

LIFE COMMUNITY SERVICES SOCIETY
(ROS Ref No. UENS96SS0100H)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2013

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Baker Tilly TFW LLP
Certified Public Accountants


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

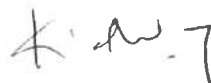
STATEMENT BY EXECUTIVE COUNCIL

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 the Societies Act, the Singapore Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 March 2013, 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

24 June 2013



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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 2013, 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 the Societies Act, the Singapore Charities Act (the "Charities Act") and Singapore Financial Reporting Standards, 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 the Societies Act, the Charities Act and Singapore Financial Reporting Standards, so as to present fairly, in all material respects the state of affairs of the Society as at 31 March 2013, 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 2013 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.



Baker Tilly TFW LLP
Public Accountants and
Certified Public Accountants
Singapore

24 June 2013

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

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2013

	Note	Unrestricted Income Fund \$	Designated Funds \$	2013 \$	Total 2012 \$
Income					
Student care fee assistance		181,443	–	181,443	95,398
Government subvention		3,600	156,945	160,545	245,617
Donations and funding	4	637,492	365,444	1,002,936	869,660
Programme fees		866,368	682	867,050	811,352
Golf charity income		–	–	–	202,080
Noah's Ark fund raising income		64,369	–	64,369	–
Interest income		12,789	–	12,789	7,843
Amortisation of capital grant	9	33,494	–	33,494	33,494
Jobs credit scheme		–	–	–	15
Special Employment Credit		26,399	2,081	28,480	–
Total income		1,825,954	525,152	2,351,106	2,265,459
Operating expenses					
Depreciation	5	57,745	17,995	75,740	84,398
Fund raising expenses		22,569	8,478	31,047	35,627
Loss on disposal of available-for-sale investments		–	–	–	7,613
Rental expenses		21,007	30,829	51,836	51,295
Staff costs	3	880,218	556,817	1,437,035	1,198,339
Golf charity expenses		–	–	–	46,841
Other operating expenses		230,443	143,688	374,131	364,233
		1,211,982	757,807	1,969,789	1,788,346
Surplus/(deficit) and total comprehensive income/(loss) for the year		613,972	(232,655)	381,317	477,113

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 2013

	Note	2013 \$	2012 \$
Non-current assets			
Property, plant and equipment	5	178,991	227,357
Current assets			
Available-for-sale financial assets	6	210,387	210,387
Sundry receivables	7	242,140	45,025
Fixed deposits	8	2,008,958	1,306,248
Cash and bank balances		557,054	804,530
		3,018,539	2,366,190
Total assets		3,197,530	2,593,547
Non-current liabilities			
Deferred capital grant	9	66,990	100,484
Current liabilities			
Deferred capital grant	9	33,494	33,494
Sundry payables	10	452,433	196,273
		485,927	229,767
Total liabilities		552,917	330,251
Net assets		2,644,613	2,263,296
Funds			
Unrestricted Income Fund	11	2,261,246	1,647,274
Friends of Children Fund	12	234,662	437,565
Friends of Youth Fund	12	129,627	155,380
Life Student Care Benevolent Fund	12	1,444	—
MightyKids Families & Community Fund	12	17,634	23,077
		2,644,613	2,263,296

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 2013

	Unrestricted Income Fund \$	Designated Funds			MightyKids Families & Community Fund \$	Total \$
		Friends of Children Fund \$	Friends of Youth Fund \$	Life Student Care Benevolent Fund \$		
Balance at 1 April 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	1,647,274	437,565	155,380	–	23,077	2,263,296
Surplus and total comprehensive income/(loss) for the year	613,972	(202,903)	(25,753)	1,444	(5,443)	381,317
Balance at 31 March 2013	2,261,246	234,662	129,627	1,444	17,634	2,644,613

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 2013

	2013 \$	2012 \$
Cash flows from operating activities		
Surplus for the financial year	381,317	477,113
Adjustments for:		
Amortisation of capital grant	(33,494)	(33,494)
Depreciation of property, plant and equipment	75,740	84,398
Loss on disposal of available-for-sale financial assets	—	7,613
Interest income	(12,789)	(7,843)
Operating surplus before movements in working capital	410,774	527,787
Receivables	(197,115)	18,402
Payables	256,160	49,237
Net cash from operating activities	469,819	595,426
Cash flows from investing activities		
Proceeds from disposal of available-for-sale financial assets	—	169,366
Purchase of property, plant and equipment	(27,374)	(217,686)
Purchase of available-for-sale financial assets	—	(245,586)
Interest received	12,789	7,843
Capital grant received for property, plant and equipment	—	167,472
Net cash used in investing activities	(14,585)	(118,591)
Net increase in cash and cash equivalents	455,234	476,835
Cash and cash equivalents at beginning of financial year	2,110,778	1,633,943
Cash and cash equivalents at end of financial year	2,566,012	2,110,778
Cash and cash equivalents comprise:		
Fixed deposits	2,008,958	1,306,248
Cash and bank balances	557,054	804,530
	2,566,012	2,110,778

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2013

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, sundry 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.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2012 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Society.

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.

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.

2 Significant accounting policies (cont'd)

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.

g) Financial assets

The Company's only financial assets are "available-for-sale financial assets" and "loans and receivables" which comprise sundry receivables (excluding prepayments), 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.

2 Significant accounting policies (cont'd)

g) Financial assets (cont'd)

Available-for-sale financial assets (cont'd)

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 (excluding funding received in advance) 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.

