

THE HELPING HAND

[UEN. S88SS0058F]

[IPC No. IPC000344]

[Registered under the Registrar of
Societies]

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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Fiducia LLP

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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 29 are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 December 2014, 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 **20 MAR 2015**

Choo Buck Kwang
Chew Yew Kuen Michael
Luke Thuraisingham
Teo Chin Poh Terence
Rev. Dr. Yap Kim Sin

Chairman
Vice Chairman
Honorary Secretary
Honorary Treasurer
Member

On behalf of the Management Committee,



Choo Buck Kwang
Chairman



Luke Thuraisingham
Honorary Secretary



Teo Chin Poh Terence
Honorary Treasurer

Singapore, **20 MAR 2015**

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

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Independent auditors' report to the members of:

THE HELPING HAND

[UEN. S88SS0058F]

[IPC No. IPC000344]

[Registered under the Registrar of Societies]

Report on the Financial Statements

We have audited the accompanying financial statements of **THE HELPING HAND** (the "Society") set out on pages 5 to 29, which comprise the statement of financial position as at 31 December 2014, 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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Public Accountants and
Chartered Accountants of Singapore

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(CONT'D)

Independent auditors' report to the members of:

THE HELPING HAND

[UEN. 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 2014, 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

Singapore, 20 MAR 2015

Partner-in-charge:

Ong Lien Wan

PAB. No.:

01360

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

	Note	2014 Unrestricted Fund General Fund S\$	2013 Unrestricted Fund General Fund S\$
INCOME			
Income from generating funds			
- Voluntary income	4	1,247,159	921,138
- Activities for generating funds	4	12,393	30,701
Income from charitable activities	4	3,609,893	3,496,112
Other income	4	30,460	16,474
Total income		4,899,905	4,464,425
EXPENDITURE			
Cost of charitable activities	5	2,311,597	2,289,019
Governance and other administrative costs	5	2,077,676	1,945,040
Total expenditure		4,389,273	4,234,059
Net income		510,632	230,366
Gross transfers between funds		0	0
Net movement in funds		510,632	230,366
<u>Reconciliation of funds</u>			
Total funds brought forward		3,124,684	2,894,318
Total funds carried forward		3,635,316	3,124,684

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014 S\$	2013 S\$
ASSETS			
Current assets			
Cash and cash equivalents	8	3,258,747	2,635,601
Trade and other receivables	9	83,141	120,552
Inventories	10	244,910	179,286
		<u>3,586,798</u>	<u>2,935,439</u>
Non-current assets			
Property, plant and equipment	11	<u>728,651</u>	<u>825,297</u>
Total assets		<u>4,315,449</u>	<u>3,760,736</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	353,355	238,240
Deferred income/grant - current	13	85,026	78,546
Finance lease liabilities - current	14	91,495	101,814
		<u>529,876</u>	<u>418,600</u>
Non-current liabilities			
Deferred income/grant - non-current	13	63,684	81,879
Finance lease liabilities - non-current	14	86,573	135,573
		<u>150,257</u>	<u>217,452</u>
Total liabilities		<u>680,133</u>	<u>636,052</u>
NET ASSETS		<u>3,635,316</u>	<u>3,124,684</u>
FUNDS			
Unrestricted			
- General fund	15	3,124,684	2,894,318
Net income		510,632	230,366
		<u>3,635,316</u>	<u>3,124,684</u>

