



Audited Financial Statements

For The Year Ended 31 March 2011

Unique Entity No. S94SS0081K

IPC No. IPC000269

Registered under the Registrar of Societies



慈光福利协会

METTA WELFARE ASSOCIATION

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Statement by Executive Management Committee

In the opinion of the Executive Management Committee,

- a) the financial statements as set out on pages 91 to 113 are drawn up so as to give a true and fair view of the state of affairs of the Association at 31 March 2011, and of the results of the financial activities and changes in cash flows of the Association for the financial year then ended; and
- b) at the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

The Executive Management Committee, comprising the following, authorised the issue of these financial statements on

Lai Meng Wah @ Shi Fa Zhao	President
See Seng Poon @ Shi Pu Rui	First Vice President
Tan Ming Yong	Second Vice President
Tan Yen Kee	Honorary Secretary
Khua Kian Kheng, Ivan	Assistant Honorary Secretary
Tay Khin Sian, Anthony	Honorary Treasurer
Yeong Wai Chee, Raymond	Assistant Honorary Treasurer
Tan Helen Committee	Committee Member
Lim Yew Si Committee	Committee Member
Neo Siow Hong Committee	Committee Member
Ngiam Kee Yuan Committee	Committee Member
Poh Yong Meng, Stephen Committee	Committee Member
Tan Wui Khiang Committee	Committee Member
Tsang Siu For, Thomas Committee	Committee Member
Woo Khai San, Victor Committee	Committee Member

On behalf of the Executive Management Committee,

Lai Meng Wah @ Shi Fa Zhao
President

Tay Khin Sian, Anthony
Honorary Treasurer

Singapore,

Independent Auditors' Report to the Members of Metta Welfare Association

We have audited the financial statements of **Metta Welfare Association** (the "Association") set out on pages 91 to 113, which comprise the statement of financial position as at 31 March 2011, the statement of financial activities, statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of financial activities and statement of financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- (a) the financial statements of the Association are properly drawn up in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Association as at 31 March 2011, and the results of the financial activities and cash flows of the Association for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be

Report on other Legal and Regulatory Requirements

During the course of our audit, nothing has come to our attention that the 30% cap mentioned in Regulation 15(1) of the Charities Act, Cap. 37 (Institutions of a Public Character) Regulations 2007 and as amended by Charities (Institutions of a Public Character) (Amendments) Regulations 2008 has been exceeded.

Fiducia LLP
Certified Public Accountants

Singapore,

Statement of Financial Position

As at 31 March 2011

	Note	2011 \$	2010 \$
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	4	5,599,138	4,929,680
Trade and other receivables	5	580,472	503,293
Inventories		20,305	9,802
Long-term fixed deposits	6	180,000	0
Held-to-maturity investments	7	200,000	250,000
		<u>6,579,915</u>	<u>5,692,775</u>
<i>Non-current assets</i>			
Long-term fixed deposits	6	0	180,000
Held-to-maturity investments	7	0	200,000
Property, plant and equipment	8	14,774,410	14,415,548
		<u>14,774,410</u>	<u>14,795,548</u>
<i>Total Assets</i>		<u>21,354,325</u>	<u>20,488,323</u>
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	9	968,290	1,182,580
Deferred capital grants	10	463,198	395,075
		<u>1,431,488</u>	<u>1,577,655</u>
<i>Non-current liabilities</i>			
Deferred capital grants	10	13,766,482	13,333,353
<i>Total liabilities</i>		<u>15,197,970</u>	<u>14,911,008</u>
NET ASSETS		<u>6,156,355</u>	<u>5,577,315</u>
FUNDS			
Unrestricted:			
- General fund		2,570,508	2,040,604
- Investment fund	11	1,149,153	1,006,033
- Project account reserve	11	1,187,647	1,187,647
- Sinking fund	11	268,271	336,166
- Designated fund	11	324,768	301,686
		<u>5,500,347</u>	<u>4,872,136</u>
Restricted:			
- Building fund	11	304,948	354,119
- Education trust fund	11	351,060	351,060
		<u>656,008</u>	<u>705,179</u>
<i>Total funds</i>		<u>6,156,355</u>	<u>5,577,315</u>

