# LIFE COMMUNITY SERVICES SOCIETY
(ROS Ref No. UENS96SS0100H)

# FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

**CONTENTS**

**LIFE COMMUNITY SERVICES SOCIETY**
(Registered in Singapore under the Societies Act)

## STATEMENT BY EXECUTIVE COUNCIL

On behalf of the Executive Council, we do hereby state that in our opinion, the financial statements of Life Community Services Society (the "Society"), as set out on pages 6 to 29 are properly drawn up in accordance with the Societies Act, Chapter 311, Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore so as to present fairly, in all material respects the financial position of the Society as at 31 March 2019, and of the financial performance, changes in funds and cash flows for the financial year ended on that date.

### *Reserve Policy*

The Society's Reserve Policy is to retain not more than 3 years of its annual operating expenditure.

### *Management of Conflict of Interest*

There is no Board member who is remunerated.

Board members are required to disclose to the Board:

i) Any interest that he may have, whether directly or indirectly, in any contracts or business transactions of whatever nature that the Society may enter into or in any organisations that the Society has dealings with or is considering dealing with (whether as a joint venture partner or otherwise); and

ii) Any personal interest accruing to him as one of the Company's supplier, user of services or beneficiary.

The affected Board member may not vote on the issue that was the subject matter of the disclosure nor participate in discussions relating to the same save that he may provide explanation or clarification of his interest in the said issue if this should be required by the Board. The minutes of this particular meeting will clearly document the disclosure made as well as the basis for arriving at the final decision in relation to the issue at stake.

### *Board Meetings held in FY18/19 and Board Members attendance*

A total of seven (7) meetings were held in FY 2018/19 including board meetings and Annual General Meetings.

| Board Member | Number of meetings attended |
|---|---|
| Mr Nicholas Goh Cher Shuie | 5 out of 7 |
| Mr Shaun Tan Zhonghao | 6 out of 7 |
| Mr Seow Kiat Wang | 5 out of 7 |
| Dr Gilbert Tan Yip Wei | 7 out of 7 |
| Mr Goh Kng Yan | 7 out of 7 |
| Dr Tan Kok Beng | 4 out of 7 |
| Ms Ng Mi Li | 5 out of 7 |

Life Community Services Society

***Reasons for Retaining Board members for more than 10 consecutive years***

Board Renewal is set as one of the strategic issues at the Board Retreat with a 3-year time plan (2017 - 2020) to put in place a board composite that is familiar with and supportive of Life Community's Mission, Vision and Values. They must be believers who demonstrate commitment to Christ and His Kingdom; and be dedicated to our core focus areas of work - helping children and youth whose parents are/were in prison, affirming and building into the lives of latch-key children, empowering children through care and mentoring, to provide early intervention to children from dysfunctional families to maximise the life opportunities of low income vulnerable children.

We strive to put together a well-balanced board composite in terms of age, gender, ethnicity, who are good team players, and yet at the same time able to share their knowledge, professional experience for the purpose of managing the organisation professionally.

In our explanation towards deviation to Code of Governance 1.1.13, we would like to provide the following key review and action points:

i) All the 4 Board members who have served on the Board for more than 10 consecutive years are more than ready to retire from their board roles, and the only reason they are continuing is to ensure the continuation of oversight support to the CEO.

ii) One new board member, Ms Ng Mi Li, was appointed on 30 July 2018.

On behalf of the Executive Council

Nicholas Goh Cher Shuie
Chairman

Gilbert Tan Yip Wei
Honorary Treasurer

19 July 2019

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIFE COMMUNITY SERVICES SOCIETY**
(Registered in Singapore under the Societies Act)

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Life Community Services Society (the "Society") as set out on pages 6 to 29, which comprise the balance sheet as at 31 March 2019, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Society as at 31 March 2019 and of the financial performance, changes in funds and cash flows of the Society for the financial year ended on that date.

***Basis for Opinion***

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

***Other Information***

The Executive Council is responsible for the other information. The other information obtained at the date of this auditor's report is the Statement by the Executive Council as set out on pages 1 to 2 and the Annual Report for the financial year ended 31 March 2019, but does not include the financial statements and our auditor's report thereon.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIFE COMMUNITY SERVICES SOCIETY (cont'd)**
(Registered in Singapore under the Societies Act)

**Report on the Audit of the Financial Statements (cont'd)**

***Responsibilities of the Executive Council for the Financial Statements***

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

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

The Executive Council is responsible for overseeing the Society's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIFE COMMUNITY SERVICES SOCIETY (cont'd)**
(Registered in Singapore under the Societies Act)

