

**LIFE COMMUNITY SERVICES SOCIETY**  
(ROS RefNo. UENS96SS0100H)

**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**31 MARCH 2018**

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**BAKER TILLY**  
**TFW**

Baker Tilly TFW LLP  
Chartered Accountants of Singapore

An independent member of 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 do hereby state that in our opinion, the financial statements of Life Community Services Society (the “Society”), as set out on pages 6 to 24 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 2018, 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 FY17/18 and Board Members attendance***

A total of nine (9) meetings were held in FY 2017/18 including board meetings, Annual General Meetings and Extraordinary General Meetings.

<b>Board Member</b>	<b>Number of meetings attended</b>
Mr Nicholas Goh Cher Shuie	8 out of 9
Mr Shaun Tan Zhonghao	8 out of 9
Mr Seow Kiat Wang	8 out of 9
Dr Gilbert Tan Yip Wei	9 out of 9
Mr Goh Kng Yan	6 out of 9
Dr Tan Kok Beng	5 out of 9

***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 demonstrates 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 or low income 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. Availability to attend bi-monthly meetings and Life Community events are also important; hence family support is needed. Willingness to be a donor and having a network of donor prospects including but not limited to knowledge of missions fund-raising are also key consideration factors in order to further the mission of Life Community. We also 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 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) Appreciating the potential tensions between Board members and the executive management, it is wise to take the time to make a selection based on criteria set by the Board, and not be made to rush into a decision.
- iii) 100% Board members are agreeable to have all the Board members stay and provide a run-in period to on-board new Board members.
- iv) 5 potential Board members have been nominated in FY2017/2018.

On behalf of the Executive Council

  
Nicholas Chan Cher Shuie  
Chairman

16 July 2018

  
Gilbert Tan Yip Wei  
Honorary Treasurer





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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 24, which comprise the balance sheet as at 31 March 2018, 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 2018 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 page 1 and the Annual Report for the financial year ended 31 March 2018, 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.

**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.

The fund raising appeal held during the financial year ended 31 March 2018 has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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

16 July 2018



**LIFE COMMUNITY SERVICES SOCIETY**  
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**STATEMENT OF COMPREHENSIVE INCOME**  
**For the financial year ended 31 March 2018**

	Note	Unrestricted Income Funds \$	Fair Value Reserve \$	Restricted Funds \$	Total 2018 \$	Total 2017 \$
<b>Income</b>						
Student care fee assistance		192,745	–	–	<b>192,745</b>	238,988
Comchest		–	–	379,005	<b>379,005</b>	368,540
Care and share funding		102,228	–	130,500	<b>232,728</b>	392,662
Donations and funding	3	448,964	–	377,267	<b>826,231</b>	1,005,280
Programme fees		1,315,096	–	–	<b>1,315,096</b>	1,133,012
Interest income		86,289	–	–	<b>86,289</b>	32,585
Amortisation of capital grant	9	73,037	–	45,340	<b>118,377</b>	110,390
Wages credit, special employment credit and others		100,181	–	35,476	<b>135,657</b>	147,519
<b>Total income</b>	4	<b>2,318,540</b>	–	<b>967,588</b>	<b>3,286,128</b>	<b>3,428,976</b>
<b>Expenditure</b>						
Depreciation	5	89,401	–	49,654	<b>139,055</b>	134,315
Fundraising expenses		43,644	–	–	<b>43,644</b>	58,433
Rental expenses		39,082	–	41,938	<b>81,020</b>	84,600
Staff costs		1,322,187	–	1,035,397	<b>2,357,584</b>	2,129,270
Other operating expenses		396,785	–	154,680	<b>551,465</b>	477,571
<b>Total expenditure</b>	4	<b>1,891,099</b>	–	<b>1,281,669</b>	<b>3,172,768</b>	<b>2,884,189</b>
<b>Total surplus/(deficit) for the financial year</b>		<b>427,441</b>	–	<b>(314,081)</b>	<b>113,360</b>	<b>544,787</b>
<b>Other comprehensive income</b>						
<i>Items that are or maybe reclassified subsequently to profit or loss</i>						
Fair value gain on available- for-sale financial assets		–	3,410	–	<b>3,410</b>	9,854
<b>Total surplus/(deficit) and comprehensive income/(loss) for the financial year</b>		<b>427,441</b>	<b>3,410</b>	<b>(314,081)</b>	<b>116,770</b>	<b>554,641</b>