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

Statement of Financial Activities
 For the financial year ended 31 March 2011

Note	Unrestricted Fund														Total
	General Fund	Investment Fund	Project Account Fund	Sinking Fund	Designated Fund							Restricted Fund			
					Alumni Welfare Fund	Client Welfare Fund	Equipment Fund	HIV Fund	Medicine Fund	Metta School Reserve	Reserve for Client Ang Pow	Student Welfare Fund	Building Fund	Education Trust Funds	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2011															
INCOMING RESOURCES															
Incoming resources from generating funds															
- Activities for generating funds	12	1,198,099	0	0	0	0	0	0	0	0	0	0	0	0	1,198,099
- Voluntary income	12	5,923,302	0	0	0	34,000	1,574	12,122	0	418	(211)	4,656	50,035	436,301	6,462,197
Incoming resources from charitable activities	12	1,954,282	0	0	0	0	0	0	0	0	0	0	0	0	1,954,282
Other incoming resources	12	110,104	0	0	0	0	0	0	0	0	0	0	0	0	110,104
Total incoming resources		9,185,787	0	0	0	34,000	1,574	12,122	0	418	(211)	4,656	50,035	436,301	9,724,682
RESOURCES EXPENDED															
Cost of generating funds	13	443,816	0	0	0	40,765	623	0	0	150	0	8,307	70,432	485,472	1,049,565
Cost of charitable activities	13	7,821,546	0	0	0	0	0	0	0	0	0	0	0	0	7,821,546
Governance and other administrative costs	13	138,171	0	0	0	0	0	0	0	0	0	0	0	0	138,171
Total resources expended		8,403,533	0	0	0	40,765	623	0	0	150	0	8,307	70,432	485,472	9,009,282
NET INCOMING (EXPENDED) RESOURCES		782,254	0	0	0	(6,765)	951	12,122	0	268	(211)	(3,651)	(20,397)	(49,171)	715,400
2010															
INCOMING RESOURCES															
Incoming resources from generating funds															
- Activities for generating funds	12	1,757,137	0	0	0	0	0	0	0	0	0	0	0	0	1,757,137
- Voluntary income	12	5,550,041	0	0	0	0	5,012	13,500	18,000	347	124	4,595	136,941	537,933	6,266,493
Incoming resources from charitable activities	12	978,277	0	0	0	0	0	0	0	0	0	0	0	0	978,277
Other incoming resources	12	175,653	0	0	0	0	0	0	0	0	0	0	0	0	175,653
Total incoming resources		8,461,108	0	0	0	0	5,012	13,500	18,000	347	124	4,595	136,941	537,933	9,177,560
RESOURCES EXPENDED															
Cost of generating funds	13	535,539	0	0	0	0	1,424	4,646	5,000	895	0	4,180	156,403	183,814	891,901
Cost of charitable activities	13	6,810,922	0	0	0	0	0	0	0	0	0	0	0	0	6,810,922
Governance and other administrative costs	13	78,850	0	0	1,207	0	0	0	0	0	0	0	0	0	80,057
Total resources expended		7,425,311	0	0	1,207	0	1,424	4,646	5,000	895	0	4,180	156,403	183,814	7,782,880
NET INCOMING (EXPENDED) RESOURCES		1,035,797	0	0	(1,207)	0	3,588	8,854	13,000	(548)	124	415	(19,462)	354,119	1,394,680