**Report on the Audit of the Financial Statements (cont'd)**

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

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

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

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

19 July 2019

**LIFE COMMUNITY SERVICES SOCIETY**
(Registered in Singapore under the Societies Act)

## STATEMENT OF COMPREHENSIVE INCOME
**For the financial year ended 31 March 2019**

| | Note | Unrestricted Income Funds $ | Restricted Funds $ | Total 2019 $ | Total 2018 $ |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Student care fee assistance | | 227,449 | – | **227,449** | 192,745 |
| Comchest | | – | 388,438 | **388,438** | 379,005 |
| Care and share funding | | 26,278 | 126,547 | **152,825** | 232,728 |
| Donations and funding | 3 | 308,499 | 670,594 | **979,093** | 826,231 |
| Programme fees | | 1,570,334 | – | **1,570,334** | 1,315,096 |
| Interest income | | 69,683 | – | **69,683** | 86,289 |
| Amortisation of capital grant | 10 | 76,258 | 47,968 | **124,226** | 118,377 |
| Wage credit, special employment credit and others | | 68,329 | 30,981 | **99,310** | 135,657 |
| **Total income** | 4 | 2,346,830 | 1,264,528 | **3,611,358** | 3,286,128 |
| **Expenditure** | | | | | |
| Depreciation | 6 | 85,241 | 51,958 | **137,199** | 139,055 |
| Fundraising expenses | | 36,912 | 160 | **37,072** | 43,644 |
| Rental expenses | | 44,829 | 35,928 | **80,757** | 81,020 |
| Staff costs | | 1,585,316 | 1,101,801 | **2,687,117** | 2,357,584 |
| Other operating expenses | 5 | 408,532 | 236,943 | **645,475** | 551,465 |
| **Total expenditure** | | 2,160,830 | 1,426,790 | **3,587,620** | 3,172,768 |
| **Total surplus for the financial year** | | 186,000 | (162,262) | **23,738** | 113,360 |
| **Other comprehensive income** | | | | | |
| *Items that are or maybe reclassified subsequently to profit or loss* | | | | | |
| Fair value gain on available-for-sale financial assets | | – | – | – | 3,410 |
| **Total surplus and comprehensive income for the financial year** | | 186,000 | (162,262) | **23,738** | 116,770 |

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

**LIFE COMMUNITY SERVICES SOCIETY**
(Registered in Singapore under the Societies Act)

**BALANCE SHEET**
**At 31 March 2019**

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| **Non-current asset** | | | |
| Property, plant and equipment | 6 | **95,105** | 197,909 |
| **Current assets** | | | |
| Available-for-sale financial assets | 7 | – | 239,715 |
| Trade receivables | | **94,350** | 25,128 |
| Other receivables | 8 | **439,918** | 133,141 |
| Fixed deposits | 9 | **4,647,812** | 5,354,356 |
| Cash and bank balances | | **1,670,765** | 894,993 |
| | | **6,852,845** | 6,647,333 |
| **Total assets** | | **6,947,950** | 6,845,242 |
| **Non-current liability** | | | |
| Deferred capital grant | 10 | **27,820** | 48,429 |
| **Current liabilities** | | | |
| Deferred capital grant | 10 | **22,899** | 126,094 |
| Trade payables | | **59,472** | 21,919 |
| Other payables | 11 | **1,616,275** | 1,477,554 |
| Provision | 12 | **26,500** | – |
| | | **1,725,146** | 1,625,567 |
| **Total liabilities** | | **1,752,966** | 1,673,996 |
| **Net assets** | | **5,194,984** | 5,171,246 |
| **Funds** | | | |
| Unrestricted Income Funds | 13 | **4,882,071** | 4,926,744 |
| *Restricted Funds* | | | |
| - Friends of Children Fund | 14 | – | – |
| - Friends of Youth Fund | 14 | **309,093** | 213,144 |
| - Life Student Care Benevolent Fund | 14 | **2,030** | 2,030 |
| - MightyKids Families & Community Fund | 14 | – | – |
| - EduGrow Fund | 14 | **1,790** | – |
| Fair Value Reserve | | – | 29,328 |
| | | **5,194,984** | 5,171,246 |

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

**LIFE COMMUNITY SERVICES SOCIETY**
(Registered in Singapore under the Societies Act)

**STATEMENT OF CHANGES IN FUNDS**
**For the financial year ended 31 March 2019**

| | | | Restricted Funds | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Unrestricted Income Funds $ | Fair Value Reserve $ | Friends of Children Fund $ | Friends of Youth Fund $ | Life Student Care Benevolent Fund $ | MightyKids Families & Community Fund $ | EduGrow Fund $ | Total $ |
| Balance at 1 April 2017 | 4,728,583 | 25,918 | – | 295,396 | 4,579 | – | – | 5,054,476 |
| Surplus/(deficit) for the financial year | 427,441 | – | (71,414) | (82,252) | (2,549) | (157,866) | – | 113,360 |
| Fair value gain on available-for-sale financial assets | – | 3,410 | – | – | – | – | – | 3,410 |
| Total surplus/(deficit) and comprehensive income/(loss) for the financial year | 427,441 | 3,410 | (71,414) | (82,252) | (2,549) | (157,866) | – | 116,770 |
| Transfer of funds | (229,280) | – | 71,414 | – | – | 157,866 | – | – |
| Balance at 31 March 2018 | 4,926,744 | 29,328 | – | 213,144 | 2,030 | – | – | 5,171,246 |
| Effect of adoption of FRS109 [Note 2(a)] | 29,328 | (29,328) | – | – | – | – | – | – |
| Balance at 31 March 2018, restated | 4,956,072 | – | – | 213,144 | 2,030 | – | – | 5,171,246 |
| Surplus/(deficit) for the financial year | 186,000 | – | (125,496) | 95,949 | – | (134,505) | 1,790 | 23,738 |
| Total surplus/(deficit) and comprehensive income/(loss) for the financial year | 186,000 | – | (125,496) | 95,949 | – | (134,505) | 1,790 | 23,738 |
| Transfer of funds | (260,001) | – | 125,496 | – | – | 134,505 | – | – |
| **Balance at 31 March 2019** | **4,882,071** | – | – | **309,093** | **2,030** | – | **1,790** | **5,194,984** |