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Unrestricted Fund General Fund S\$
2014		
Balance at beginning of year		3,124,684
Net income		510,632
Balance at end of year	15	<u>3,635,316</u>
2013		
Balance at beginning of year		2,894,318
Net income		230,366
Balance at end of year	15	<u>3,124,684</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 S\$	2013 S\$
Cash flows from operating activities			
Net income		510,631	230,366
Adjustment for:			
- Allowance for impairment of receivables	9	625	1,443
- Amortisation of deferred income	13	(18,195)	(9,098)
- Depreciation	11	215,767	205,146
- Hire purchase interest		10,933	13,504
- Interest on fixed deposits		(9,334)	(5,006)
- Interest on auto-saved accounts		(247)	(248)
Operating cash flow before working capital changes		710,180	436,107
Changes in operating assets and liabilities			
- Inventories		(65,624)	(19,099)
- Trade and other receivables		36,786	17,469
- Trade and other payables		115,116	(77,855)
- Deferred income/grant		6,480	169,523
Net cash provided by operating activities		802,938	526,145
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(69,123)	(157,648)
Interest received		9,581	5,254
Net cash (used in) investing activities		(59,542)	(152,394)
Cash flows from financing activities			
Payment of finance lease instalments		(120,250)	(185,082)
Net cash (used in) financing activities		(120,250)	(185,082)
Net increase in cash and cash equivalents		623,146	188,669
Cash and cash equivalents at beginning of financial year		2,635,601	2,446,932
Cash and cash equivalents at end of financial year	8	3,258,747	2,635,601
Cash and cash equivalents comprise:			
Cash and bank balances		1,043,157	1,629,345
Fixed deposits		2,215,590	1,006,256
	8	3,258,747	2,635,601

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

1. General information

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

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

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

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

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

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

2. Significant accounting policies**2.1 Basis of preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard ("FRS") and the disclosure requirements of the Recommended Accounting Practice 6. 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 judgment in the process of applying the Home's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgment 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 2014

On 1 January 2014, the Home adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Home's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2. Significant accounting policies (Cont'd)**2.1 Basis of preparation (Cont'd)****Interpretations and amendments to published standards effective in 2014 (Cont'd)**

The followings are the other new or amended Standards and Interpretation that should be disclosed in the basis of preparation note if the change in accounting policy had a material effect on the current or prior periods, or may have a material effect on future period:

Effective for annual periods beginning on or after 1 January 2014:

- FRS 110 Consolidated Financial Statements, and Amendment to FRS 27 (revised 2011) Separate Financial Statements
- FRS 111 Joint Arrangements, and Amendment to FRS28 (revised 2011) Investments in Associated and Joint Ventures
- Amendment to FRS 32 Financial Instruments: Presentation (Offsetting financial assets and financial liabilities)
- Amendment to FRS 36 Impairment of Assets (Recoverable amount disclosures for non-financial assets)
- Amendment to FRS 39 Financial Instruments: Recognition and Measurement (Novation of derivatives and continuation of hedge accounting)
- INT FRS 121 Levies

New or amended Standards and Interpretations effective after 1 January 2014

The following are the new or amended Standards and Interpretations (issued up to 31 December 2014) that are not yet applicable, but may be early adopted for the current financial year:

Descriptions	Annual periods commencing on
Amendments to FRS 19 (R) Employee Benefits – Defined Benefit Plans: Employee Contributions Annual improvements 2012 <ul style="list-style-type: none"> - FRS 102 Share-Based Payment - FRS 103 Business Combinations - FRS 108 Operating Segments - FRS 16 Property, Plant and Equipment - FRS 38 Intangible Assets - FRS 24 Related Party Disclosures Annual improvements 2013 <ul style="list-style-type: none"> - FRS 103 Business Combinations - FRS 113 Fair Value Measurement - FRS 40 Investment Property 	1 July 2014

2. Significant accounting policies (Cont'd)**2.1 Basis of preparation (Cont'd)****Interpretations and amendments to published standards effective in 2014 (Cont'd)**

Descriptions	Annual periods commencing on
FRS 114 Regulatory Deferral Accounts Amendments to FRS 27: Equity Method in Separate Financial Statements Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation Amendments to FRS 16 and FRS 41: Agricultural - Bearer Plants Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017
FRS 109 Financial Instruments	1 January 2018

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 Significant accounting policies (Cont'd)

2.2 Income recognition

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)**2.4 Property, plant and equipment****2.4.1 Measurement**

All property, plant and equipment are initially recognized 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 recognized includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.4.2 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	6 years
Musical equipment	3 years
Office equipment	3 years
Renovation	5 years

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

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that have already been recognized 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 recognized as repair and maintenance expenses in statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

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

2. Significant accounting policies (Cont'd)**2.5 Impairment of non-financial assets**

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognized in the 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 recognized. 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 recognized for the asset in prior years. A reversal of impairment loss for an asset is recognized in the statement of financial activities.