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

Statement of Changes In Funds
 For the financial year ended 31 March 2011

	Unrestricted Fund													Restricted Fund			Total Funds	
	Unrestricted Fund				Designated Fund						Total		Education		Total			
	General Fund	Investment Fund	Project Account Fund	Sinking Fund	Alumni Welfare Fund	Client Welfare Fund	Equipment Fund	HIV Fund	Medical Fund	Metta School Reserve	Reserve for Client Ang Pow	Student Welfare Fund	Total Designated Fund	Total Unrestricted Fund	Building Fund	Trust Fund		Restricted Fund
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2011																		
Balance as at 1 April	2,040,604	1,006,033	1,187,647	336,166	0	6,940	8,854	13,000	4,286	122,095	4,665	141,846	301,686	4,872,136	354,119	351,060	705,179	5,577,315
Net incoming (expended) resources	782,254	0	0	0	(6,765)	951	12,122	0	268	(211)	(3,651)	(20,397)	(17,683)	764,571	(49,171)	0	(49,171)	715,400
Transfers	(252,350)	143,120	0	68,465	40,765	0	0	0	0	0	0	0	40,765	0	0	0	0	0
Capitalisation of major renovation (Note 10)	0	0	0	(136,360)	0	0	0	0	0	0	0	0	0	(136,360)	0	0	0	(136,360)
Balance as at 31 March	<u>2,570,508</u>	<u>1,149,153</u>	<u>1,187,647</u>	<u>268,271</u>	<u>34,000</u>	<u>7,891</u>	<u>20,976</u>	<u>13,000</u>	<u>4,554</u>	<u>121,884</u>	<u>1,014</u>	<u>121,449</u>	<u>324,768</u>	<u>5,500,347</u>	<u>304,948</u>	<u>351,060</u>	<u>656,008</u>	<u>6,156,355</u>
2010																		
Balance as at 1 April	1,250,938	797,680	1,187,647	299,595	0	3,352	0	0	4,834	121,971	4,250	161,308	295,715	3,831,575	0	351,060	351,060	4,182,635
Net incoming (expended) resources	1,035,797	0	0	(1,207)	0	3,588	8,854	13,000	(548)	124,415	(19,462)	5,971	1,040,561	354,119	0	354,119	1,394,680	0
Transfers	(246,131)	208,353	0	37,778	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance as at 31 March	<u>2,040,604</u>	<u>1,006,033</u>	<u>1,187,647</u>	<u>336,166</u>	<u>0</u>	<u>6,940</u>	<u>8,854</u>	<u>13,000</u>	<u>4,286</u>	<u>122,095</u>	<u>4,665</u>	<u>141,846</u>	<u>301,686</u>	<u>4,872,136</u>	<u>354,119</u>	<u>351,060</u>	<u>705,179</u>	<u>5,577,315</u>

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

Statement of Cash Flows

For the financial year ended 31 March 2011

	Note	2011 \$	2010 \$
<i>Cash flows from operating activities</i>			
Net incoming resources		715,400	1,394,680
Adjustments for:			
- Amortisation of deferred capital grant	10	(400,016)	(396,663)
- Depreciation	8	518,405	504,266
- Interest income	12	(15,282)	(12,607)
- Loss on disposal of property, plant and equipment	13	517	0
Operating cash flow before working capital changes		819,024	1,489,676
Changes in operating assets and liabilities:			
- Trade and other receivables		(77,179)	(81,515)
- Inventories		(10,503)	1,220
- Trade and other payables		(214,290)	397,7699
<i>Net cash provided by operating activities</i>		517,052	1,807,150
<i>Cash flows from investing activities</i>			
Interest received		15,282	12,607
Proceeds from termination of investment		250,000	0
Purchases of property, plant and equipment	8	(877,784)	(914,166)
<i>Net cash provided by operating activities</i>		(612,502)	(901,559)
<i>Cash flows from financing activities</i>			
Grants received	10	764,908	512,074
<i>Net increase in cash and cash equivalents</i>		669,458	1,417,665
Cash and cash equivalents at beginning of financial year		4,929,680	3,512,015
<i>Cash and cash equivalents at end of financial year</i>		5,599,138	4,929,680
<i>Cash and cash equivalents comprise:</i>			
Cash on hand	4	9,800	10,300
Cash in banks	4	3,786,045	3,817,180
Fixed deposits	4	1,803,293	1,102,200
		5,599,138	4,929,680