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

**LIFE COMMUNITY SERVICES SOCIETY**
(Registered in Singapore under the Societies Act)

**STATEMENT OF CASH FLOWS**
**For the financial year ended 31 March 2019**

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Surplus for the financial year | **23,738** | 113,360 |
| Adjustments for: | | |
| Gain on disposal of investment funds | **2,205** | – |
| Amortisation of capital grant | **(124,226)** | (118,377) |
| Grant received written off | **(1,103)** | – |
| Depreciation of plant and equipment | **137,199** | 139,055 |
| Interest income | **(69,683)** | (86,289) |
| Operating cash flows before working capital changes | **(31,870)** | 47,749 |
| Trade and other receivables | **(375,999)** | 9,569 |
| Trade and other payables | **176,274** | 446,897 |
| **Net cash (used in)/generated from operating activities** | **(231,595)** | 504,215 |
| **Cash flows from investing activities** | | |
| Purchases of plant and equipment | **(7,895)** | (70,306) |
| Proceeds from disposal of investments funds | **237,510** | – |
| Interest received | **69,683** | 86,289 |
| Capital grant received for plant and equipment | **1,525** | 61,937 |
| **Net cash generated from investing activities** | **300,823** | 77,920 |
| **Net increase in cash and cash equivalents** | **69,228** | 582,135 |
| Cash and cash equivalents at beginning of financial year | **6,249,349** | 5,667,214 |
| **Cash and cash equivalents at end of financial year** | **6,318,577** | 6,249,349 |
| **Cash and cash equivalents comprise:** | | |
| Fixed deposits | **4,647,812** | 5,354,356 |
| Cash and bank balances | **1,670,765** | 894,993 |
| | **6,318,577** | 6,249,349 |

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

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

## 1 Corporate information

Life Community Services Society (the "Society") is registered and domiciled in Singapore. The Society is a registered Charity under the Charities Act since 22 January 2002. The Society has been granted Institution of a Public Character status for certain of its programmes. The principal place of activities is at 5 Stadium Walk #04-04/07, Kallang Leisure Park, Singapore 397693.

The principal activities of the Society are:

a) to provide comprehensive remedial, preventive and development services for individuals and families facing or encountering crisis and conflicts;

b) to provide advice, counselling services, guidance and assistance to students in the areas of education and career development, crisis management, lifestyle management and other related issues or problems by way of school visitation, counselling, workshops, seminars, forums and camps;

c) to provide grants or participate in providing or granting relief and aid to the sick, poor and needy; and

d) to promote education and participation in schemes calculated to promote education.

## 2 Significant accounting policies

### a) Basis of preparation

The financial statements are presented in Singapore dollar ("$"), which is the Society's functional currency, have been prepared in accordance with the Societies Act, Chapter 311, the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

*Use of estimates and judgements*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant judgements made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 2 Significant accounting policies (cont'd)

### a) Basis of preparation (cont'd)

*Use of estimates and judgements (cont'd)*

The carrying amounts of cash and bank balances, fixed deposits, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

*New and revised standards*

In the current financial year, the Society has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRSs did not have any material effect on the financial results or position of the Society, except as disclosed below:

***FRS 109 Financial Instruments***

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace FRS 39 incurred loss model.

The Society applied FRS 109 using a modified retrospective approach, with date of initial application on 1 April 2018. The Society has not restated the comparative information, which continues to be reported under FRS 39.

Differences arising from the adoption of FRS 109 have been recognised directly in Unrestricted Income Funds.

The nature of these adjustments are described below:

*(i) Classification and measurement*

Under FRS 109, the Society classifies its financial assets based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Society's business model was made as of the date of initial application on 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following are the changes in classification and measurement arising from adopting FRS 109:

- Loans and receivables including trade and other receivables (excluding prepayments), cash and balances and fixed deposits as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as financial assets at amortised cost beginning 1 April 2018.
- Investment in quoted equity shares classified as available-for-sale ("AFS") financial asset as at 31 March 2018 are classified and measured at fair value through profit or loss ("FVTPL") beginning 1 April 2018.

The Society has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

## 2 Significant accounting policies (cont'd)

### a) Basis of preparation (cont'd)

*New and revised standards (cont'd)*

***FRS 109 Financial Instruments (cont'd)***

*(i) Classification and measurement (cont'd)*

The following summarises the required or elected reclassifications as at 1 April 2018 upon adoption of FRS 109:

| | **Original carrying amount** | **FRS 109 measurement category** | |
|---|---|---|---|
| | | **FVTPL** | **Amortised cost** |
| | **$** | **$** | **$** |
| **Group** | | | |
| **FRS 39 measurement category** | | | |
| *Loans and receivables* | | | |
| Trade and other receivables (excluding prepayments) | 137,854 | – | 137,854 |
| Cash and bank balances | 894,993 | – | 894,993 |
| Fixed deposits | 5,354,356 | – | 5,354,356 |
| *Available-for-sale financial assets* | | | |
| Quoted equity shares | 239,715 | 239,715 | – |

*(ii) Impairment*

FRS 109 requires the Society to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis. Management has assessed that there is no material impact of applying the new standard on the Society's financial statements.

At the date of initial application and 31 March 2019, the Society has assessed that the adoption of FRS 109 does not have any material impact to the financial position and results of the Society.

***FRS 116 Leases***

FRS 116 replaces the existing FRS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), within limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as FRS 116 replaces straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Society's operating leases. As at the reporting date, the Society has non-cancellable operating lease commitments of $6,986 (Note 15). These commitments relate to short term leases and leases of low value items which will be recognised on a straight-line basis as expense in profit or loss. As at the end of the financial year, the Society has commenced negotiations for the renewal of the leased property that will be expiring in 2019. On completion of the negotiations and extension of the leased property, the Society will perform an assessment of the impact and adjustments on its financial statements on the application of FRS 116.