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



**LIFE COMMUNITY SERVICES SOCIETY**  
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**BALANCE SHEET**  
At 31 March 2018

	Note	2018 \$	2017 \$
<b>Non-current asset</b>			
Property, plant and equipment	5	197,909	266,658
<b>Current assets</b>			
Available-for-sale financial assets	6	239,715	236,305
Trade receivables		25,128	2,496
Other receivables	7	133,141	165,342
Fixed deposits	8	5,354,356	4,310,756
Cash and bank balances		894,993	1,356,458
		6,647,333	6,071,357
<b>Total assets</b>		6,845,242	6,338,015
<b>Non-current liability</b>			
Deferred capital grant	9	48,429	124,000
<b>Current liabilities</b>			
Deferred capital grant	9	126,094	106,963
Trade payables		21,919	7,974
Other payables	10	1,477,554	1,044,602
		1,625,567	1,159,539
<b>Total liabilities</b>		1,673,996	1,283,539
<b>Net assets</b>		5,171,246	5,054,476
<b>Funds</b>			
Unrestricted Income Funds	11	4,926,744	4,728,583
<i>Restricted Funds</i>			
- Friends of Children Fund	12	–	–
- Friends of Youth Fund	12	213,144	295,396
- Life Student Care Benevolent Fund	12	2,030	4,579
- MightyKids Families & Community Fund	12	–	–
- EduGrow Fund	12	–	–
Fair Value Reserve		29,328	25,918
		5,171,246	5,054,476

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 2018**

	Unrestricted Income Funds \$	Fair Value Reserve \$	Restricted Funds				Total \$
			Friends of Children Fund \$	Friends of Youth Fund \$	Life Student Care Benevolent Fund \$	MightyKids Families & Community EduGrow Fund \$	
Balance at 1 April 2016	4,308,754	16,064	—	163,409	11,608	—	4,499,835
Surplus/(deficit) for the financial year	604,704	—	(93,159)	131,987	(7,029)	(91,716)	544,787
Fair value gain on available-for-sale financial assets	—	9,854	—	—	—	—	9,854
Total surplus/(deficit) and comprehensive income/(loss) for the financial year	604,704	9,854	(93,159)	131,987	(7,029)	(91,716)	554,641
Transfer of funds	(184,875)	—	93,159	—	—	91,716	—
Balance at 31 March 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	—
<b>Balance at 31 March 2018</b>	<b>4,926,744</b>	<b>29,328</b>	<b>—</b>	<b>213,144</b>	<b>2,030</b>	<b>—</b>	<b>5,171,246</b>

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

**LIFE COMMUNITY SERVICES SOCIETY**  
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**STATEMENT OF CASH FLOWS**  
**For the financial year ended 31 March 2018**

	2018 \$	2017 \$
<b>Cash flows from operating activities</b>		
Surplus for the financial year	113,360	544,787
Adjustments for:		
Amortisation of capital grant	(118,377)	(110,390)
Depreciation of property, plant and equipment	139,055	134,315
Interest income	(86,289)	(32,585)
Operating cash flows before working capital changes	47,749	536,127
Trade and other receivables	9,569	143,267
Trade and other payables	446,897	123,436
<b>Net cash generated from operating activities</b>	<b>504,215</b>	<b>802,830</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(70,306)	(7,118)
Interest received	86,289	32,585
Capital grant received for property, plant and equipment	61,937	49,908
<b>Net cash generated from investing activities</b>	<b>77,920</b>	<b>75,375</b>
<b>Net increase in cash and cash equivalents</b>	<b>582,135</b>	<b>878,205</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>5,667,214</b>	<b>4,789,009</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>6,249,349</b>	<b>5,667,214</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits	5,354,356	4,310,756
Cash and bank balances	894,993	1,356,458
	<b>6,249,349</b>	<b>5,667,214</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 2018**

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.

