



慈光福利协会
METTA WELFARE ASSOCIATION

AUDITED FINANCIAL STATEMENTS

For The Year Ended 31 March 2017

Unique Entity No. S94SS0081K
IPC No. IPC000269
Registered under the Registrar of Societies

Statement by Executive Management Committee	9.2
Independent Auditor's Report	9.3
Balance sheet	9.5
Statement of Financial Activities	9.6
Statement of Cash Flows	9.8
Notes to the Financial Statements	9.9

STATEMENT BY EXECUTIVE MANAGEMENT COMMITTEE

In the opinion of the Executive Management Committee,

a) the financial statements as set out on pages 9.5 to 9.28 are drawn up so as to present fairly, in all material respects, the state of affairs of the Association at 31 March 2017, and the results and 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 16 September 2017.

President	Lai Meng Wah @ Shi Fa Zhao (Up to 12 March 2017)
President	Ong Tai Yong @ Shi Pu En (From 13 March 2017)
Second Vice President	Tan Ming Yong
Honorary Secretary	Tan Yen Kee
Assistant Honorary Secretary	Khua Kian Kheng, Ivan
Honorary Treasurer	Woo Khai San, Victor
Assistant Honorary Treasurer	Lim Yew Si
Committee Member	Goh Kah Eem, Evelyn
Committee Member	Lim Thou Kin
Committee Member	Wong Sin Yew
Committee Member	Ngiam Kee Yuan
Committee Member	Tay Khin Sian, Anthony
Committee Member	Tan Wui Khiang
Committee Member	Yeong Wai Chee, Raymond

On behalf of the Executive Management Committee,



Ong Tai Yong @ Shi Pu En
President



Woo Khai San, Victor
Honorary Treasurer

Singapore,
16 September 2017

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Metta Welfare Association (the “Association”), which comprise the balance sheet as at 31 March 2017, statement of financial activities and statement of cash flows for the financial year 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 provisions of the Societies Act, Chapter 311 (the “Societies Act”), the Charities Act, Chapter 37 and other relevant regulations (the “Charities Act and Regulations”) and Charities Accounting Standard in Singapore (“CAS”) so as to present fairly, in all material respects, the state of affairs of the Association as at 31 March 2017 and the results and cash flows of the Association 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 Company 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

Management is responsible for the other information. The other information comprises the information included in the annual report, 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, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Association’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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association’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.

9.4

- 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management'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 Associations' 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 Association to cease to continue as a going concern.
- 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.

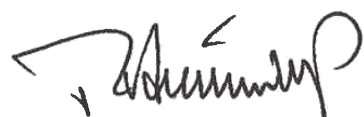
Report on Other Legal and Regulatory Requirements

In our opinion,

- (a) the accounting and other records required to be kept by the Association have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations ; and
- (b) the fund raising appeals held during the year ended 31 March 2017 have 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 appeals.

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

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



Fiducia LLP
Public Accountants and
Chartered Accountants
Singapore,
16 September 2017

Partner in charge: Lee Choon Keat
PAB No.: 01721

BALANCE SHEET AS AT 31 MARCH 2017

	Note	2017 S\$	2016 S\$
ASSETS			
Current assets			
Cash and cash equivalents	4	16,149,719	12,640,872
Trade and other receivables	5	716,132	1,021,604
Inventories		4,867	5,466
		<u>16,870,718</u>	<u>13,667,942</u>
Non-current assets			
Investment in financial assets	6	1,267,848	1,782,166
Property, plant and equipment	7	13,257,513	13,647,415
		<u>14,525,361</u>	<u>15,429,581</u>
Total assets		<u>31,396,079</u>	<u>29,097,523</u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	<u>2,283,917</u>	<u>2,097,090</u>
Total liabilities		<u>2,283,917</u>	<u>2,097,090</u>
NET ASSETS		<u>29,112,162</u>	<u>27,000,433</u>
FUNDS			
Unrestricted funds			
General fund	9	7,628,066	8,559,768
Investment fund	9	3,061,123	2,600,060
Project account reserve	9	1,517,134	1,517,134
Sinking fund	9	4,628,129	4,194,088
Designated funds	9	445,750	441,727
		<u>17,280,202</u>	<u>17,312,777</u>
Restricted funds			
Education trust fund	9	319,656	335,656
Programme fund	9	11,512,304	9,352,000
		<u>11,831,960</u>	<u>9,687,656</u>
Total funds		<u>29,112,162</u>	<u>27,000,433</u>