## 2 Significant accounting policies (cont'd)

### b) Income and expenditure recognition

i) Fee income from student care is recognised over the duration of the programmes.

ii) Income from donations are recognised on receipt basis.

iii) Grant income is recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

iv) Interest income is recognised on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

v) Donation income that is specified by donors for a particular activity will be fully allocated to the activity.

vi) Expenses that are incurred wholly for a particular activity will be fully allocated to the activity.

vii) Common income earned and expenses incurred among the 5 student care centres, Friends of Children, Friends of Youth, MightyKids Families & Community, EduGrow and KidSTART programmes are apportioned accordingly based on the basis determined by management.

### c) Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

Plant and equipment are depreciated on a straight line basis so as to write off the cost of the assets over their estimated useful lives at the following annual rates:

| | % |
|---|---|
| Office equipment | 20 |
| Furniture and fittings | 20 |
| Computers | 20 |
| Renovation | 20 |
| Motor vehicle | 20 |
| Musical instruments | 20 |

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of a plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

### d) Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in profit or loss. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

## 2 Significant accounting policies (cont'd)

### e) Income tax

The Society is a registered charity under the Charities Act and is exempted from income tax under the Income Tax Act.

### f) Employee benefits

*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"), and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

*Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up the balance sheet date.

### g) Financial assets

*The accounting policies for financial assets before 1 April 2018 are as follows:*

The Society classifies its financial assets as "available-for-sale financial assets" and "loans and receivables" which comprise trade receivables, other receivables (excluding prepayments), fixed deposits and cash and bank balances.

***Classification***

*Available-for-sale financial assets*

Available-for-sale financial assets are initially measured at fair value plus transaction costs, and are subsequently measured at fair value.

Any gains and losses arising from changes in fair value are recognised directly as other comprehensive income and accumulated in fair value reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is taken to profit or loss. The fair value of quoted investments is based on current bid prices. For investments where there is no active market, the fair value is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

The Society assesses at each balance sheet date whether there is objective evidence that an investment is impaired. In the case of investment classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

On disposal of the financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

## 2 Significant accounting policies (cont'd)

### g) Financial assets (cont'd)

*The accounting policies for financial assets before 1 April 2018 are as follows (cont'd):*

***Classification (cont'd)***

*Loans and receivables*

Loans and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. The Society assesses at the end of each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. When such evidence exists, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

*The accounting policies for financial assets from 1 April 2018 onwards are as follows:*

***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition if financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

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

***Subsequent measurement***

<u>*Debt instruments*</u>

Debt instruments include trade and other receivables (excluding prepayments) and cash and cash equivalents. The subsequent measurement category is depending on the Society's business model for managing the asset and cash flow characteristics of the asset:

## 2 Significant accounting policies (cont'd)

### g) Financial assets (cont'd)

*The accounting policies for financial assets from 1 April 2018 onwards are as follows (cont'd):*

***Subsequent measurement (cont'd)***

*Debt instruments (cont'd)*

*Amortised cost*

The Society measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

*Fair value through profit or loss ("FVTPL")*

Debts instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or Fair Value to Other Comprehensive Income ("FVOCI") are classified as FVTPL. Movements in fair values and interest income are recognised in profit or loss in the period in which it arises and presented in "other income".

*Equity instruments*

The Society subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income or expenses". On disposal of an equity investment classified as FVTPL, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss. Dividends from equity investments are recognised in profit or loss and presented in "other income".

***Impairment***

The Society recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

## 2 Significant accounting policies (cont'd)

### g) Financial assets (cont'd)

*The accounting policies for financial assets from 1 April 2018 onwards are as follows (cont'd):*

***Impairment (cont'd)***

For trade receivables that do not have a significant financing component, the Society applies a simplified approach to recognise a loss allowance based on lifetime ECLs at balance sheet date. The Society based on its historical credit loss experience, adjusts as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Society has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Society measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Society recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

### h) Financial liabilities

Financial liabilities, which comprise trade and other payables (excluding funding received in advance) are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

### i) Provisions for other liabilities

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

### j) Operating leases

Leases where a significant portion of the risks and rewards incidental to 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 profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, 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.

## 2 Significant accounting policies (cont'd)

### k) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

### l) Funds

Income and expenditure relating to the various specific funds specifically set up are taken directly to these funds. All other income and expenditure are reflected in profit or loss in Unrestricted Income Fund.

Unless specifically indicated, fund balances are not represented by any specific assets but are represented by all assets of the Society.

## 3 Donations and funding

The Society issued tax deductible receipts for donations received during the financial year amounting to $488,632 (2018: $609,989). This includes the funding received in advance at year-end of $22,000 (2018: $29,000).