## 2 Significant accounting policies (cont'd)

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

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

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.

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 and revised FRSs and INT FRSs did not have any material effect on the financial statements of the Society.

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 March 2018 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, except as described below:

#### ***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 balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 April 2019. The Company will assess the potential impact of FRS 116 and plans to adopt the standard on the required effective date.

### 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.



## 2 Significant accounting policies (cont'd)

### c) Property, plant and equipment

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

Property, 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 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 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.

### 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.



## 2 Significant accounting policies (cont'd)

### g) Financial assets

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.

#### *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.

#### *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.

### 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.

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

### **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 income or expenditure.

### **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.

### **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 Tax deductible receipts**

The Society issued tax deductible receipts for donations received during the financial year amounting to \$609,989 (2017: \$513,472). This includes the funding received in advance at year-end of \$29,000 (2017: \$42,068).

## 4 Total income/(expenditure)

	← Restricted Funds →					EduGrow Fund	Total 2018 \$	Total 2017 \$
	Unrestricted Income Funds \$	Friends of Children Fund \$	Friends of Youth Fund \$	Student Care Benevolent Fund \$	Life MightyKids Families & Community Fund \$			
<b>Income</b>								
Student care fee assistance	192,745	–	–	–	–	–	<b>192,745</b>	238,988
Comchest	–	81,464	168,547	–	128,994	–	<b>379,005</b>	368,540
Care and share funding	102,228	3,450	818	–	1,975	124,257	<b>232,728</b>	392,662
Donations and funding	448,964	166,622	200,594	–	545	9,506	<b>826,231</b>	1,005,280
Program fees	1,315,096	–	–	–	–	–	<b>1,315,096</b>	1,133,012
Interest income	86,289	–	–	–	–	–	<b>86,289</b>	32,585
Amortisation of capital grant	73,037	4,060	761	–	40,131	388	<b>118,377</b>	110,390
Wage credit, special employment credit and others	100,181	19,839	2,448	–	5,038	8,151	<b>135,657</b>	147,519
<b>Total income</b>	<b>2,318,540</b>	<b>275,435</b>	<b>373,168</b>	<b>–</b>	<b>176,683</b>	<b>142,302</b>	<b>3,286,128</b>	<b>3,428,976</b>