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Unrestricted funds								Restricted funds			
						Designated funds							
		General fund	Investment fund	Project account reserve	Sinking fund	Alumni student welfare fund	Children welfare fund	Client welfare fund	Equipment fund	Medicine fund	Education trust fund	Programme fund	Total funds
2017	Note	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
INCOME													
Income from generated funds													
- Voluntary income	10	2,071,828	0	0	0	37,110	10,000	5,136	0	868	0	9,243,997	11,368,939
- Activities for generating funds	10	896,932	0	0	0	0	0	0	0	0	0	76,698	973,630
- Investment income	10	56,584	41,310	0	0	0	0	0	0	0	0	53,463	151,357
Income from charitable activities	10	1,889,800	0	0	0	0	0	0	0	0	0	920,426	2,810,226
Other income	10	6,691	0	0	0	0	0	0	0	0	0	3,382	10,073
Total income		4,921,835	41,310	0	0	37,110	10,000	5,136	0	868	0	10,297,966	15,314,225
EXPENDITURE													
Cost of generating funds	11	320,215	2,592	0	0	48,744	0	347	0	0	16,000	56,561	444,459
Cost of charitable activities	11	4,115,177	0	0	18,826	0	0	0	0	0	0	7,057,914	11,191,917
Governance and other administrative costs	11	1,512,665	0	0	0	0	0	0	0	0	0	53,455	1,566,120
Total expenditure		5,948,057	2,592	0	18,826	48,744	0	347	0	0	16,000	7,167,930	13,202,496
NET INCOME / (EXPENDITURE)		(1,026,222)	38,718	0	(18,826)	(11,634)	10,000	4,789	0	868	(16,000)	3,130,036	2,111,729
GROSS TRANSFERS BETWEEN FUNDS													
Transfer to / (from) of funds		94,520	422,345	0	452,867	0	0	0	0	0	0	(969,732)	0
NET MOVEMENT IN FUNDS		(931,702)	461,063	0	434,041	(11,634)	10,000	4,789	0	868	(16,000)	2,160,304	2,111,729
TOTAL FUNDS BROUGHT FORWARD		8,559,768	2,600,060	1,517,134	4,194,088	337,213	34,921	28,756	25,233	15,604	335,656	9,352,000	27,000,433
TOTAL FUNDS CARRIED FORWARD		7,628,066	3,061,123	1,517,134	4,628,129	325,579	44,921	33,545	25,233	16,472	319,656	11,512,304	29,112,162