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

Notes to the Financial Statements

For the financial year ended 31 March 2011

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

1 GENERAL INFORMATION

Metta Welfare Association ("the Association") operates in the Republic of Singapore. The registered office and principal place of operation of the Association is located at Block 32, Simei Street 1, Metta Building, Singapore 529950.

The Association is dedicated to the active promotion of humanitarian causes. The Association's objectives are to provide special education, welfare services, community and medical care to the intellectually disabled, elderly and terminally ill in the community, regardless of race and religion.

The Association is registered as a charity organisation under Charities Act, Chapter 37 on 9 March 1995 and has been accorded an Institute of Public Character ('IPC') status for the period from 2 May 2010 to 1 May 2013.

The Association is composed of ten (10) welfare centres as follows:

- 1) Metta Home for the Disabled
- 2) Metta Home Day Activity Centre
- 3) Metta Day Activity Centre for the Intellectually Disabled
- 4) Metta Day Rehabilitation Centre for the Elderly
- 5) Metta Hospice Care Centre
- 6) Metta Preschool@Simei
- 7) Metta Preschool@Punggol
- 8) South East CDC-Metta Student Care Centre
- 9) NorthEast CDC-Metta Student Care Centre
- 10) Metta School

These financial statements are presented in Singapore Dollar, which is the Association's functional currency.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard ("FRS") and the disclosure requirements of the Recommended Accounting Practice 6. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Association's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Interpretations and amendments to published standards effective in 2010

The Association has adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. Changes to the Association's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the FRS and INT FRS that are relevant to the Association:

FRS	Effective Date	Title
FRS 1	1.1.2009	Presentation of financial statements
FRS 2	1.1.2009	Inventories
FRS 7	1.1.2009	Cash flow statements
FRS 8	1.1.2009	Accounting policies, changes in accounting estimates and errors
FRS 10	1.1.2007	Events after the balance sheet date
FRS 16	1.1.2009	Property, plant and equipment
FRS 17	1.1.2007	Leases
FRS 18	1.1.2005	Revenue
FRS 19	1.1.2009	Employee benefits
FRS 24	1.1.2006	Related party disclosures
FRS 32	1.2.2007	Financial instruments : Presentation
FRS 32	1.2.2009	Financial instruments : Presentation (Amendments)
FRS 36	1.1.2009	Impairment of assets
FRS 37	1.1.2006	Provisions, contingent liabilities and contingent assets
FRS 39	1.1.2005	Financial instruments: recognition and measurement
FRS 107	1.1.2009	Financial instruments: Disclosures

The adoption of the above revised FRS did not result in any substantial changes to the Association's accounting policies.

2.2 Revenue recognition

Income comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Association's activities. Revenue is recognised as follows:

- 2.2.1 Donations are recognised in the statement of financial activities upon receipt. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.
- 2.2.2 Government grants are recognized at their fair value where there is reasonable assurance that the grants will be received and all related conditions will be complied with.

Government grants relating to assets are recognised as deferred capital grant and is amortised over the estimated useful life of the relevant asset.
- 2.2.3 Revenue from services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.
- 2.2.4 Management fees are allocated costs comprised of: general management; human resource and administration; finance costs; and IT costs which are allocated among the welfare centres on a basis determined by the Executive Management Committee.
- 2.2.5 Interest income on bank current accounts and fixed deposits placed with banks are recognized on a time-proportion basis using the effective interest method.
- 2.2.6 Other income are recognized when incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 *Cost recognition*

Resources expended

All expenditures are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.3.1 ***Cost of generating funds from fund-raising activities***

Costs that are directly attributable to the fund-raising activities are separated from those costs incurred in undertaking charitable activities.