## 4 Total income

| | | ← Restricted Funds → | | | | | |
|---|---|---|---|---|---|---|---|
| | **Unrestricted Income Funds** | **Friends of Children Fund** | **Friends of Youth Fund** | **Life MightyKids Families& Community Fund** | **EduGrow Fund** | **Total 2019** | Total 2018 |
| | **$** | **$** | **$** | **$** | **$** | **$** | $ |
| **Income** | | | | | | | |
| Student care fee assistance | 227,449 | – | – | – | – | **227,449** | 192,745 |
| Comchest | – | 128,362 | 128,362 | 131,714 | – | **388,438** | 379,005 |
| Care and share funding | 26,278 | 4,555 | 98 | 294 | 121,600 | **152,825** | 232,728 |
| Donations and funding | 308,499 | 342,838 | 263,096 | 7,014 | 57,646 | **979,093** | 826,231 |
| Program fees | 1,570,334 | – | – | – | – | **1,570,334** | 1,315,096 |
| Interest income | 69,683 | – | – | – | – | **69,683** | 86,289 |
| Amortisation of capital grant | 76,258 | 6,288 | 1,015 | 40,277 | 388 | **124,226** | 118,377 |
| Wage credit, special employment credit and others | 68,329 | 18,794 | 1,343 | 8,957 | 1,887 | **99,310** | 135,657 |
| **Total income** | 2,346,830 | 500,837 | 393,914 | 188,256 | 181,521 | **3,611,358** | 3,286,128 |

## 5 Other operating expenses

| | ← | Restricted Funds | | → | | |
|---|---|---|---|---|---|---|
| | Unrestricted Income Funds | Friends of Children Fund | Friends of Youth Fund | Life MightyKids Families & Community Fund | EduGrow Fund | Total 2019 | Total 2018 |
| | $ | $ | $ | $ | $ | $ | $ |
| **Expenditure** | | | | | | | |
| Auditor's remuneration | 4,077 | 669 | 667 | 667 | 334 | **6,414** | 6,421 |
| Bank charges | 1,732 | – | – | – | – | **1,732** | 1,440 |
| Benevolent expenses | 5,045 | – | – | – | – | **5,045** | 2,549 |
| Classroom materials | 4,111 | 53 | 17 | 33 | – | **4,214** | 4,452 |
| Copier leasing | 5,994 | – | – | – | – | **5,994** | 6,648 |
| Charity Golf - expenses | 35,585 | – | – | – | – | **35,585** | 38,477 |
| Depreciation | 85,241 | 6,736 | 1,924 | 42,910 | 388 | **137,199** | 139,055 |
| Event/recreation and outing | 42,114 | – | 17 | 49 | – | **42,180** | 61,172 |
| Fundraising expenses | 1,327 | 160 | – | – | – | **1,487** | 5,167 |
| Meeting related expenses | 3,737 | 359 | 1,105 | – | – | **5,201** | 2,566 |
| General expenses | 512 | 410 | – | – | – | **922** | 4,514 |
| Groceries and meals expenses | 127,542 | 309 | 7,595 | 717 | – | **136,163** | 98,048 |
| Insurance expenses | 10,012 | 24 | 1,228 | 767 | – | **12,031** | 9,009 |
| Medical expenses | 7,956 | 1,325 | 200 | 357 | – | **9,838** | 7,648 |
| Printing and stationery | 7,900 | 428 | 743 | 464 | 89 | **9,624** | 8,543 |
| Professional fees | 23,158 | 1,660 | 1,660 | 1,660 | 830 | **28,968** | 37,070 |
| License fees | 3,196 | 139 | 139 | 278 | – | **3,752** | 3,249 |
| Publicity/entertainment and promotions | 63 | – | – | – | – | **63** | 1,846 |
| Recruitment expenses | 1,794 | 404 | 200 | – | – | **2,398** | 1,053 |
| Rental of premises under operating lease | 44,829 | 12,020 | 12,020 | 9,155 | 2,733 | **80,757** | 81,020 |
| Staff salaries, bonuses and allowance | 1,351,280 | 448,508 | 188,586 | 220,811 | 97,384 | **2,306,569** | 2,030,933 |
| Staff CPF and other contributions | 220,213 | 72,219 | 27,668 | 27,673 | 15,732 | **363,505** | 289,336 |
| Staff insurance and welfare | 13,823 | 1,893 | 621 | 533 | 173 | **17,043** | 37,315 |
| Storage | 7,155 | 1,080 | 1,080 | 1,080 | 405 | **10,800** | 10,800 |
| Telephone expenses | 13,718 | – | – | 1,788 | 643 | **16,149** | 14,445 |
| Training | 4,441 | 3,105 | 75 | 294 | 1,574 | **9,489** | 13,040 |
| Transport expenses | 6,796 | 712 | 20,088 | 393 | 226 | **28,215** | 3,664 |
| Tuition expenses | 3,353 | 10,532 | 945 | 3,019 | – | **17,849** | 14,369 |
| Upkeep and maintenance of premises | – | – | – | – | – | – | 10,585 |
| Upkeep and maintenance of vehicles | – | 10,528 | – | – | – | **10,528** | 5,986 |
| Upkeep of IT system | 11,954 | – | – | 154 | – | **12,108** | 15,751 |
| Utility expenses | 38,618 | 1,296 | 1,296 | 3,687 | 295 | **45,192** | 43,899 |
| Volunteer management system/training expenses | 1,016 | 1,455 | 26 | – | 1,282 | **3,779** | 4,050 |
| Programme expenses - insurance/toiletries/ assessment book/T-shirt | 15,839 | – | – | – | – | **15,839** | 19,844 |
| Funded activities | 15,653 | 5,970 | 8,916 | 3,187 | – | **33,726** | 70,271 |
| Office supplies | 6,871 | 39 | 73 | 403 | – | **7,386** | 4,798 |
| Postage and courier | 668 | – | – | – | – | **668** | 481 |
| Repair and maintenance | 14,144 | 1,827 | – | 2,047 | – | **18,018** | 9,158 |
| Internship training programme | 2,377 | – | – | – | – | **2,377** | 2,252 |
| Children welfare and incentives | 449 | 1,966 | 501 | 54 | – | **2,970** | 1,959 |
| Food ration | – | 31,790 | 2,307 | – | – | **34,097** | 18,985 |
| Centre activities | 592 | 324 | 9,204 | 276 | – | **10,396** | 6,404 |
| Funded ICU tuition expense | – | 8,390 | 8,181 | – | 57,646 | **74,217** | 22,168 |
| Community outreach activities | 12,810 | – | 883 | 305 | – | **13,998** | 2,328 |
| Investment gain/loss | 2,128 | – | – | – | – | **2,128** | – |
| Others | 1,007 | – | – | – | – | **1,007** | – |
| **Total expenditure** | **2,160,830** | **626,330** | **297,965** | **322,761** | **179,734** | **3,587,620** | 3,172,768 |