2016	Note	Unrestricted funds									Restricted funds		
		General fund S\$	Investment fund S\$	Project account reserve S\$	Sinking fund S\$	Designated funds					Education trust fund S\$	Programme fund S\$	Total funds S\$
						Alumni student welfare fund S\$	Children welfare fund S\$	Client welfare fund S\$	Equipment fund S\$	Medicine fund S\$			
INCOME													
Income from generated funds													
- Voluntary income	10	2,077,382	0	0	0	20,370	0	5,665	1,360	1,240	0	8,960,853	11,066,870
- Activities for generating funds	10	1,076,671	0	0	0	0	0	0	0	0	0	100,139	1,176,810
- Investment income	10	23,345	36,751	0	0	0	0	0	0	0	0	82,170	142,266
Income from charitable activities	10	2,201,340	0	0	0	0	0	0	0	0	0	998,471	3,199,811
Other income	10	1,698	0	0	0	0	0	0	0	0	0	5,880	7,578
Total income		5,380,436	36,751	0	0	20,370	0	5,665	1,360	1,240	0	10,147,513	15,593,335
EXPENDITURE													
Cost of generating funds	11	407,743	981	0	0	29,611	0	3,610	768	0	5,034	62,726	510,473
Cost of charitable activities	11	4,349,808	0	0	1,493	0	0	0	0	0	0	6,900,588	11,251,889
Governance and other administrative costs	11	1,459,766	0	0	0	0	0	0	0	0	0	14,944	1,474,710
Total expenditure		6,217,317	981	0	1,493	29,611	0	3,610	768	0	5,034	6,978,258	13,237,072
NET INCOME / (EXPENDITURE)		(836,881)	35,770	0	(1,493)	(9,241)	0	2,055	592	1,240	(5,034)	3,169,255	2,356,263
GROSS TRANSFERS BETWEEN FUNDS													
Transfer to / (from) of funds		(9,338,587)	471,253	0	2,937,640	0	0	0	0	0	0	5,929,694	0
NET MOVEMENT IN FUNDS		(10,175,468)	507,023	0	2,936,147	(9,241)	0	2,055	592	1,240	(5,034)	9,098,949	2,356,263
TOTAL FUNDS BROUGHT FORWARD		18,735,236	2,093,037	1,517,134	1,257,941	346,454	34,921	26,701	24,641	14,364	340,690	253,051	24,644,170
TOTAL FUNDS CARRIED FORWARD		8,559,768	2,600,060	1,517,134	4,194,088	337,213	34,921	28,756	25,233	15,604	335,656	9,352,000	27,000,433

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

STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017	2016 S\$
Cash flows from operating activities			
Net income		2,111,729	2,356,263
Adjustments for:			
- Amortisation of investments	11	2,592	2,941
- Depreciation	7	947,227	909,318
- Interest income	10	(151,357)	(142,266)
- Loss on disposal of fixed assets	11	14,599	1,739
- Profit on disposal of fixed assets	10	(100)	(150)
Operating cash flow before working capital changes		2,924,690	3,127,845
Changes in operating assets and liabilities:			
- Trade and other receivables		305,472	111,717
- Inventories		599	730
- Trade and other payables		186,827	437,233
Cash generated from operations		3,417,588	3,677,525
Interest received		6,289	4,609
Net cash provided by operating activities		<u>3,423,877</u>	<u>3,682,134</u>
Cash flows from investing activities			
Increase in pledged deposits		(244,035)	0
Interest received		145,068	36,140
Withdrawal of investment		511,726	0
Proceeds from disposal of property, plant and equipment		100	150
Purchases of property, plant and equipment	7	(571,924)	(1,077,180)
Net cash used in investing activities		<u>(159,065)</u>	<u>(1,040,890)</u>
Net increase in cash and cash equivalents		3,264,812	2,641,244
Cash and cash equivalents at beginning of financial year		<u>12,350,632</u>	<u>9,709,388</u>
Cash and cash equivalents at end of financial year	4	<u><u>15,615,444</u></u>	<u><u>12,350,632</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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. Its registered office and principal place of activities is located at 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 Institution of a Public Character ("IPC") status for the period from 2 May 2016 to 31 May 2018.

The Association is composed of nine (9) 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 (Ceased operation on 31 December 2016)
7. Metta Preschool @Punggol
8. Metta Alumni Care
9. Metta Home Nursing

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Charities Accounting Standard ("CAS") and the disclosure requirements of the Societies Act (Chapter 311) and Charities Act (Chapter 37). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollar (S\$), which is the Association's functional currency.

The preparation of these financial statements in conformity with CAS 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.

2.2 Revenue recognition

Revenue 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 subject to donor-imposed conditions that specify the time period in which the expenditure can take place are accounted for as deferred income and recognised as a liability until the financial period in which the Association is allowed by the condition to expend the income.

Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

- 2.2.2 Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all related conditions will be complied with.