2.3.2 ***Cost of charitable activities***

Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Association. The total costs of charitable expenditure are apportionment of overhead and shared costs.

2.3.3 ***Governance and administrative costs***

Governance costs include the costs of governance arrangement, which relate to the general running of the Association, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2.4 *Property, plant and equipment*

2.4.1 ***Measurement***

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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

2.4.2 ***Depreciation***

Depreciation on property, plant and equipment except renovation in progress is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Alarm and security system	5 years
Arts and music equipment	5 years
Building	50 years
Computer	3 years
Furniture and equipment	5 years
Physio/medical equipment	5 years
Motor vehicles	5 years
Renovation	15 years

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

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Property, plant and equipment (Cont'd)

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of financial activities.

2.5 Impairment of non-financial assets

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

An impairment loss for an asset is reversed if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

2.6 Financial assets

2.6.1 Classification

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

Loans and receivables

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Executive Management Committee has the positive intention and ability to hold to maturity. If the Association were to sell other than an insignificant amount of held-to-maturity investments, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Financial assets (Cont'd)

2.6.2 Recognition and derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Association has transferred substantially all risks and rewards of ownership.

2.6.3 Measurement

Financial assets are initially recognized at fair value plus transaction costs. Loans and receivables and held-to-maturity investments are subsequently carried at amortized cost using effective interest method.

2.6.4 Impairment

The Association assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables and Held-to-maturity investments

An allowance for impairment of loans and receivables and held-to-maturity investments including other receivables, is recognized when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables and investments. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognized in the statement of financial activities.

2.7 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost includes all costs of purchase and other cost incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.9 Financial liabilities

Financial liabilities are recognised when the Association becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include accruals and other payables. Financial liabilities is derecognised when the obligations under the liability is discharged or cancelled or expires. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.10 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Association has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.12 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values due to their short-term nature.

2.13 Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Executive Management Committee. Externally restricted funds may only be utilized in accordance with the purposes for which they are established. The Executive Management Committee retains full control over the use of unrestricted funds for any of the Association's purposes.

2.14 Leases

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Rental on operating lease is charged to statement of financial activities. Contingent rents are recognized as an expense in the statement of financial activities in the financial year in which they are incurred.

2.15 Employee compensation

Defined contribution plans are post-employment benefit plans under which the Association pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Association has no further payment obligations once the contributions have been paid. The Association's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

2.16 Related parties

Related parties are entities with one or more common management committee members. Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial and operating decisions.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated useful lives of property, plant and equipment

The Association reviews annually the estimated useful lives of property, plant and equipment based on factors such as operating plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.

Allowance for impairment of receivables

The Association reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluates the risks of collection according to the credit standing and collection history of individual client. If there are indications that the financial position of a client has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

4 CASH AND CASH EQUIVALENTS

	2011	2010
	\$	\$
Cash on hand	9,800	10,300
Cash in banks	3,786,045	3,817,180
Fixed deposits	1,803,293	1,102,200
	5,599,138	4,929,680

Fixed deposits mature within 1 month and bear interest of 0.10% (2010: 0.10% to 0.20%) per annum.

Cash equivalents amounting to \$185,100 (2010: \$266,700) is pledged against the Banker's Guarantee in compliance to the tenancy agreement with Singapore Land Authority.

At the statement of financial position date, the carrying amounts of cash and cash equivalents approximated their fair values.

5 TRADE AND OTHER RECEIVABLES

	Note	2011 \$	2010 \$
Trade receivables:			
- Outside parties		95,519	100,367
- Fees in arrears		600	19,102
Other receivables:			
- Amount due from related parties 16	11	4,975	1,933
- Deposits paid		140,246	204,971
- Grant receivable		181,712	215,978
- Other debtors		79,315	0
- Prepayments		27,905	29,992
		<u>640,272</u>	<u>572,343</u>
Allowance for bad debts – Trade receivables		(59,800)	(69,050)
		<u>580,472</u>	<u>503,293</u>

At the statement of financial position date, the carrying amounts of trade and other receivables approximated their fair values.

