
| Cash and bank balances | 1,629,345 | 1,445,682 |
| Fixed deposits | <u>1,006,256</u> | <u>1,001,250</u> |
| | <u>2,635,601</u> | <u>2,446,932</u> |

Fixed deposits at the statement of financial position date have an average maturity of 12 months (2012: 12 months) from the end of the financial year with weighted average effective interest rate of 0.5% (2012: 0.5%).

At the statement of financial position date, the carrying amounts of cash and cash equivalents approximated their fair values.

9. Trade and other receivables

| | 2013 S\$ | 2012 S\$ |
|---|----------------|----------------|
| Trade receivables | 42,351 | 54,989 |
| Less: Allowance for impairment of receivables | <u>(1,443)</u> | <u>(795)</u> |
| Trade receivables – Net | 40,908 | 54,194 |
| Other receivables: | | |
| - Accrued income | 6,650 | 0 |
| - Donor | 342 | 6,930 |
| - Deposits | 32,089 | 50,201 |
| - Prepayment | <u>40,563</u> | <u>28,139</u> |
| | <u>120,552</u> | <u>139,464</u> |

Movement in allowance for impairment of receivables is as follows:

| | 2013 S\$ | 2012 S\$ |
|------------------------------|--------------|----------------|
| Balance at beginning of year | 795 | 2,429 |
| Additional allowance | <u>1,443</u> | <u>795</u> |
| | 2,238 | 3,224 |
| Reversal of Allowance | <u>(795)</u> | <u>(2,429)</u> |
| Balance at end of year | <u>1,443</u> | <u>795</u> |

Trade receivables, denominated in Singapore Dollar, are non-interest bearing with the average credit period of between 30 to 60 days (2012: 30 to 60 days).

The age analysis of trade and other receivables are as follows

| | 2013 S\$ | 2012 S\$ |
|--------------------------------|---------------|---------------|
| Past due less than 3 months | 35,623 | 51,168 |
| Past due between 3 to 6 months | <u>6,728</u> | <u>3,026</u> |
| | <u>42,351</u> | <u>54,194</u> |

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

| | 2013 S\$ | 2012 S\$ |
|----------------------|----------------|----------------|
| Singapore Dollar | 96,233 | 97,032 |
| Indonesia Rupiah | 24,319 | 33,089 |
| United States Dollar | <u>0</u> | <u>9,343</u> |
| | <u>120,552</u> | <u>139,464</u> |

10. Inventories

| | 2013 S\$ | 2012 S\$ |
|---|-------------|-------------|
| Furniture, vases and gallery items, at cost | 179,286 | 160,187 |

The cost of inventories recognized as an expense and included in 'cost of sales' amounted to S\$731,106 (2013: S\$849,631). Total impaired inventories written off amounted to S\$3,050 (2012: S\$27,989).

11. Property, plant and equipment

| | Balance at beginning of year S\$ | Additions S\$ | (Disposals) S\$ | Balance at end of year S\$ |
|----------------------|---|------------------|--------------------|-------------------------------------|
| 2013 | | | | |
| At cost | | | | |
| Computer equipment | 24,876 | 0 | 0 | 24,876 |
| Electrical equipment | 36,413 | 0 | 0 | 36,413 |
| Furniture & fittings | 34,303 | 0 | 0 | 34,303 |
| Motor vehicle | 1,453,046 | 207,648 | 0 | 1,660,694 |
| Musical equipment | 3,838 | 0 | 0 | 3,838 |
| Office equipment | 2,188 | 0 | 0 | 2,188 |
| Renovation | 151,844 | 0 | 0 | 151,844 |
| | <u>1,706,508</u> | <u>207,648</u> | <u>0</u> | <u>1,914,156</u> |

Accumulated depreciation and impairment losses

| | Balance at beginning of year S\$ | Depreciation charge S\$ | (Written back/off) S\$ | Balance at end of year S\$ |
|----------------------|---|-------------------------------|------------------------------|-------------------------------------|
| Computer equipment | 22,872 | 1,837 | 0 | 24,709 |
| Electrical equipment | 34,494 | 1,497 | 0 | 35,991 |
| Furniture & fittings | 19,946 | 6,661 | 0 | 26,607 |
| Motor vehicle | 651,024 | 193,119 | 0 | 844,143 |
| Musical equipment | 3,838 | 0 | 0 | 3,838 |
| Office equipment | 1,999 | 189 | 0 | 2,188 |
| Renovation | 149,540 | 1,843 | 0 | 151,383 |
| | <u>883,713</u> | <u>205,146</u> | <u>0</u> | <u>1,088,859</u> |