## 4 Total income/(expenditure) (cont'd)

	← Restricted Funds →						Total 2018 \$	Total 2017 \$
	Unrestricted Income Funds \$	Friends of Children Fund \$	Friends of Youth Fund \$	Student Care Benevolent Fund \$	Life MightyKids Families & Community Fund \$	EduGrow Fund \$		
<b>Expenditure</b>								
Auditor's remuneration	(3,748)	(1,671)	(501)	—	(501)	—	(6,421)	(6,366)
Bank charges	(1,440)	—	—	—	—	—	(1,440)	(2,091)
Benevolent expenses	—	—	—	(2,549)	—	—	(2,549)	(7,029)
Classroom materials	(4,452)	—	—	—	—	—	(4,452)	(1,987)
Copier leasing	(6,648)	—	—	—	—	—	(6,648)	(6,648)
Charity Golf - expenses	(38,477)	—	—	—	—	—	(38,477)	(55,424)
Donor, volunteers & staff dinner/year end gift	—	—	—	—	—	—	—	(1,428)
Depreciation	(89,401)	(4,480)	(1,670)	—	(43,116)	(388)	(139,055)	(134,315)
Event/recreation and outing	(61,027)	(129)	—	—	(16)	—	(61,172)	(6,754)
Fundraising expenses	(5,167)	—	—	—	—	—	(5,167)	(3,009)
Meeting related expenses	(1,776)	(700)	—	—	—	(90)	(2,566)	(4,040)
General expenses	(4,410)	—	—	—	(99)	(5)	(4,514)	(5,774)
Groceries and meals expenses	(97,320)	—	—	—	(728)	—	(98,048)	(84,099)
Insurance expenses	(8,248)	—	(21)	—	(740)	—	(9,009)	(7,456)
Medical expenses	(5,575)	(502)	(1,039)	—	(532)	—	(7,648)	(7,130)
Printing and stationery	(7,665)	(165)	(54)	—	(659)	—	(8,543)	(6,223)
Professional fees	(37,070)	—	—	—	—	—	(37,070)	(59,000)
License fees	(2,601)	(162)	(162)	—	(324)	—	(3,249)	(3,141)
Publicity/entertainment and promotions	(1,846)	—	—	—	—	—	(1,846)	(3,463)
Recruitment expenses	(1,053)	—	—	—	—	—	(1,053)	(3,265)
Rental of premises under operating lease	(39,082)	(30,051)	(2,732)	—	(9,155)	—	(81,020)	(84,600)
Staff salaries, bonuses and allowance	(1,132,112)	(213,505)	(345,690)	—	(231,498)	(108,128)	(2,030,933)	(1,835,725)
Staff CPF and other contributions	(155,425)	(32,457)	(54,406)	—	(31,032)	(16,016)	(289,336)	(265,618)
Staff insurance and welfare	(34,650)	(589)	(1,218)	—	(572)	(286)	(37,315)	(27,927)
Storage	(8,640)	(2,160)	—	—	—	—	(10,800)	(10,800)
Telephone expenses	(12,067)	—	—	—	(1,782)	(596)	(14,445)	(13,399)
Training	(9,919)	(750)	(1,552)	—	(518)	(301)	(13,040)	(22,548)
Transport expenses	(2,980)	(95)	(80)	—	(475)	(34)	(3,664)	(2,626)
Tuition expenses	(1,740)	(8,750)	—	—	(3,879)	—	(14,369)	—
Upkeep and maintenance of premises	(8,591)	—	—	—	(1,994)	—	(10,585)	(7,445)
Upkeep and maintenance of vehicles	—	(5,986)	—	—	—	—	(5,986)	(7,638)
Upkeep of IT system	(15,577)	—	(100)	—	(74)	—	(15,751)	(1,669)
Utility expenses	(33,796)	(4,503)	(1,930)	—	(3,670)	—	(43,899)	(39,858)
Volunteer management system/training expenses	(1,203)	(2,189)	—	—	—	(658)	(4,050)	(5,710)
Programme expenses - insurance/toiletries/ assessment book/T-shirt	(19,791)	—	—	—	(53)	—	(19,844)	(19,380)
Funded activities	(18,028)	(1,980)	(43,350)	—	(618)	(6,295)	(70,271)	(79,560)
Office supplies	(4,179)	(551)	—	—	(68)	—	(4,798)	(2,680)
Postage and courier	(481)	—	—	—	—	—	(481)	(836)
Repair and maintenance	(6,962)	(1,862)	—	—	(334)	—	(9,158)	(4,397)
Internship training programme	(2,252)	—	—	—	—	—	(2,252)	—
Children welfare and incentives	(344)	(1,463)	(115)	—	(37)	—	(1,959)	(3,776)
Food ration	—	(18,985)	—	—	—	—	(18,985)	(16,816)
Centre activities	(2,690)	(3,615)	(206)	—	107	—	(6,404)	(11,320)
Funded ICU tuition expense	(2,025)	(9,549)	(594)	—	(495)	(9,505)	(22,168)	(11,219)
Community outreach activities	(641)	—	—	—	(1,687)	—	(2,328)	—
<b>Total expenditure</b>	<b>(1,891,099)</b>	<b>(346,849)</b>	<b>(455,420)</b>	<b>(2,549)</b>	<b>(334,549)</b>	<b>(142,302)</b>	<b>(3,172,768)</b>	<b>(2,884,189)</b>

**4 Total income/(expenditure) (cont'd)**

Included in staff costs is an amount of \$261,323 (2017: \$237,535) and \$34,220 (2017: \$31,747) for remuneration and CPF contributions paid to key management personnel.