6 LONG-TERM FIXED DEPOSITS

Long-term fixed deposits are placed on 29 May 2006 and will mature on 23 May 2011 with interest of 4% per annum.

7 HELD-TO-MATURITY INVESTMENTS

	2011 \$	2010 \$
Notes	200,000	200,000
Government bonds	0	250,000
<i>Carrying amount – At cost</i>		
Current	200,000	250,000
Non-current	0	200,000
	<u>200,000</u>	<u>450,000</u>
<i>Market values</i>		
Notes	197,680	192,480
Government bonds	0	252,977
	<u>197,680</u>	<u>445,457</u>

The note is placed on 25 August 2003 and will mature on 25 August 2011 with interest of 3.75% per annum.

The government bonds have interest of 4.81% per annum.

8 PROPERTY, PLANT AND EQUIPMENT

Note	Alarm and security system	Arts and music equipment	Building	Computer	Furniture and equipment	Physio/medical equipment	Motos vehicles	Renovation	Renovation in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2011										
<i>Cost</i>										
	15,987	0	15,427,304	256,819	1,093,204	90,871	547,113	565,441	839,261	18,836,000
	10,376	5,392	0	172,733	88,385	2,380	47,427	0	551,091	877,784
	0	0	0	(9,419)	(800)	(2,070)	0	0	0	(12,289)
	0	0	0	0	0	0	0	562,913	(562,913)	0
	<u>26,363</u>	<u>5,392</u>	<u>15,427,304</u>	<u>420,133</u>	<u>1,180,789</u>	<u>91,181</u>	<u>594,540</u>	<u>1,128,354</u>	<u>827,439</u>	<u>19,701,495</u>
<i>Accumulated depreciation</i>										
	4,756	0	2,395,626	199,298	931,346	56,242	458,690	374,494	0	4,420,452
13	4,407	90	306,466	35,921	86,145	11,694	41,303	32,379	0	518,405
	0	0	0	(9,419)	(800)	(1,553)	0	0	0	(11,772)
	<u>9,163</u>	<u>90</u>	<u>2,702,092</u>	<u>225,800</u>	<u>1,016,691</u>	<u>66,383</u>	<u>499,993</u>	<u>406,873</u>	<u>0</u>	<u>4,927,085</u>
	<u>17,200</u>	<u>5,302</u>	<u>12,725,212</u>	<u>194,333</u>	<u>164,098</u>	<u>24,798</u>	<u>94,547</u>	<u>721,481</u>	<u>827,439</u>	<u>14,774,410</u>
2010										
<i>Cost</i>										
	15,987	0	15,427,304	229,685	1,081,663	78,954	547,113	565,441	0	17,946,147
	0	0	0	46,657	16,331	11,917	0	0	839,261	914,166
	0	0	0	(19,523)	(4,790)	0	0	0	0	(24,313)
	<u>15,987</u>	<u>0</u>	<u>15,427,304</u>	<u>256,819</u>	<u>1,093,204</u>	<u>90,871</u>	<u>547,113</u>	<u>565,441</u>	<u>839,261</u>	<u>18,836,000</u>
<i>Accumulated depreciation</i>										
	1,559	0	2,089,161	209,408	831,040	46,317	414,200	348,814	0	3,940,499
13	3,197	0	306,465	9,413	105,096	9,925	44,490	25,680	0	504,266
	0	0	0	(19,523)	(4,790)	0	0	0	0	(24,313)
	<u>4,756</u>	<u>0</u>	<u>2,395,626</u>	<u>199,298</u>	<u>931,346</u>	<u>56,242</u>	<u>458,690</u>	<u>374,494</u>	<u>0</u>	<u>4,420,452</u>
	<u>11,231</u>	<u>0</u>	<u>13,031,678</u>	<u>57,521</u>	<u>161,858</u>	<u>34,629</u>	<u>88,423</u>	<u>190,947</u>	<u>839,261</u>	<u>14,415,548</u>