Net book value

| | Balance at beginning of year S\$ | Balance at end of Year S\$ |
|----------------------|---|-------------------------------------|
| Computer equipment | 2,004 | 167 |
| Electrical equipment | 1,919 | 422 |
| Furniture & fittings | 14,357 | 7,696 |
| Motor vehicle | 802,022 | 816,551 |
| Musical equipment | 0 | 0 |
| Office equipment | 189 | 0 |
| Renovation | 2,304 | 461 |
| | <u>822,795</u> | <u>825,297</u> |

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

| | Balance at beginning of year S\$ | Additions S\$ | (Disposals) S\$ | Balance at end of year S\$ |
|---|---|-------------------------------|------------------------------|-------------------------------------|
| 2012 | | | | |
| At cost | | | | |
| Computer equipment | 24,876 | 0 | 0 | 24,876 |
| Electrical equipment | 36,413 | 0 | 0 | 36,413 |
| Furniture & fittings | 32,623 | 1,680 | 0 | 34,303 |
| Motor vehicle | 1,153,689 | 299,357 | 0 | 1,453,046 |
| Musical equipment | 3,838 | 0 | 0 | 3,838 |
| Office equipment | 2,188 | 0 | 0 | 2,188 |
| Renovation | 151,844 | 0 | 0 | 151,844 |
| | <u>1,405,471</u> | <u>301,037</u> | <u>0</u> | <u>1,706,508</u> |
| Accumulated depreciation and impairment losses | | | | |
| | Balance at beginning of year S\$ | Depreciation charge S\$ | (Written back/off) S\$ | Balance at end of year S\$ |
| Computer equipment | 19,538 | 3,334 | 0 | 22,872 |
| Electrical equipment | 29,880 | 4,614 | 0 | 34,494 |
| Furniture & fittings | 13,393 | 6,553 | 0 | 19,946 |
| Motor vehicle | 484,483 | 166,541 | 0 | 651,024 |
| Musical equipment | 3,838 | 0 | 0 | 3,838 |
| Office equipment | 1,432 | 567 | 0 | 1,999 |
| Renovation | 124,138 | 25,402 | 0 | 149,540 |
| | <u>676,702</u> | <u>207,011</u> | <u>0</u> | <u>883,713</u> |
| Net book value | | | | |
| | Balance at beginning of year S\$ | | | Balance at end of year S\$ |
| Computer equipment | 5,338 | | | 2,004 |
| Electrical equipment | 6,533 | | | 1,919 |
| Furniture & fittings | 19,230 | | | 14,357 |
| Motor vehicle | 669,206 | | | 802,022 |
| Musical equipment | 0 | | | 0 |
| Office equipment | 756 | | | 189 |
| Renovation | 27,706 | | | 2,304 |
| | <u>728,769</u> | | | <u>822,795</u> |

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of S\$207,648 (2012: S\$301,037) of which S\$50,000 (2012: S\$160,000) was acquired by means of finance lease and hire purchase arrangement.

The carrying amounts of motor vehicles held under finance lease are S\$621,649 (2012: S\$659,703) at the statement of financial position date.

12. Trade and other payables

| | 2013 | 2012 |
|----------------------------------|----------------|----------------|
| | S\$ | S\$ |
| Trade payables | (25,642) | 14,553 |
| Accruals | 160,166 | 187,732 |
| Deposits for water supply | 5,500 | 500 |
| Deposits received from customers | 51,680 | 68,570 |
| GST payables | 46,536 | 44,740 |
| | <u>238,240</u> | <u>316,095</u> |

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

| | 2013 | 2012 |
|------------------|----------------|----------------|
| | S\$ | S\$ |
| Singapore Dollar | 263,882 | 301,542 |
| Indonesia Rupiah | (25,642) | 14,553 |
| | <u>238,240</u> | <u>316,095</u> |