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.

2 Significant accounting policies (cont'd)

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

	2013 \$	2012 \$
Salaries and bonuses	1,257,261	1,050,683
CPF and other contributions	157,129	124,391
Others	22,645	23,265
	1,437,035	1,198,339

Included in staff costs is an amount of \$142,350 (2012: \$119,100) and \$8,735 (2012: \$7,235) for remuneration and CPF contributions paid to key management personnel.

	2013	2012
<u>Key Management Remuneration</u>		
Number of staff in the following remuneration band:		
\$100,001 to \$150,000	1	1

4 Tax deductible receipts

The Society issued tax deductible receipts for donations received during the year amounting to \$854,917 (2012: \$505,413). This includes the funding received in advance at year-end of \$144,660 (2012: \$39,442). During the financial year, the Society cancelled receipts issued in the previous financial year and re-issued tax-deductible receipts for donations received in the previous financial year of \$26,589.

5 Property, plant and equipment

	Office equipment \$	Furniture and fittings \$	Computer \$	Renovation \$	Motor vehicle \$	Musical instruments \$	Total \$
2013							
Cost							
At 1.4.2012	85,352	112,756	27,122	851,146	48,713	1,848	1,126,937
Additions	1,986	6,321	1,330	17,737	-	-	27,374
At 31.3.2013	87,338	119,077	28,452	868,883	48,713	1,848	1,154,311
Accumulated depreciation							
At 1.4.2012	60,999	95,359	22,476	670,925	48,713	1,108	899,580
Depreciation charge	9,389	7,237	2,148	56,596	-	370	75,740
At 31.3.2013	70,388	102,596	24,624	727,521	48,713	1,478	975,320
Net carrying value							
At 31.3.2013	16,950	16,481	3,828	141,362	-	370	178,991
2012							
Cost							
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	85,352	112,756	27,122	851,146	48,713	1,848	1,126,937
Accumulated depreciation							
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	60,999	95,359	22,476	670,925	48,713	1,108	899,580
Net carrying value							
At 31.3.2012	24,353	17,397	4,646	180,221	-	740	227,357

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

	2013 \$	2012 \$
Funding and donation receivable	203,600	25,000
Sundry receivables	—	2,531
Fees receivables	27,209	4,138
Sundry deposits	9,486	9,146
Prepayment	1,845	4,210
	<u>242,140</u>	<u>45,025</u>

8 Fixed deposits

The fixed deposits bear interest at rates ranging from 0.25% to 1.60% (2012: 0.10% to 1.00%) per annum with maturity period ranging from 1 to 18 months (2012: 1 to 12 months) after the balance sheet date.

9 Deferred capital grant

Capital grants were received from Ministry of Social and Family Development during the previous 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.

	2013 \$	2012 \$
Grant received	167,472	167,472
Less: Accumulated amortisation	(66,988)	(33,494)
	<u>100,484</u>	<u>133,978</u>
Balance as at 31 March 2013		
Amortisation:		
Within 1 year	33,494	33,494
Within 2 to 5 years	66,990	100,484
	<u>100,484</u>	<u>133,978</u>

10 Sundry payables

	2013 \$	2012 \$
GST payable	17,043	—
Funding received in advance	56,250	39,442
Overfunding from CDC	9,295	2,605
Advance fees received	2,777	4,179
Run for Life donations received in advance	133,329	—
Student care deposits	80,562	77,780
Accrued operating expenses	145,607	57,473
Other payables	7,570	14,794
	<u>452,433</u>	<u>196,273</u>

11 Unrestricted Income Fund

	2013 \$	2012 \$
Balance as at 1 April	1,647,274	1,462,921
Surplus for the year	613,972	194,634
Transfer of funds to Life Student Care Benevolent Fund (note 12)	–	(10,281)
Balance as at 31 March	<u>2,261,246</u>	<u>1,647,274</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 \$
2013					
Balance as at 1 April 2012	437,565	155,380	–	23,077	616,022
Government subvention	109,850	46,827	–	268	156,945
Donations and funding	217,202	47,077	13,230	87,935	365,444
Miscellaneous income	2,081	–	–	682	2,763
Expenditure	(532,036)	(119,657)	(11,786)	(94,328)	(757,807)
Surplus/(deficit) for the year	(202,903)	(25,753)	1,444	(5,443)	(232,655)
Balance as at 31 March 2013	<u>234,662</u>	<u>129,627</u>	<u>1,444</u>	<u>17,634</u>	<u>383,367</u>
2012					
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>–</u>	<u>23,077</u>	<u>616,022</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:

	2013	2012
	\$	\$
Not later than one financial year	27,237	9,120
Later than one financial year but not later than five financial years	42,854	14,153
	<u>42,854</u>	<u>14,153</u>

14 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:

	2013	2012
	\$	\$
With a related party		
Storage expense	9,600	9,600
Other fees paid	1,200	1,200
	<u>1,200</u>	<u>1,200</u>

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:

	2013	2012
	\$	\$
Financial assets		
Available-for-sale financial assets	210,387	210,387
Loan and receivables (including cash and bank balances)	2,806,306	2,151,593
	<u>3,016,693</u>	<u>2,361,980</u>
Financial liabilities		
At amortised cost	260,076	152,652
	<u>260,076</u>	<u>152,652</u>

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.

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 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

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 2013 were authorised for issue in accordance with a resolution of the Executive Council dated 24 June 2013.