- 2.2.3 Revenue from rendering of services is recognised when the services have been performed and rendered.

- 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 recognised on a time-proportion basis using the effective interest method.

- 2.2.6 Other income is recognised when received.

2.3 Expenditure recognition

All expenditure 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.

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
Aircon	5 years
Alarm and security system	5 years
Arts and music equipment	5 years
Building	50 years
Computer	3 years
Electrical and fittings	5 years
Furniture and equipment	5 years
Kitchen equipment	5 years
Laundry equipment	5 years
Motor vehicles	5 years
Physio / Medical equipment	5 years
Renovation	7 - 15 years

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

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting 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.

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that have 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 disposals proceeds and its carrying amount is taken to the statement of financial activities.

2.5 Inventories

Inventories are carried at the lower of cost and net realisable 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 realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2.6 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. Cash and cash equivalents are carried at cost.

2.7 Financial assets

2.7.1 Recognition and measurement

Trade and other receivables, excluding prepayments, are initially recognised at their transaction price, excluding transaction costs, if any. Transaction costs shall be recognised as expenditure in the statement of financial activities as incurred. Prepayments are initially recognised at the amount paid in advance for the economic resources expected to be received in the future.

Investments in financial assets are investments in debt or equity instruments, which are recognised when it becomes a party to the contractual provisions of the instrument. These are initially measured at the transaction price excluding transaction costs, if any, which shall be recognised as expenditure immediately in the Statement of Financial Activities.

They are included in non-current assets unless management intends to dispose of the assets within twelve months after the balance sheet date.

Trade and other receivables and investments in financial assets are subsequently measured at cost less accumulated impairment losses.

2.7.2 Derecognition

Financial assets are derecognised 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.

2.7.3 Impairment

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

An allowance for impairment of financial assets is recognised 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments is considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the undiscounted future cash flows that the Association expects to receive. The amount of the allowance for impairment is recognised in the statement of financial activities within "Governance and administrative costs".

2.7.3 Impairment (Cont'd)

Subsequently, if the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the Association shall reverse the previously recognised impairment loss. The reversal shall not result in any carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of reversal is recognised in the statement of financial activities.

2.8 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 "Trade and other payables".

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expire. 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.

2.9 Trade and other payables

Trade and other payables, excluding accruals, are recognised at their transaction price, excluding transaction costs, if any, both at initial recognition and at subsequent measurement. Transaction costs shall recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

2.10 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.

2.11 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 utilised 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.

2.12 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 recognised 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 recognised as an expense in the statement of financial activities in the financial year in which they are incurred.

2.13 Employee compensation

2.13.1 Defined contribution plans

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.

2.13.2 Employee compensation

Employee entitlements to annual leave are recognised 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 reporting date.

2.14 Currency translation

Transactions denominated in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at the closing rate at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial activities.

2.15 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Association if that person:
 - (i) Has control or joint control over the Association;
 - (ii) Has significant influence over the Association; or
 - (iii) Is a member of the key management personnel of the Association or of a parent of the Association;
- (b) An entity is related to the Association if any of the following conditions applies:
 - (i) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others;
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity

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.

3.1 Critical accounting estimates and assumptions

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

3.1.1 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.

3.2 Critical judgments in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

3.2.1 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

	2017 S\$	2016 S\$
Cash on hand	11,300	11,800
Cash in banks	7,099,455	4,838,832
Fixed deposits	<u>9,038,964</u>	<u>7,790,240</u>
	16,149,719	12,640,872
Pledged fixed deposits	<u>(534,275)</u>	<u>(290,240)</u>
Cash and cash equivalents for cash flow purposes	<u>15,615,444</u>	<u>12,350,632</u>

Fixed deposits have maturity terms of 3 to 36 months (2016: 12 to 36 months) and interest rates ranging from 0.25% to 1.70% (2016: 0.25% to 1.87%) per annum.