	2018	2017
<u>Key management remuneration</u>		
Number of staff in the following remuneration band:		
\$100,001 to \$200,000	2	2

**5 Property, plant and equipment**

	Office equipment \$	Furniture and fittings \$	Computers \$	Renovation \$	Motor vehicle \$	Musical instruments \$	Total \$
<b>2018</b>							
<b>Cost</b>							
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
<b>Accumulated depreciation</b>							
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
<b>Net carrying value</b>							
At 31.3.2018	<b>17,810</b>	<b>28,761</b>	<b>24,730</b>	<b>125,830</b>	–	<b>778</b>	<b>197,909</b>
<b>2017</b>							
<b>Cost</b>							
At 1.4.2016	126,757	159,933	27,159	1,273,719	48,713	4,438	1,640,719
Additions	–	2,000	5,118	–	–	–	7,118
Reclassification	(3,667)	–	3,667	–	–	–	–
At 31.3.2017	123,090	161,933	35,944	1,273,719	48,713	4,438	1,647,837
<b>Accumulated depreciation</b>							
At 1.4.2016	85,198	128,617	14,219	967,493	48,713	2,624	1,246,864
Depreciation charge	12,219	12,693	5,957	102,928	–	518	134,315
Reclassification	(61)	–	61	–	–	–	–
At 31.3.2017	97,356	141,310	20,237	1,070,421	48,713	3,142	1,381,179
<b>Net carrying value</b>							
At 31.3.2017	25,734	20,623	15,707	203,298	–	1,296	266,658

**6 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.

**7 Other receivables**

	2018 \$	2017 \$
Funding and donation receivables	47,006	122,018
Fees receivables	38,590	1,194
Deposits	27,130	22,572
Prepayments	20,415	19,558
	<b>133,141</b>	<b>165,342</b>

**8 Fixed deposits**

The fixed deposits bear interest at rates ranging from 1.10% to 1.90% (2017: 1.18% to 1.90%) per annum with maturity period ranging from 2 to 9 months (2017: 5 to 13 months) after the balance sheet date.

**9 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.
- (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.

	2018 \$	2017 \$
<b>Grant received</b>		
At beginning of the year	620,908	571,000
Grant received	61,937	49,908
	<b>682,845</b>	<b>620,908</b>
<b>Accumulated amortisation</b>		
At beginning of the year	389,945	279,555
Amortisation	118,377	110,390
	<b>508,322</b>	<b>389,945</b>
<b>Net carrying value</b>		
At end of the year	<b>174,523</b>	<b>230,963</b>
Representing:		
Within 1 year - current	126,094	106,963
Within 2 to 5 years - non-current	48,429	124,000
	<b>174,523</b>	<b>230,963</b>



**10 Other payables**

	2018	2017
	\$	\$
GST payable	25,459	21,892
Deferred income <sup>(a)</sup>	919,953	693,154
Funding received in advance	37,046	67,068
Advance fees received	3,232	1,155
Student care deposits	127,509	104,707
Accrued operating expenses	358,330	150,560
Other payables	6,025	6,066
	<b>1,477,554</b>	<b>1,044,602</b>

<sup>(a)</sup> Included in deferred income are grant received from Care and Share Matching Grant amounting to \$819,841 (2017: \$678,904). The following are movements of the Care and Share Matching Grant.

	2018	2017
	\$	\$
Balance at 1 April	678,904	476,674
Grant received	407,127	600,000
Expenditure	(232,728)	(392,652)
Expenditure - utilise for purchases of property, plant and equipment transferred to deferred capital grant	(33,462)	(5,118)
Balance at 31 March	<b>819,841</b>	<b>678,904</b>

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 3 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.

