

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

**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**31 MARCH 2012**

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**BAKER TILLY**  
**TFW LLP**

Certified Public Accountants



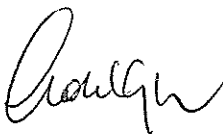
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**BAKER TILLY**  
**INTERNATIONAL**

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

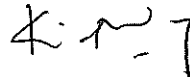
**STATEMENT BY EXECUTIVE COUNCIL**

On behalf of the Executive Council, we, Goh Kng Yan and Seow Kiat Wang, being the Chairman and Honorary Treasurer of Life Community Services Society (the "Society") respectively, do hereby, state that in our opinion, the accompanying financial statements set out on pages 4 to 18 are properly drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 March 2012, and of its results, changes in funds and cash flows for the financial year ended on that date.

On behalf of the Executive Council,



Goh Kng Yan  
Chairman



Seow Kiat Wang  
Honorary Treasurer

25 June 2012



**BAKER TILLY  
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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 Financial Statements**

We have audited the accompanying financial statements of Life Community Services Society (the "Society") as set out on pages 4 to 18, which comprise the balance sheet as at 31 March 2012, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

*Executive Council's Responsibility for the Financial Statements*

The Society's Executive Council is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards, the Societies Act and the Singapore Charities Act (the "Charities Act") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's 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 auditor's judgment, 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 control relevant to the entity's preparation and fair presentation of the financial statements 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 the Executive Council, 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.

*Opinion*

In our opinion, the financial statements of the Society are properly drawn up in accordance with Singapore Financial Reporting Standards, the Societies Act and the Charities Act so as to give a true and fair view of the state of affairs of the Society as at 31 March 2012, and the income and expenditure, changes in funds and cash flows of the Society for the financial year ended on that date.



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

**Report on Other Legal and Regulatory Requirements**

In our opinion,

- (a) the accounting and other records required by the regulations enacted under the Societies Act to be kept by the Society have been properly kept in accordance with those regulations; and
- (b) the fund-raising appeals held during the financial year ended 31 March 2012 have been carried out in accordance with regulation 6 of the Societies Regulations issued under the Societies Act Cap. 311 and proper accounts and other records have been kept of the fund-raising appeals.

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

- (a) The use of the donation moneys was not in accordance with the objectives of the Society as required under regulation 16 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.

*P Baker Tilly TFW*

Baker Tilly TFW LLP  
Public Accountants and  
Certified Public Accountants  
Singapore

25 June 2012

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

**STATEMENT OF COMPREHENSIVE INCOME**  
For the financial year ended 31 March 2012

	Note	Unrestricted Income Fund \$	Designated Funds \$	2012 \$	Total 2011 \$
<b>Income</b>					
Student care fee assistance		95,398	–	95,398	121,238
Government subvention		4,620	240,997	245,617	139,030
Donations and funding	4	175,016	694,644	869,660	1,005,290
Programme fees		809,758	1,594	811,352	787,565
Golf charity income		202,080	–	202,080	–
Interest income		7,843	–	7,843	5,387
Amortisation of capital grant	9	33,494	–	33,494	–
Gain on disposal of investments		–	–	–	4,498
Jobs credit scheme		15	–	15	5,483
<b>Total income</b>		<b>1,328,224</b>	<b>937,235</b>	<b>2,265,459</b>	<b>2,068,491</b>
<b>Operating expenses</b>					
Depreciation	5	57,345	27,053	84,398	42,582
Fund raising expenses		33,909	1,718	35,627	31,095
Loss on disposal of available-for-sale investments		7,613	–	7,613	–
Rental expenses		20,904	30,391	51,295	48,665
Staff costs	3	757,529	440,810	1,198,339	1,033,173
Golf charity expenses		46,841	–	46,841	–
Other operating expenses		209,449	154,784	364,233	328,886
		<b>1,133,590</b>	<b>654,756</b>	<b>1,788,346</b>	<b>1,484,401</b>
<b>Surplus and total comprehensive income for the year</b>		<b>194,634</b>	<b>282,479</b>	<b>477,113</b>	<b>584,090</b>