2.6 Financial assets**2.6.1 Classification**

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

Loans and receivables

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

2.6.2 Recognition and derecognition

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

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

2. 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 LeasesFinance leases

Leases of property, property, plant and equipment where the Society assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are 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, 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

	Note	2014 Unrestricted Fund General Fund S\$	2013 Unrestricted Fund General Fund S\$
Voluntary income			
Donations			
- Tax exempt		219,061	252,655
- Non-tax exempt		58,760	58,575
Government and other grants		969,338	609,908
		<u>1,247,159</u>	<u>921,138</u>
Activities for generating funds			
- Annual magazine		12,393	30,701
Income from charitable activities			
- General work projects		1,445,998	1,483,864
- Sale of furniture, vases, gallery items and fishing tackle		2,084,190	1,923,751
- Services rendered		79,705	80,772
- Realised foreign exchange gain		0	1,395
- Unrealised foreign exchange gain		0	6,330
		<u>3,609,893</u>	<u>3,496,112</u>
Other income			
- Amortisation of deferred income		18,195	9,098
- Bad debts recovery		1,062	180
- Gain on disposal of property, plant and equipment		467	0
- Interest on auto-saved accounts		247	248
- Interest on fixed deposits		9,334	5,006
- Others		1,155	1,942
		<u>30,460</u>	<u>16,474</u>
Total income		<u>4,899,905</u>	<u>4,464,425</u>

5. Expenditure

	Note	2014 Unrestricted Fund General Fund S\$	2013 Unrestricted Fund General Fund S\$
Cost of charitable activities			
- Advertisement		31,910	38,942
- Allowance for impairment of trade receivables		625	1,443
- Containers transport & freight		44,501	47,673
- Cost of furniture, vases, gallery items and fishing tackle		674,244	731,106
- Cost of general work projects		140,058	155,922
- GST expense out		4,603	2,694
- Impaired inventories written off		1,412	3,050
- Impaired receivables written off		835	0
- Overseas shipping fee		11,489	14,916
- Realised loss on foreign exchange		2,190	0
- Rental fees for tentage		6,000	11,720
- Speakers' honorarium		11,784	19,175
- Staff costs	6	1,368,733	1,258,161
- Unrealised loss on foreign exchange		11,032	0
- Volunteers expenses		2,181	4,217
		<u>2,311,597</u>	<u>2,289,019</u>
Governance and other administrative costs			
Accounting services		19,920	18,500
Audit fee		7,420	6,000
Bank charges		33,591	29,303
Banners-Fundraising event		2,462	2,135
Computers		11,263	9,344
Condolences & gifts		2,195	318
Customer Refund		0	1,062
Depreciation of property, plant and equipment		215,767	205,146
Donation		4,128	5,137
Dues and subscriptions		16,727	19,447
General expenses		13,822	8,346
Hire purchase interest		10,933	13,504
Hosting of meals		15,787	13,036
Other expenses		41,070	24,802
Postage		1,178	1,325
Printing and stationery		15,995	17,366
Professional fees		1,001	0
Rental of equipment		5,908	5,918
Repairs and maintenance		44,493	48,804
Small value items expenses off		1,816	0
Staff costs	6	1,099,684	967,641
Telecommunication		27,208	25,952
Travelling and transport expenses		1,549	4,478
Upkeep of kitchen		208,733	226,247
Upkeep of motor vehicles		199,477	213,376
Upkeep of pet		1,703	715
Utilities		73,846	77,138
		<u>2,077,676</u>	<u>1,945,040</u>
Total expenditure		<u>4,389,273</u>	<u>4,234,059</u>