Fixed deposit amounting to S\$484,275 (2016: S\$240,240) is pledged against the Banker's Guarantee in compliance to the tenancy agreement with Singapore Land Authority, which will expire on 29 June 2017 and 29 June 2020 (2016: 29 June 2017).

Fixed deposit amounting to S\$50,000 is pledged to an existing credit facility with a certain financial institution.

Long-term fixed deposits, excluding the pledged deposits, are included as cash and cash equivalents as these can be readily converted into cash without incurring significant penalty.

At the reporting date, the tenures of the fixed deposits are as follows:

	2017 S\$	2016 S\$
Less than 1 month	0	1,500,000
1 month to 1 year	7,550,000	6,000,000
More than 1 year	<u>1,488,964</u>	<u>0</u>
	<u>9,038,964</u>	<u>7,500,000</u>

5. Trade and other receivables

	2017 S\$	2016 S\$
Trade receivables		
- Outside parties	<u>28,075</u>	<u>80,308</u>
Other receivables		
- Amount due from related parties	274	617
- Deposits paid	97,322	132,816
- Grants receivable	473,272	664,277
- Other debtors	63,385	146,324
- Prepayments	<u>56,104</u>	<u>53,412</u>
	690,357	997,446
- Allowance for bad debts	<u>(2,300)</u>	<u>(56,150)</u>
	<u>688,057</u>	<u>941,296</u>
	<u>716,132</u>	<u>1,021,604</u>

Amount due from related parties are unsecured, interest-free, collectible on demand, and will be settled with cash.

6. Investment in financial assets

	2017 S\$	2016 S\$
Listed debt securities		
- Bond with fixed interest of 3.08% and maturity date as at 12 September 2022 - Singapore	503,474	504,105
- Bond with fixed interest of 4.25% and maturity date as at 29 September 2049 - Singapore	0	511,726
- Bond with fixed interest of 3.10% and maturity date as at 24 July 2024 - Singapore	<u>764,374</u>	<u>766,335</u>
	<u>1,267,848</u>	<u>1,782,166</u>

The movement of the investment in financial assets are as follows:

	2017 S\$	2016 S\$
Beginning of financial year	1,782,166	1,785,107
Disposal	(511,726)	0
Amortisation during the financial year	<u>(2,592)</u>	<u>(2,941)</u>
Balance at end of financial year	<u>1,267,848</u>	<u>1,782,166</u>

7. Property, plant and equipment

	Beginning of financial year S\$	Additions S\$	(Disposals) S\$	Transfer to/(from) S\$	End of financial year S\$
2017					
Cost					
Aircon	451,840	3,157	0	0	454,997
Alarm and security system	249,436	7,281	0	0	256,717
Arts and music equipment	6,065	0	0	0	6,065
Building	15,626,677	0	0	0	15,626,677
Computer	559,839	165,148	(4,363)	124,923	845,547
Electrical and fittings	219,180	6,720	0	0	225,900
Furniture and equipment	950,055	0	(76,283)	0	873,772
Kitchen equipment	152,938	5,939	0	0	158,877
Laundry equipment	58,407	0	0	0	58,407
Motor vehicles	678,726	49,218	(86,020)	0	641,924
Physio / Medical equipment	313,318	198,592	(21,100)	0	490,810
Renovation	2,097,029	135,869	(28,900)	62,156	2,266,154
Renovation in progress	187,079	0	0	(187,079)	0
	<u>21,550,589</u>	<u>571,924</u>	<u>(216,666)</u>	<u>0</u>	<u>21,905,847</u>
	Beginning of financial year S\$	Depreciation charge S\$	(Written back/ off) S\$	(Transfer) S\$	End of financial year S\$
2017					
Accumulated depreciation					
Aircon	178,446	90,736	0	0	269,182
Alarm and security system	167,952	25,963	0	0	193,915
Arts and music equipment	6,029	36	0	0	6,065
Building	4,234,746	310,452	0	0	4,545,198
Computer	418,977	113,811	(4,363)	0	528,425
Electrical and fittings	131,367	29,290	0	0	160,657
Furniture and equipment	880,093	28,559	(76,283)	0	832,369
Kitchen equipment	121,303	12,912	0	0	134,215
Laundry equipment	47,698	10,709	0	0	58,407
Motor vehicles	488,825	63,569	(86,020)	0	466,374
Physio / Medical equipment	147,279	52,854	(18,352)	0	181,781
Renovation	1,080,459	208,336	(17,049)	0	1,271,746
Renovation in progress	0	0	0	0	0
	<u>7,903,174</u>	<u>947,227</u>	<u>(202,067)</u>	<u>0</u>	<u>8,648,334</u>
	Beginning of financial year S\$				End of financial year S\$
2017					
Net book value					
Aircon	273,394				185,815
Alarm and security system	81,484				62,802
Arts and music equipment	36				0
Building	11,391,931				11,081,479
Computer	140,862				317,122
Electrical and fittings	87,813				65,243
Furniture and equipment	69,962				41,403
Kitchen equipment	31,635				24,662
Laundry equipment	10,709				0
Motor vehicles	189,901				175,550
Physio / Medical equipment	166,039				309,029
Renovation	1,016,570				994,408
Renovation in progress	187,079				0
	<u>13,647,415</u>				<u>13,257,513</u>