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 2012

	Note	2012 \$	2011 \$
<b>Non-current assets</b>			
Property, plant and equipment	5	227,357	94,069
<b>Current assets</b>			
Available-for-sale financial assets	6	210,387	141,780
Sundry receivables	7	45,025	63,427
Fixed deposits	8	1,306,248	1,310,378
Cash and bank balances		804,530	323,565
		<b>2,366,190</b>	<b>1,839,150</b>
<b>Total assets</b>		<b>2,593,547</b>	<b>1,933,219</b>
<b>Non-current liabilities</b>			
Deferred capital grant	9	100,484	–
<b>Current liabilities</b>			
Deferred capital grant	9	33,494	–
Sundry payables	10	196,273	147,036
		<b>229,767</b>	<b>147,036</b>
<b>Total liabilities</b>		<b>330,251</b>	<b>147,036</b>
<b>Net assets</b>		<b>2,263,296</b>	<b>1,786,183</b>
<b>Funds</b>			
Unrestricted Income Fund	11	1,647,274	1,462,921
Friends of Children Fund	12	437,565	194,293
Friends of Youth Fund	12	155,380	81,173
Life Student Care Benevolent Fund	12	–	–
MightyKids Families & Community Fund	12	23,077	47,796
		<b>2,263,296</b>	<b>1,786,183</b>

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

**LIFE COMMUNITY SERVICES SOCIETY**  
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**STATEMENT OF CHANGES IN FUNDS**  
For the financial year ended 31 March 2012

	← Designated Funds →					Total \$
	Unrestricted Income Fund \$	Friends of Children Fund \$	Friends of Youth Fund \$	Life Student Care Benevolent Fund \$	MightyKids Families & Community Fund \$	
Balance at 1 April 2010	1,077,536	22,234	51,340	3,939	47,044	1,202,093
Surplus and total comprehensive income/(loss) for the year	386,662	172,059	29,833	(5,216)	752	584,090
Transfer of funds	(1,277)	—	—	1,277	—	—
Balance at 31 March 2011	1,462,921	194,293	81,173	—	47,796	1,786,183
Surplus and total comprehensive income/(loss) for the year	194,634	243,272	74,207	(10,281)	(24,719)	477,113
Transfer of funds	(10,281)	—	—	10,281	—	—
Balance at 31 March 2012	<b>1,647,274</b>	<b>437,565</b>	<b>155,380</b>	—	<b>23,077</b>	<b>2,263,296</b>

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 2012

	2012 \$	2011 \$
<b>Cash flows from operating activities</b>		
Surplus for the financial year	477,113	584,090
Adjustments for:		
Amortisation of capital grant	(33,494)	–
Depreciation of property, plant and equipment	84,398	42,582
Loss/(gain) on disposal of available-for-sale financial assets	7,613	(4,498)
Interest income	(7,843)	(5,387)
<b>Operating surplus before movements in working capital</b>	<b>527,787</b>	<b>616,787</b>
Receivables	18,402	(29,512)
Payables	49,237	(76,129)
<b>Net cash from operating activities</b>	<b>595,426</b>	<b>511,146</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of available-for-sale financial assets	169,366	52,498
Purchase of property, plant and equipment	(217,686)	(26,939)
Purchase of available-for-sale financial assets	(245,586)	(141,780)
Interest received	7,843	5,387
Deferred capital grant received for property, plant and equipment	167,472	–
<b>Net cash used in investing activities</b>	<b>(118,591)</b>	<b>(110,834)</b>
<b>Net increase in cash and cash equivalents</b>	<b>476,835</b>	<b>400,312</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>1,633,943</b>	<b>1,233,631</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>2,110,778</b>	<b>1,633,943</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits	1,306,248	1,310,378
Cash and bank balances	804,530	323,565
	<b>2,110,778</b>	<b>1,633,943</b>

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



**LIFE COMMUNITY SERVICES SOCIETY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 March 2012**

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 Public Character status for certain of its programs. The principal place of activities is at Blk 681 Hougang Avenue 8, #04-801, Singapore 530681.

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

**2 Significant accounting policies**

**a) Basis of preparation**

The financial statements, expressed in Singapore dollars which is the Society’s functional currency, have been prepared in accordance with the provisions of the Societies Act, Singapore Charities Act and Singapore Financial Reporting Standards (“FRS”). 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 FRS 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.

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 judgments and estimates made during the year.

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

## 2 Significant accounting policies (cont'd)

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

In the current financial year, the Society has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised FRS has no material effect on the financial statements.

At the date of the balance sheet, the following FRS and INT FRS were issued, revised or amended but not effective for the current financial year:

FRS 19	Employee Benefits
FRS 27	Separate Financial Statements
FRS 28	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
FRS 113	Fair Value Measurements
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 101	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 107	Disclosures -Transfers of Financial Assets
Amendments to FRS 107	Disclosures – Offsetting Financial Assets and Financial Liabilities

The Society anticipates that the adoption of these FRSs and INT FRSs where applicable in future periods will have no material impact on the financial statements.

### 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 to 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 4 student care centres, Friends of Children, Friends of Youth and MightyKids, Families & Community programmes are apportioned accordingly based on the basis determined by management.