13. Deferred income/grant

| | Donation received S\$ | Grant from Ministry of Home Affairs Prison HQ S\$ | Total S\$ |
|---|---------------------------------|---|------------------|
| 2013 | | | |
| Cost | | | |
| Beginning of financial year | 0 | 0 | 0 |
| Received during the year | 109,172 | 60,351 | 169,523 |
| End of financial year | <u>109,172</u> | <u>60,351</u> | <u>169,523</u> |
| Accumulated amortisation | | | |
| Beginning of financial year | 0 | 0 | 0 |
| Amortisation for the year | (9,098) | 0 | (9,098) |
| End of financial year | <u>(9,098)</u> | <u>0</u> | <u>(9,098)</u> |
| Net carrying amount at end of financial year | | | |
| Current | 18,195 | 60,351 | 78,546 |
| Non-current | 81,879 | 0 | 81,879 |
| | <u>100,074</u> | <u>60,351</u> | <u>160,425</u> |

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

14. Finance lease liabilities

| | 2013 S\$ | 2012 S\$ |
|--|-------------|-------------|
| Minimum lease payments due: | 112,097 | 175,429 |
| - Not later than one year | 154,069 | 221,919 |
| - Between two and five years | 266,166 | 397,348 |
| | (28,779) | (38,383) |
| Less: Future finance charges | 237,387 | 358,965 |
| Present value of finance lease liabilities | | |
| Current liabilities | 101,814 | 162,683 |
| - Not later than one year | | |
| Non-current liabilities: | 135,573 | 196,282 |
| - Between two and five years | 237,387 | 358,965 |

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

15. Funds

Unrestricted general fund

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

16. Operating lease commitments

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

| | 2013 S\$ | 2012 S\$ |
|---|-------------|-------------|
| Not later than one year | 3,360 | 3,360 |
| Later than one year but not later than five years | 4,433 | 7,793 |

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

17. Related party relationship and transactions

FRS 24 defines a related party is a person or entity that is related to the entity that is preparing its financial statements (the 'reporting entity'):

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity 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 reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (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).

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

17. Related party relationship and transactions (Continued)

17.1 Related party transaction

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

| | 2013 S\$ | 2012 S\$ |
|---|---------------|---------------|
| Insurance expenses paid to a company in which the Managing Director is also the Honorary Treasurer of the Society | <u>66,905</u> | <u>60,579</u> |

17.2 Remuneration of key employees/executives

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

| | 2013 S\$ | 2012 S\$ |
|---------------------------|----------------|----------------|
| Salaries and bonuses | 303,075 | 303,550 |
| CPF and SDL contributions | <u>40,354</u> | <u>37,625</u> |
| | <u>343,429</u> | <u>386,152</u> |

| | 2013 No. of key management personnel S\$ | 2012 No. of key management personnel S\$ |
|--------------------------|--|--|
| Remuneration band (S\$) | | |
| S\$100,001 to S\$150,000 | 1 | 1 |
| S\$50,001 to S\$100,000 | <u>4</u> | <u>4</u> |

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

18. Conflict of interest

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

19. Reserve position and policy

The Society's reserve position for financial year ended 31 December 2013 is as follows:

| | | 2013 | 2012 | Increase/ (decrease) |
|---|--|---------|---------|-------------------------|
| | | S\$'000 | S\$'000 | % |
| A | Unrestricted Funds | | | |
| | Accumulated general funds | 3,125 | 2,894 | 8% |
| B | Restricted or Designated Funds | 0 | 0 | |
| | Designated Funds | 0 | 0 | |
| | Restricted Funds | 0 | 0 | |
| C | Endowment Funds | 0 | 0 | |
| D | Total Funds | 3,125 | 2,894 | 8% |
| E | Total Annual Operating Expenditure | 4,234 | 4,154 | 2% |
| F | Ratio of Funds to Annual Operating Expenditure (A/E) | 0.73 | 0.70 | 4% |

Reference:

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

The Society does not have a reserve policy.

20. Financial risk management

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

Liquidity risk

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

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

Credit risk

The Society has no significant concentrations of credit risk. The Society has policies in place to ensure that sales are made to customers with an appropriate credit history and credit standing.

Fair value interest rate risk

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

20. Financial risk management (cont'd)

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 2013, the carrying amounts of all financial assets and liabilities approximated their fair values.

21. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on **29 MAY 2014**