6. Staff cost

Included in the expenses expended are the following staff costs:

	Note	2014 S\$	2013 S\$
CPF and SDF contributions		230,795	185,729
Residents costs		387,200	404,936
Staff incentive		64,492	60,688
Staff insurance		34,520	12,617
Staff medical expenses		25,128	24,769
Staff retreat		16,241	16,519
Staff salaries and bonus		1,644,180	1,443,551
Staff training expenses		24,881	54,263
Staff uniforms		7,176	8,027
Staff welfare/benefits		33,804	14,703
		<u>2,468,417</u>	<u>2,225,802</u>

The staff costs were allocated as follows:

▪ Cost of charitable activities	5	1,368,733	1,258,161
▪ Administration	5	1,099,684	967,641
		<u>2,468,417</u>	<u>2,225,802</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

	2014 S\$	2013 S\$
Cash and bank balances	1,043,157	1,629,345
Fixed deposits	<u>2,215,590</u>	<u>1,006,256</u>
	<u>3,258,747</u>	<u>2,635,601</u>

Fixed deposits at the statement of financial position date have an average maturity of 12 months (2013: 12 months) from the end of the financial year with weighted average effective interest rate of 1.3% (2013: 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

	2014 S\$	2013 S\$
Trade receivables	28,756	42,351
Less: Allowance for impairment of receivables	(625)	(1,443)
Trade receivables – Net	28,131	40,908
Other receivables:		
- Accrued income	0	6,650
- Deposits	12,071	32,089
- Prepayment	42,363	40,563
- Others	576	342
	83,141	120,552

Movement in allowance for impairment of receivables is as follows:

	2014 S\$	2013 S\$
Balance at beginning of year	1,443	795
Additional allowance	625	1,443
	2,068	2,238
Reversal of Allowance	(1,443)	(795)
Balance at end of year	625	1,443

Trade receivables, denominated in Singapore Dollar, are non-interest bearing with the average credit period of between 30 to 60 days (2013: 30 to 60 days).

The age analysis of trade and other receivables are as follows

	2014 S\$	2013 S\$
Past due less than 3 months	23,339	35,623
Past due between 3 to 6 months	5,418	6,728
	28,757	42,351

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:

	2014 S\$	2013 S\$
Singapore Dollar	73,340	96,233
Indonesia Rupiah	9,801	24,319
	83,141	120,552

10. Inventories

	2014 S\$	2013 S\$
Furniture, vases and gallery items, at cost	144,660	179,286
Fishing tackle, at cost	100,250	0
	<u>244,910</u>	<u>179,286</u>

The cost of inventories recognized as an expense and included in 'cost of sales' amounted to S\$674,244 (2013: S\$731,106). Total impaired inventories written off amounted to S\$1,412 (2013: S\$3,050).

11. Property, plant and equipment

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
2014 At cost				
Computer equipment	24,876	6,940	0	31,816
Electrical equipment	36,413	1,545	0	37,958
Furniture & fittings	34,303	0	0	34,303
Motor vehicle	1,660,694	110,636	(31,571)	1,739,759
Musical equipment	3,838	0	0	3,838
Office equipment	2,188	0	0	2,188
Renovation	151,844	0	0	151,844
	<u>1,914,156</u>	<u>119,123</u>	<u>(31,571)</u>	<u>2,001,706</u>

	Balance at beginning of year S\$	Depreciation charge S\$	(Written back/off) S\$	Balance at end of Year S\$
Accumulated depreciation and impairment losses				
Computer equipment	24,709	938	0	25,647
Electrical equipment	35,991	679	0	36,670
Furniture & fittings	26,607	5,089	0	31,696
Motor vehicle	844,143	208,600	(31,571)	1,021,172
Musical equipment	3,838	0	0	3,838
Office equipment	2,188	0	0	2,188
Renovation	151,383	461	0	151,844
	<u>1,088,859</u>	<u>215,767</u>	<u>(31,571)</u>	<u>1,273,055</u>