## 2 Significant accounting policies (cont'd)

### c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

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

	%
Office equipment	20
Furniture and fittings	20
Computer	20
Renovation	20
Motor vehicle	20
Musical instrument	20

The residual values, estimated useful lives and depreciation method of property, 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 property, 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 income. 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.

### 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*

The Society contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Singapore Government. The Society's contributions to CPF are charged to profit or loss in the period in which the contributions relate.

#### *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.

## 2 Significant accounting policies (cont'd)

### g) Financial assets

The Company's only financial assets are "available-for-sale financial assets" and "loans and receivables" which comprise other receivables, fixed deposits and cash and bank balances.

#### *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 – 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.

#### *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 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.

### h) Financial liabilities

Financial liabilities, which comprise sundry payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

**2 Significant accounting policies (cont'd)**

**i) Provisions**

Provisions are recognised when the Society has a legal or constructive obligation as a result of a past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

**j) Operating leases**

Leases where 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 profit or loss 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.

**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.

**3 Staff costs**

	2012 \$	2011 \$
Salaries and bonuses	1,050,683	914,089
CPF and other contributions	124,391	104,991
Others	23,265	14,093
	1,198,339	1,033,173

Included in staff costs is an amount of \$119,100 (2011: \$114,100) and \$7,235 (2011: \$8,818) for remuneration and CPF contributions paid to key management personnel.

**4 Tax deductible receipts**

The Society issued tax deductible receipts for donations received during the year amounting to \$505,413 (2011: \$441,161). This includes the funding received in advance at year-end of \$39,442 (note 10).

**5 Property, plant and equipment**

	Office equipment \$	Furniture and fittings \$	Computer \$	Renovation \$	Motor vehicle \$	Musical instrument \$	Total \$
<b>2012</b>							
<b>Cost</b>							
At 1.4.2011	78,075	99,192	26,014	655,409	48,713	1,848	909,251
Additions	7,277	13,564	1,108	195,737	–	–	217,686
At 31.3.2012	<b>85,352</b>	<b>112,756</b>	<b>27,122</b>	<b>851,146</b>	<b>48,713</b>	<b>1,848</b>	<b>1,126,937</b>
<b>Accumulated depreciation</b>							
At 1.4.2011	51,343	89,207	18,601	616,322	38,971	738	815,182
Depreciation charge	9,656	6,152	3,875	54,603	9,742	370	84,398
At 31.3.2012	<b>60,999</b>	<b>95,359</b>	<b>22,476</b>	<b>670,925</b>	<b>48,713</b>	<b>1,108</b>	<b>899,580</b>
<b>Net carrying value</b>							
At 31.3.2012	<b>24,353</b>	<b>17,397</b>	<b>4,646</b>	<b>180,221</b>	<b>–</b>	<b>740</b>	<b>227,357</b>
<b>2011</b>							
<b>Cost</b>							
At 1.4.2010	56,103	98,219	23,820	653,609	48,713	1,848	882,312
Additions	21,972	973	2,194	1,800	–	–	26,939
At 31.3.2011	78,075	99,192	26,014	655,409	48,713	1,848	909,251
<b>Accumulated depreciation</b>							
At 1.4.2010	42,505	85,134	14,498	600,866	29,228	369	772,600
Depreciation charge	8,838	4,073	4,103	15,456	9,743	369	42,582
At 31.3.2011	51,343	89,207	18,601	616,322	38,971	738	815,182
<b>Net carrying value</b>							
At 31.3.2011	26,732	9,985	7,413	39,087	9,742	1,110	94,069

**6 Available-for-sale financial assets**

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

**7 Sundry receivables**

	2012	2011
	\$	\$
Funding receivable	25,000	25,000
Underfunding from CDC	–	21,356
Sundry receivables	2,531	4,944
Fees receivables	4,138	2,927
Sundry deposits	9,146	7,475
Prepayment	4,210	1,725
	<u>45,025</u>	<u>63,427</u>

**8 Fixed deposits**

The fixed deposits bear interest at rates ranging from 0.10% to 1.00% (2011: 0.25% to 0.70%) per annum with maturity period ranging from 1 to 12 months (2011: 1 to 12 months) after the balance sheet date.

**9 Deferred capital grant**

Capital grants were received from Ministry of Community Development, Youth and Sports (MCYS) during the financial year 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.