2016	Beginning of financial year S\$	Additions S\$	(Disposals) S\$	End of financial year S\$
Cost				
Aircon	448,533	3,307	0	451,840
Alarm and security system	211,638	39,911	(2,113)	249,436
Arts and music equipment	6,065	0	0	6,065
Building	15,427,304	199,373	0	15,626,677
Computer	415,003	144,836	0	559,839
Electrical and fittings	164,397	54,783	0	219,180
Furniture and equipment	948,338	18,531	(16,814)	950,055
Kitchen equipment	143,629	9,309	0	152,938
Laundry equipment	58,407	0	0	58,407
Motor vehicles	745,726	0	(67,000)	678,726
Physio / Medical equipment	166,849	148,399	(1,930)	313,318
Renovation	1,825,377	271,652	0	2,097,029
Renovation in progress	0	187,079	0	187,079
	<u>20,561,266</u>	<u>1,077,180</u>	<u>(87,857)</u>	<u>21,550,589</u>

2016	Beginning of financial year S\$	Depreciation charge S\$	(Written back/ off) S\$	End of financial year S\$
Accumulated depreciation				
Aircon	88,463	89,983	0	178,446
Alarm and security system	125,555	42,784	(387)	167,952
Arts and music equipment	4,908	1,121	0	6,029
Building	3,927,949	306,797	0	4,234,746
Computer	374,742	44,235	0	418,977
Electrical and fittings	87,725	43,642	0	131,367
Furniture and equipment	824,064	72,834	(16,805)	880,093
Kitchen equipment	94,721	26,582	0	121,303
Laundry equipment	36,017	11,681	0	47,698
Motor vehicles	483,445	72,380	(67,000)	488,825
Physio / Medical equipment	114,046	35,159	(1,926)	147,279
Renovation	918,339	162,120	0	1,080,459
Renovation in progress	0	0	0	0
	<u>7,079,974</u>	<u>909,318</u>	<u>(86,118)</u>	<u>7,903,174</u>

2016	Beginning of financial year S\$	End of financial year S\$
Net book value		
Aircon	360,070	273,394
Alarm and security system	86,083	81,484
Arts and music equipment	1,157	36
Building	11,499,355	11,391,931
Computer	40,261	140,862
Electrical and fittings	76,672	87,813
Furniture and equipment	124,274	69,962
Kitchen equipment	48,908	31,635
Laundry equipment	22,390	10,709
Motor vehicles	262,281	189,901
Physio / Medical equipment	52,803	166,039
Renovation	907,038	1,016,570
Renovation in progress	0	187,079
	<u>13,481,292</u>	<u>13,647,415</u>

8. Trade and other payables

	2017 S\$	2016 S\$
Trade payables		
- Outside parties	115,018	160,253
Other payables		
- Accruals	1,185,569	1,122,099
- Advance receipts	770,431	478,767
- Amount due to related parties	105,346	224,711
- Deposits received	106,835	110,099
- Other creditor	718	1,161
	<u>2,283,917</u>	<u>2,097,090</u>

Amount due to related parties are unsecured, interest-free, payable on demand, and will be settled with cash.