## 5 Other operating expenses (cont'd)

Included in staff costs is an amount of $336,053 (2018: $261,323) and $35,189 (2018: $34,220) for remuneration and CPF contributions paid to key management personnel.

| | 2019 | 2018 |
|---|---|---|
| ***Key management remuneration*** | | |
| Number of staff in the following remuneration band: | | |
| $100,001 to $200,000 | **2** | 2 |

## 6 Property, plant and equipment

| | Office equipment $ | Furniture and fittings $ | Computers $ | Renovation $ | Motor vehicle $ | Musical instruments $ | Total $ |
|---|---|---|---|---|---|---|---|
| **2019** | | | | | | | |
| **Cost** | | | | | | | |
| At 1.4.2018 | 121,264 | 140,623 | 55,607 | 1,347,303 | 48,713 | 4,438 | 1,717,948 |
| Additions | 1,849 | 4,318 | 1,728 | 26,500 | – | – | 34,395 |
| At 31.3.2019 | **123,113** | **144,941** | **57,335** | **1,373,803** | **48,713** | **4,438** | **1,752,343** |
| **Accumulated depreciation** | | | | | | | |
| At 1.4.2018 | 103,454 | 111,862 | 30,877 | 1,221,473 | 48,713 | 3,660 | 1,520,039 |
| Depreciation charge | 10,723 | 17,370 | 20,066 | 88,522 | – | 518 | 137,199 |
| At 31.3.2019 | **114,177** | **129,232** | **50,943** | **1,309,995** | **48,713** | **4,178** | **1,657,238** |
| **Net carrying value** | | | | | | | |
| At 31.3.2019 | **8,936** | **15,709** | **6,392** | **63,808** | – | **260** | **95,105** |
| 2018 | | | | | | | |
| Cost | | | | | | | |
| At 1.4.2017 | 123,090 | 161,933 | 35,944 | 1,273,719 | 48,713 | 4,438 | 1,647,837 |
| Additions | 4,419 | 22,363 | 21,707 | 21,817 | – | – | 70,306 |
| Reclassification | (6,050) | (43,673) | (2,044) | 51,767 | – | – | – |
| Write-off | (195) | – | – | – | – | – | (195) |
| At 31.3.2018 | 121,264 | 140,623 | 55,607 | 1,347,303 | 48,713 | 4,438 | 1,717,948 |
| Accumulated depreciation | | | | | | | |
| At 1.4.2017 | 97,356 | 141,310 | 20,237 | 1,070,421 | 48,713 | 3,142 | 1,381,179 |
| Depreciation charge | 12,343 | 14,225 | 12,684 | 99,285 | – | 518 | 139,055 |
| Reclassification | (6,050) | (43,673) | (2,044) | 51,767 | – | – | – |
| Write-off | (195) | – | – | – | – | – | (195) |
| At 31.3.2018 | 103,454 | 111,862 | 30,877 | 1,221,473 | 48,713 | 3,660 | 1,520,039 |
| Net carrying value | | | | | | | |
| At 31.3.2018 | 17,810 | 28,761 | 24,730 | 125,830 | – | 778 | 197,909 |

## 7 Available-for-sale financial assets

This represents investments in various investment funds which are carried at fair values. The fair value of these investment funds are based on market indicative prices on the last day of the financial year.

Investment in various investment funds classified as available-for-sale financial assets as at 31 March 2018 are classified and measured at fair value through profit or loss beginning at 1 April 2018. The investment funds were disposed during the financial year.

## 8 Other receivables

| | **2019** | 2018 |
|---|---|---|
| | **$** | $ |
| Funding and donation receivables | **346,285** | 47,006 |
| Fees receivables | **213** | 946 |
| Interest receivables | **41,138** | 37,644 |
| Deposits | **24,548** | 27,130 |
| Prepayments | **27,734** | 20,415 |
| | **439,918** | 133,141 |

## 9 Fixed deposits

The fixed deposits bear interest at rates ranging from 1.50% to 2.00% (2018: 1.10% to 1.90%) per annum with maturity period ranging from 4 to 10 months (2018: 5 to 13 months) after the balance sheet date.

## 10 Deferred capital grant

These include:

(a) Capital grants were received from Ministry of Social and Family Development and Ministry of Education for the purposes of funding the costs of cyclical maintenance, conversion costs and for furnishing and equipping student care centres. The grant agreements require the Society to operate the said student care centres for a minimum of 5 years from the date of the grant and the funding received will have to be refunded proportionately if the centres are operated for less than five years. The capital grant is deferred and amortised as income over a period of five years.

## 10 Deferred capital grant (cont'd)

These include (cont'd):

(b) Capital grants received from Care and Share Matching Grant and utilised for purchases of property, plant and equipment is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset.