	Balance at beginning of year S\$	Balance at end of Year S\$
Net book value		
Computer equipment	167	6,169
Electrical equipment	422	1,288
Furniture & fittings	7,696	2,607
Motor vehicle	816,551	718,587
Musical equipment	0	0
Office equipment	0	0
Renovation	461	0
	<u>825,297</u>	<u>728,651</u>

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

	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>

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of S\$119,123 (2013: S\$207,648) of which S\$50,000 (2013: S\$50,000) was acquired by means of finance lease and hire purchase arrangement.

The carrying amounts of motor vehicles held under finance lease are S\$431,624 (2013: S\$621,649) at the statement of financial position date.

12. Trade and other payables

	2014 S\$	2013 S\$
Trade payables	(16,791)	(25,642)
Accruals	268,848	160,166
Deposits for water supply	5,500	5,500
Deposits received from customers	52,855	51,680
GST payables	42,943	46,536
	<u>353,355</u>	<u>238,240</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:

	2014 S\$	2013 S\$
Singapore Dollar	370,146	263,882
Indonesia Rupiah	(16,791)	(25,642)
	<u>353,355</u>	<u>238,240</u>

13. Deferred income/grant

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

13. Deferred income/grant (Cont'd)

	Donation received S\$	Grant from Ministry of Home Affair 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	109,172	60,351	169,523
Accumulated amortisation			
Beginning of financial year	0	0	0
Amortisation for the year	(9,098)	0	(9,098)
End of financial year	(9,098)	0	(9,098)
Net carrying amount at end of financial year			
Current	18,195	60,351	78,546
Non-current	81,879	0	81,879
	100,074	60,351	160,425

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

	2014 S\$	2013 S\$
Minimum lease payments due:		
- Not later than one year	102,263	112,097
- Between two and five years	97,551	154,069
	199,814	266,166
Less: Future finance charges	(21,746)	(28,779)
Present value of finance lease liabilities	178,068	237,387
The present values of finance lease liabilities are analysed as follows:		
Current liabilities		
- Not later than one year	91,495	101,814
Non-current liabilities:		
- Between two and five years	86,573	135,573
	178,068	237,387

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

15. FundsUnrestricted 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:

	2014 S\$	2013 S\$
Not later than one year	6,988	3,360
Later than one year but not later than five years	<u>15,585</u>	<u>4,433</u>

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

17. Related party relationship and transactions

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.

17. Related party relationship and transactions (Continued)

- (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.

17.1 Related party transaction

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

	2014 S\$	2013 S\$
Insurance expenses paid to a company in which the Managing Director is also the Vice Chairman in year 2014 and Honorary Treasurer in year 2013	79,474	66,905

17.2 Remuneration of key employees/executives

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

	2014 S\$	2013 S\$
Salaries and bonuses	337,785	303,075
CPF and SDL contributions	55,508	40,354
	<u>393,293</u>	<u>343,429</u>

	2014 No. of key management personnel S\$	2013 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	4	4
Below S\$50,000	<u>1</u>	<u>0</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 2014 is as follows:

		2014	2013	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	Accumulated general funds	3,635	3,125	16%
B	Restricted or Designated Funds	0	0	
	Designated Funds	0	0	
	Restricted Funds	0	0	
C	Endowment Funds	0	0	
D	Total Funds	3,635	3,125	16%
E	Total Annual Operating Expenditure	4,389	4,234	4%
F	Ratio of Funds to Annual Operating Expenditure (A/E)	0.83	0.73	14%

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.

20. Financial risk management (cont'd)

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.

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 2014, 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 20 MAR 2015