	2012	2011
	\$	\$
Grant received	167,472	–
Less: Amortisation	(33,494)	–
	<u>133,978</u>	<u>–</u>
Balance as at 31 March 2012	133,978	–
Amortisation:		
Within 1 year	33,494	–
Within 2 to 5 years	100,484	–
	<u>133,978</u>	<u>–</u>

**10 Sundry payables**

	2012	2011
	\$	\$
Funding received in advance	39,442	–
Overfunding from CDC	2,605	12,529
Advance fees received	4,179	1,065
Student care deposits	77,780	71,189
Accrued operating expenses	57,473	61,147
Other payables	14,794	1,106
	<u>196,273</u>	<u>147,036</u>

**11 Unrestricted Income Fund**

	2012 \$	2011 \$
Balance as at 1 April	1,462,921	1,077,536
Surplus for the year	194,634	386,662
Transfer of funds to Life Student Care Benevolent Fund (note 12)	(10,281)	(1,277)
Balance as at 31 March	<u>1,647,274</u>	<u>1,462,921</u>

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

**12 Designated Funds**

	Friends of Children Fund \$	Friends of Youth Fund \$	Life Student Care Benevolent Fund \$	MightyKids Families & Community Fund \$	Total \$
<b>2012</b>					
Balance as at 1 April 2011	194,293	81,173	–	47,796	323,262
Government subvention	168,872	71,885	–	240	240,997
Donations and funding	564,794	77,160	1,820	50,870	694,644
Miscellaneous income	96	–	–	1,498	1,594
Expenditure	(490,490)	(74,838)	(12,101)	(77,327)	(654,756)
Surplus/(deficit) for the year	243,272	74,207	(10,281)	(24,719)	282,479
Funds transfers (note 11)	–	–	10,281	–	10,281
Balance as at 31 March 2012	<u>437,565</u>	<u>155,380</u>	–	<u>23,077</u>	<u>616,022</u>
<b>2011</b>					
Balance as at 1 April 2010	22,234	51,340	3,939	47,044	124,557
Government subvention	97,881	40,159	–	–	138,040
Donations and funding	484,038	93,000	12,620	78,004	667,662
Miscellaneous income	1,488	167	–	199	1,854
Expenditure	(411,348)	(103,493)	(17,836)	(77,451)	(610,128)
Surplus/(deficit) for the year	172,059	29,833	(5,216)	752	197,428
Funds transfers (note 11)	–	–	1,277	–	1,277
Balance as at 31 March 2011	<u>194,293</u>	<u>81,173</u>	–	<u>47,796</u>	<u>323,262</u>

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 and Community Fund is to affirm and nurture community kids to live an empowered life.



### 13 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 but not recognised as liabilities, are payable as follows:

	2012	2011
	\$	\$
Not later than one financial year	9,120	3,852
Later than one financial year but not later than five financial years	14,153	6,581
	<hr/>	<hr/>

### 14 Related party transactions

Other than as 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:

	2012	2011
	\$	\$
<b>With a related party</b>		
Storage expense	9,600	9,600
Other fees paid	1,200	1,200
	<hr/>	<hr/>

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

### 15 Financial instruments

#### a) Categories of financial instruments

Financial instruments as at balance sheet date are as follows:

	2012	2011
	\$	\$
<b>Financial assets</b>		
Available-for-sale financial assets	210,387	141,780
Loan and receivables (including cash and bank balances)	2,151,593	1,695,645
	<hr/>	<hr/>
Total financial assets	2,361,980	1,837,425
	<hr/>	<hr/>
<b>Financial liabilities</b>		
At amortised cost	152,652	145,971
	<hr/>	<hr/>

#### 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.

## 15 Financial instruments (cont'd)

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

#### *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.

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*

The Society's exposure to credit risk arises from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Society, as and when they fall due. The Society manages this risk by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

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

As at balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Society does not have any receivables that is past due and/or impaired at balance sheet date.

#### *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.

## 16 Fair value of financial instruments

### (a) Fair value measurements of financial instruments that are carried at fair value

The Society has no financial assets and financial liabilities carried at fair value on the balance sheet except for the available-for-sale financial assets. The fair values of the Society's available-for-sale financial assets are determined based on the quoted closing prices on the last market day of the financial year which is a Level 1 fair value hierarchy measurement basis.

## **16 Fair value of financial instruments (cont'd)**

### **(a) Fair value measurements of financial instruments that are carried at fair value (cont'd)**

The fair value hierarchy have the following levels:

- i) Level 1 – Quoted prices (unadjusted) inactive markets for identical assets or liabilities;
- ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Society does not have any Level 2 or Level 3 financial assets and liabilities.

### **(b) Fair value of financial instruments that are not carried at fair value**

The carrying amounts of these financial assets and financial liabilities recorded in the financial statements of the Society approximate their fair values.

## **17 Fund management**

The Society's funds are managed so as to maintain adequate working capital for and the development of its principal activities over the longer term.

## **18 Authorisation of financial statement**

The financial statements of the Society for the financial year ended 31 March 2012 were authorised for issue in accordance with a resolution of the Executive Council dated 25 June 2012.