**11 Unrestricted Income Funds**

	2018 \$	2017 \$
Balance as at 1 April	4,728,583	4,308,754
Surplus for the financial year	427,441	604,704
Transfer to Restricted Funds (Note 12)	(229,280)	(184,875)
Balance as at 31 March	<u>4,926,744</u>	<u>4,728,583</u>

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

**12 Restricted Funds**

	Friends of Children Fund \$	Friends of Youth Fund \$	Life Student Care Benevolent Fund \$	MightyKids Families & Community Fund \$	EduGrow Fund <sup>(a)</sup> \$	Total \$
<b>2018</b>						
Balance as at 1 April 2017	–	295,396	4,579	–	–	299,975
Government subvention	84,914	169,365	–	130,969	124,257	509,505
Donation and funding	166,622	200,594	–	545	9,506	377,267
Miscellaneous income	23,899	3,209	–	45,169	8,539	80,816
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 11)	71,414	–	–	157,866	–	229,280
<b>Balance as at 31 March 2018</b>	<u>–</u>	<u>213,144</u>	<u>2,030</u>	<u>–</u>	<u>–</u>	<u>215,174</u>

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

**12 Restricted Funds (cont'd)**

	<b>Friends of Children Fund \$</b>	<b>Friends of Youth Fund \$</b>	<b>Life Student Care Benevolent Fund \$</b>	<b>MightyKids Families &amp; Community Fund \$</b>	<b>EduGrow Fund <sup>(a)</sup> \$</b>	<b>Total \$</b>
<b>2017</b>						
Balance as at 1 April 2016	–	163,409	11,608	–	–	175,017
Government subvention	207,638	90,326	–	151,614	147,001	596,579
Donation and funding	192,957	277,183	–	13,382	–	483,522
Miscellaneous income	4,847	358	–	50,582	508	56,295
Expenditure	(498,601)	(235,880)	(7,029)	(307,294)	(147,509)	(1,196,313)
(Deficit)/surplus for the financial year	(93,159)	131,987	(7,029)	(91,716)	–	(59,917)
Transfer from Unrestricted Income Funds (Note 11)	93,159	–	–	91,716	–	184,875
Balance as at 31 March 2017	–	295,396	4,579	–	–	299,975

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.

**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 and premises but not recognised as liabilities as follows:

	<b>2018 \$</b>	<b>2017 \$</b>
Not later than one financial year	<b>60,116</b>	61,286
Later than one financial year but not later than five financial years	<b>2,826</b>	62,942



## 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:

	2018	2017
	\$	\$
<b>With related parties</b>		
Storage expense	9,600	9,600
Other fees paid	1,200	1,200
Tax deductible donations received	38,888	24,383
Tutor services	2,126	–
	<hr/>	<hr/>
<b>With members of the Executive Council</b>		
Tax deductible donations received	15,000	15,840
	<hr/>	<hr/>

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.

## 15 Financial instruments

### (a) Categories of financial instruments

Financial instruments as at balance sheet date are as follows:

	2018	2017
	\$	\$
<i>Financial assets</i>		
Available-for-sale financial assets	239,715	236,305
Loan and receivables (including fixed deposits and cash and bank balances)	6,387,203	5,815,494
	<hr/>	<hr/>
Total financial assets	6,626,918	6,051,799
	<hr/>	<hr/>
<i>Financial liabilities</i>		
At amortised cost	513,783	269,307
	<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 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.

## 15 Financial instruments (cont'd)

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

#### *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.

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.

#### *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 entities with a good collection track record with the Society.

#### *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	2017
	\$	\$
Past due less than 30 days	15,485	605
Past due 30 to 60 days	3,511	54
Past due over 60 days	6,132	1,837
	<b>25,128</b>	<b>2,496</b>

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.

## **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 market indicative prices on the last market day of the financial year which is a Level 1 fair value hierarchy measurement basis.

The fair value hierarchy have the following levels:

- i) Level 1 - Quoted prices (unadjusted) in active 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).

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

The carrying amounts of 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 the development of its principal activities over the longer term. These objectives remained unchanged from previous financial year.

## **18 Authorisation of financial statements**

The financial statements of the Society for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Executive Council dated 16 July 2018.