9 TRADE AND OTHER PAYABLES

	Note	2011 \$	2010 \$
Trade payables:			
- Outside parties		161,379	346,885
Other payables:			
- Amount due to related parties	16	837	51,772
- Accruals		602,460	601,528
- Deferred income		76,795	86,560
- Deposits received		118,042	95,835
- Other creditor		5,910	0
- Pre-event costs		2,867	0
		<u>968,290</u>	<u>1,182,580</u>

At the statement of financial position date, the carrying amounts of trade and other payables approximated their fair values.

10 DEFERRED CAPITAL GRANTS

	Note	2011 \$	2010 \$
<i>Cost</i>			
Beginning of financial year		16,732,139	16,220,065
Received during the year		764,908	512,074
Capitalisation of major renovation		136,360	0
End of financial year		<u>17,633,407</u>	<u>16,732,139</u>
<i>Accumulated amortisation</i>			
Beginning of financial year		3,003,711	2,607,048
Amortisation for the year	12	400,016	396,663
End of financial year		<u>3,403,727</u>	<u>3,003,711</u>
<i>Net carrying amount at end of financial year</i>			
Current		463,198	395,075
Non-current		13,766,482	13,333,353
		<u>14,229,680</u>	<u>13,728,428</u>
<i>Comprised of:</i>			
- Government grants		4,838,418	4,309,753
- Non-government grants		9,391,262	9,418,675
		<u>14,229,680</u>	<u>13,728,428</u>

These amounts represent government grants and donations received from individuals and private organisations for the purchase and/or construction of property, plant and equipment. These grants and donations are amortized and recognized as income in proportion to the depreciation of the related property, plant and equipment.

11 FUNDS

(A) Investment fund

In a meeting held on 28 September 1997, the Executive Management Committee resolved that 20% of the annual surplus shall be transferred to this fund.

(B) Project account reserve

This reserve is for setting up new centres and closing existing ones.

11 FUNDS (Cont'd)

(C) Sinking fund

This fund is for maintenance of the building property of Metta Home for the Disabled.

(D) Designated fund

This fund is composed of the following:

(a) **Alumni welfare fund**

This fund is to support Happy Arts Enterprise Ltd.'s training programs and other alumni related expenses.

(b) **Client welfare fund**

This fund is used to pay various expenses for the benefit of the clients at Metta Day Activity Centre for the Intellectually Disabled and Metta Home Day Activity Centre.

(c) **Equipment fund**

This fund is used to purchase electrical appliances and exercise equipment for the clients of Metta Day Rehabilitation Centre for the Elderly.

(d) **HIV fund**

This fund is established in partnership with Action for Aids to assist patients of Metta Hospice Care Centre afflicted with Aids by raising funds to purchase antiretroviral drugs for these patients.

(e) **Medicine fund**

This fund helps subsidise cost of medication and other pharmaceutical expenses of the clients of Metta Hospice Care Centre.

(f) **Metta School reserve**

This reserve pertains to the money returned by Metta School to be held in trust by the Association.

(g) **Reserve for client ang pow**

This reserve is maintained at Metta Home for the Disabled which pays for various living expenses incurred to benefit its clients.

(h) **Student welfare fund**

This fund is used to pay for recess meals as well as educational and recreational outings of Metta School students.

(E) Building fund

This fund is for the opening of a second preschool centre at Punggol.

(F) Education trust fund

This fund is for the benefit of special needs children between 9 and 18 years old of Metta School.