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| **Grant received** | | |
| At beginning of the financial year | **682,845** | 620,908 |
| Grant received | **1,525** | 61,937 |
| Written off | **(1,103)** | – |
| At end of the financial year | **683,267** | 682,845 |
| **Accumulated amortisation** | | |
| At beginning of the financial year | **508,322** | 389,945 |
| Amortisation | **124,226** | 118,377 |
| At end of the financial year | **632,548** | 508,322 |
| **Net carrying value** | | |
| At end of the financial year | **50,719** | 174,523 |
| Representing: | | |
| Within 1 year – current | **22,899** | 126,094 |
| Within 2 to 5 years - non-current | **27,820** | 48,429 |
| | **50,719** | 174,523 |

## 11 Other payables

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| GST payable | **28,939** | 25,459 |
| Deferred income [(a)] | **939,790** | 919,953 |
| Funding received in advance | **39,627** | 37,046 |
| Advance fees received | **3,969** | 3,232 |
| Student care deposits | **121,505** | 127,509 |
| Accrued operating expenses | **476,520** | 358,330 |
| Other payables | **5,925** | 6,025 |
| | **1,616,275** | 1,477,554 |

## 11 Other payables (cont'd)

(a) Included in deferred income are grant received from Care and Share Matching Grant amounting to $938,355 (2018: $819,841). The following are movements of the Care and Share Matching Grant.

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Balance at 1 April | **819,841** | 678,904 |
| Grant received | **270,236** | 407,127 |
| Expenditure | **(152,825)** | (232,728) |
| Expenditure – reversal for Kidstart's property, plant and equipment transferred not qualify for Care and Share Matching Grant | **1,103** | – |
| Expenditure - utilised for purchases of property, plant and equipment transferred to deferred capital grant | – | (33,462) |
| Balance at 31 March | **938,355** | 819,841 |

Care and Share Matching Grant (the "Grant") is managed by the Ministry of Social and Family Development ("MSF"). As per the Variation to the Funding Agreement dated 28 August 2015 (the "Agreement"), this represents a dollar and twenty-five cents for every eligible donation dollar for the first $1,000,000 and a dollar for every eligible donation dollar for the subsequent $1,000,000 that the Society raises between 1 December 2013 and 31 March 2016. The Grant is targeted at agencies that provide social service and develop programmes to serve beneficiaries better. The Grant can be used for the following areas:

(i) Capability Building
(ii) Capacity Building
(iii) New programmes to meet emerging or unmet needs and enhancements/expansion of existing services
(iv) Critical Existing Needs (up to 20%)

The Society has up to 2 years after the end of the matching grant period (i.e. 31 March 2021) to utilise the grants.

The Society participates in the Grant scheme and is subjected to the terms and conditions of the Agreement and the Operating Rules.

## 12 Provision

The provision for reinstatement costs represents the present value of management's best estimate of the future outflow of economic benefits that will be required to reinstate leased property to its original state. The estimate has been made on the basis of quotes obtained from external contractors. The unexpired term of the leases is 5 years.

## 13 Unrestricted Income Funds

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Balance as at 1 April | **4,926,744** | 4,728,583 |
| Effect of adoption of FRS109 [Note 2(a)] | **29,328** | – |
| Surplus for the financial year | **186,000** | 427,441 |
| Transfer to Restricted Funds (Note 14) | **(260,001)** | (229,280) |
| Balance as at 31 March | **4,882,071** | 4,926,744 |

These are funds generated from the operation of Student Care Services and general donations received for the work of the Society.

## 14 Restricted Funds

| | Friends of Children Fund<br>$ | Friends of Youth Fund<br>$ | Life Student Care Benevolent Fund<br>$ | MightyKids Families & Community Fund<br>$ | EduGrow Fund [(a)]<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|
| **2019** | | | | | | |
| Balance as at 1 April 2018 | – | 213,144 | 2,030 | – | – | 215,174 |
| Comchest | 128,362 | 128,362 | – | 131,714 | – | 388,438 |
| Care and share funding | 4,555 | 97 | – | 295 | 121,600 | 126,547 |
| Donations and funding | 342,838 | 263,096 | – | 7,014 | 57,646 | 670,594 |
| Amortisation of capital grant | 6,288 | 1,015 | – | 40,277 | 388 | 47,968 |
| Wage credit, special employment, credit and others | 18,794 | 1,343 | – | 8,956 | 1,888 | 30,981 |
| Expenditure | (626,333) | (297,964) | – | (322,761) | (179,732) | (1,426,790) |
| (Deficit)/surplus for the financial year | (125,496) | 95,949 | – | (134,505) | 1,790 | (162,262) |
| Transfer from Unrestricted Income Funds (Note 13) | 125,496 | – | – | 134,505 | – | 260,001 |
| **Balance as at 31 March 2019** | – | **309,093** | **2,030** | – | **1,790** | **312,913** |

(a) The operations of EduGrow is funded through Care and Share Matching Grant.