14 OPERATING LEASE COMMITMENTS

As at the statement of financial position date, the Association has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2011 \$	2010 \$
Building		
- Not later than one year	1,118,844	1,126,924
- More than a year but not more than five years	<u>2,224,079</u>	<u>0</u>
Equipment		
- Not later than one year	32,285	31,261
- More than a year but not more than five years	60,200	66,048
- More than five years	<u>441</u>	<u>0</u>

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

15 INCOME TAX EXPENSE

The Association is registered as a charity organisation under Charities Act, Chapter 37. As an approved charity, it is exempt from income tax under Section 13(1) of the Income Tax Act.

16 RELATED PARTY TRANSACTIONS

The Association had transactions with related parties on terms agreed between the parties as follows:

	Note	2011 \$	2010 \$
Amount due from related parties – represents net advances from the Association			
- Happy Arts Enterprise Ltd.		114,338	1,933
- Metta School		637	0
	5	<u>114,975</u>	<u>1,933</u>
Amount due to related parties – represents net expenses paid on behalf of the Association			
- Buddha Tooth Relic Temple		837	4,519
- Metta School		0	47,253
	9	<u>837</u>	<u>51,772</u>
Management fee charged to Metta School	12	<u>20,550</u>	<u>0</u>

Amount due to/from related parties are: unsecured; interest-free; receivable/payable on demand; and will be settled with cash.

During the financial year, one of the executive management committee members received an honorarium amounting to \$2,100. Other members did not receive any remuneration during the financial year.

17 KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2011	2010
Number of key management in remuneration bands		
- Above S\$100,000	1	1
- Within S\$50,001 to S\$100,000	1	5
- S\$50,000 and below	0	1

18 RESERVE POLICY AND POSITION

The Association's reserve position (excluding non-current assets) for financial year ended 31 March 2011 is as follows:

	2011 \$'000	2010 \$'000	Increase/ (decrease) %
A Unrestricted Funds			
Accumulated general funds	2,570	2,040	26
Project account reserve	1,188	1,188	0
Sinking fund	268	336	(20)
Total	4,026	3,564	13
B Restricted or Designated Funds			
Designated Funds	325	302	8
Restricted Funds	656	705	(7)
C Endowment Funds	1,149	1,006	14
D Total Funds	6,156	5,577	10
E Total Annual Operating Expenditure	9,009	7,783	16
F Ratio of Funds to Annual Operating Expenditure (A/E)	0.29	0.26	11

Reference

- C. An endowment fund consists of assets, funds or properties which are held in perpetuity which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted / designated and endowment funds.
- E. Total Annual Operating Expenditure includes expenses related to Cost of Charitable Activities and Governance and Other Operating and Administration expenses.

The Association's Reserve Policy is as follows:

The Association regards its unrestricted general fund as its reserves.

The Association maintains sufficient reserve to ensure long term financial sustainability and continuity for the purpose of operating effective programmes.

The maximum operating reserves shall be five (5) years of annual operating expenditure, with annual operating expenditure being five (5) times the annual expenditure over the last three (3) years.

19 FINANCIAL RISK MANAGEMENT

The Association does not have a formal risk management policies and guidelines. The Association does not hold or issue derivative financial instruments.

(i) Interest rate risk

The Association is not exposed to interest rate risk as it has no bank borrowings.

(ii) Liquidity risk

The Association manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the management to finance its on-going working capital requirements.

(iii) Credit risk

The Association has no significant concentrations of credit risk.

The Association places its cash with creditworthy financial institutions.

The carrying amounts of trade and other receivables and cash and cash equivalents represent the Association's maximum exposure to credit risk.

Fair values

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

20 COMPARATIVE FIGURES

The financial statements for the financial year ended 31 March 2010 were audited by a firm of auditors other than Messrs Fiducia LLP. The audit opinion issued for the financial statements for the financial year ended 31 March 2010 was unqualified.

21 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Executive Management Committee on