## 14 Restricted Funds (cont'd)

| | Friends of Children Fund $ | Friends of Youth Fund $ | Life Student Care Benevolent Fund $ | MightyKids Families & Community Fund $ | EduGrow Fund [a] $ | Total $ |
|---|---|---|---|---|---|---|
| **2018** | | | | | | |
| Balance as at 1 April 2017 | – | 295,396 | 4,579 | – | – | 299,975 |
| Comchest | 81,464 | 168,547 | – | 128,994 | – | 379,005 |
| Care and share funding | 3,450 | 818 | – | 1,975 | 124,257 | 130,500 |
| Donations and funding | 166,622 | 200,594 | – | 545 | 9,506 | 377,267 |
| Amortisation of capital grant | 4,060 | 761 | – | 40,131 | 388 | 45,340 |
| Wage credit, special employment, credit and others | 19,839 | 2,448 | – | 5,038 | 8,151 | 35,476 |
| Expenditure | (346,849) | (455,420) | (2,549) | (334,549) | (142,302) | (1,281,669) |
| Deficit for the financial year | (71,414) | (82,252) | (2,549) | (157,866) | – | (314,081) |
| Transfer from Unrestricted Income Funds (Note 13) | 71,414 | – | – | 157,866 | – | 229,280 |
| Balance as at 31 March 2018 | – | 213,144 | 2,030 | – | – | 215,174 |

[a] The operations of EduGrow is funded through Care and Share Matching Grant.

The purpose of Friends of Children Fund is to provide care and support for children (7 - 13 years old) whose parent is incarcerated.

The purpose of Friends of Youth Fund is to befriend and mentor youths (12 - 19 years old) whose parent is incarcerated.

The purpose of Life Student Care Benevolent Fund is to render assistance to needy students in cash or in kind.

The purpose of MightyKids Families & Community Fund is to affirm and nurture community kids to live an empowered life.

The purpose of EduGrow Fund is to seek to provide holistic support to children from low-income families in Marine Parade, enabling the growth towards an upward society mobility.

## 15 Operating lease commitment

At the balance sheet date, the Society has commitments in relation to non-cancellable operating lease contracted for rental of office equipment and premises but not recognised as liabilities as follows:

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Not later than one financial year | **3,786** | 60,116 |
| Later than one financial year but not later than five financial years | **2,960** | 2,826 |
| More than five financial years | **240** | – |
| | **6,986** | 62,942 |

## 16 Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Society and related parties during the financial year on terms agreed by the parties concerned:

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| **With related parties** | | |
| Storage expense | **10,800** | 9,600 |
| Other fees paid | – | 1,200 |
| Tax deductible donations received | **36,000** | 38,888 |
| Tutor services | **7,369** | 2,126 |
| Sponsorship | **3,655** | – |
| | | |
| **With members of the Executive Council** | | |
| Tax deductible donations received | **15,000** | 15,000 |

Related party refers to a close family member or a company in which a member of the Society's Executive Council is a key management personnel.

## 17 Financial instruments

### (a) Categories of financial instruments

Financial instruments as at balance sheet date are as follows:

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| *Financial assets* | | |
| Available-for-sale financial assets | – | 239,715 |
| Loan and receivables (including fixed deposits and cash and bank balances) | **6,825,111** | 6,387,203 |
| Total financial assets | **6,825,111** | 6,626,918 |
| *Financial liabilities* | | |
| At amortised cost | **663,422** | 513,783 |

## 17 Financial instruments (cont'd)

### (b) Financial risk management

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

***Foreign exchange risk***

The Society has no significant foreign currency exposure as majority of its transactions were carried out in local currency and the Society has no significant assets or liabilities denominated in foreign currencies.

***Interest rate risk***

The Society's exposure to interest rates relates primarily to the impact of changes in interest rates on its fixed deposit and bank balances with financial institutions which are minimal.

Sensitivity analysis for interest rate risk is not disclosed as the effect on profit or loss is considered not significant.

***Market price risk***

Market price risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Society is exposed to price risk arising from its investment in various quoted funds. These instruments are classified as available-for-sale financial assets. To manage its price risk arising from investments in funds, the Society diversifies its portfolio in accordance with the limits set by the Society.

Sensitivity analysis for market price risk is not disclosed as the effect on profit or loss is considered not significant.

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Society.

The Society does not have any significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet. Credit risk exposure in relation to financial assets at amortised costs as at 31 March 2019 is insignificant, and accordingly no credit loss allowance is recognised as at 31 March 2019.

<u>*Previous accounting policy for impairment of financial assets*</u>

*Financial assets that are neither past due nor impaired*

The Society places its cash with banks and financial institutions which are regulated.

Trade receivables that are neither past due nor impaired are substantially customers with a good collection track record with the Society.

## 17 Financial instruments (cont'd)

### (b) Financial risk management (cont'd)

***Credit risk (cont'd)***

<u>*Previous accounting policy for impairment of financial assets (cont'd)*</u>

*Financial assets that are past due but not impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The aged analysis of sundry receivables past due but not impaired is as follows:

| | 2018<br>$ |
|---|---|
| Past due less than 30 days | 15,485 |
| Past due 30 to 60 days | 3,511 |
| Past due over 60 days | 6,132 |
| | 25,128 |

The Society has no financial assets that are impaired.

***Liquidity and cash flow risk***

The Executive Council exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flows at all times.

## 18 Fair value of financial instruments

### (a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
(c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### (b) Fair value measurements of assets that are measured at fair value

The following table presents the level of fair value hierarchy for each class of financial instruments at fair value on the balance sheet date:

| | **Level 1**<br>**$** |
|---|---|
| 2018 | |
| Financial assets | |
| Available-for-sale financial assets: | |
| - investment fund | 239,715 |

## 18 Fair value of financial instruments (cont'd)

### (c) Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

*Investment fund*

The fair values of investment fund is determined based on market prices provided by financial institutions at the balance sheet date. These instruments are included in Level 1.

## 19 Fund management

The Society's funds are managed so as to maintain adequate working capital for the development of its principal activities over the longer term. These objectives remained unchanged from previous financial year.

## 20 Authorisation of financial statements

The financial statements of the Society for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Executive Council dated 19 July 2019.