9. Funds

9.1 Unrestricted funds

9.1.1 General fund

Prior to the adoption of CAS, grants received for the purchase of depreciable assets were taken to deferred capital grant accounts. The deferred grants were recognised in the statement of financial activities over the years necessary to match the depreciation of property, plant and equipment to which the grants relate.

With the adoption of CAS, the balance of deferred capital grant was recognised as General Reserves. This note shows the amount of deferred capital grant that was included in the General Reserves.

	2017 S\$	2016 S\$
Beginning of financial year	11,724,824	12,263,051
Amortised during the year	<u>(444,769)</u>	<u>(538,227)</u>
End of financial year	<u>11,280,055</u>	<u>11,724,824</u>

9.1.2 Investment fund

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

9.1.3 Project account reserve

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

9.1.4 Sinking fund

This fund is for maintenance of the building property of Metta Building and all Centres.

9.20

9.1.5 Designated funds

This fund is composed of the following:

9.1.5.1 Children welfare fund

This fund is used to pay various expenses for the benefit of the Preschool's students.

9.1.5.2 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.

9.1.5.3 Equipment fund

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

9.1.5.4 Medicine fund

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

9.1.5.5 Alumni student welfare fund

This fund was known as the 'Alumni Welfare fund' in the prior years. This fund is to support Metta school's students and Alumni education, training, recreational, financial assistance programmes and other related expenses.

9.2 Restricted funds

9.2.1 Education trust fund

This fund is for the benefit of special needs children of Metta School and Alumni youths.

9.2.2 Programme fund

The programme fund is recurrent funding received from Ministry of Health, Ministry of Social & Family Development, NCSS ComChest and ToteBoard Social Service Fund. This fund is to defray the operational costs of running the Children Care, Disability Care and Medical Care, Alumni care and Care and share programmes.

The gross transfers between funds were approved by the Executive Management Committee to meet the remaining obligations of each fund.

— — — — —

9.2.3 Community Silver Trust

The Community Silver Trust (CST) is a dollar-for-dollar donation matching grant provided by the Government to enhance the services of voluntary welfare organisations (VWOs) in the Intermediate and Long-term care (ILTC) sector. It is managed by the Ministry of Health (MOH) and administered by the Agency of Integrated Care (AIC).

The Community Silver Trust provides funding for various designated activities organised by the Association.

	Note	2017 S\$	2016 S\$
Balance at beginning of year		263,121	265,626
Additions	10	677,427	65,000
Less: Capital expenditure		(72,236)	0
Less: Operating expenditure		<u>(409,740)</u>	<u>(67,505)</u>
Balance at end of year		<u>458,572</u>	<u>263,121</u>

9.2.4 Care and share

Care and Share fund is a fund raising and volunteerism movement led by Community Chest for the Social Service sector. It aims to show care and concern for the needy and recognise the contributions made by the voluntary welfare organisations (VWOs). Eligible donations from VWOs until 31 March 2017 is matched dollar-for-dollar by the government. The matched amount will go towards building the capabilities and capacities of the social services sector and supporting social services to meet rising needs.

The Care & Share matching grant provides funding for various designated activities organised by the Association.

	Note	2017 S\$	2016 S\$
Balance at beginning of year		0	0
Additions	10	1,350,000	675,000
Less: Capital expenditure		(395,254)	(449,291)
Less: Operating expenditure		<u>(611,750)</u>	<u>(225,709)</u>
Balance at end of year		<u>342,996</u>	<u>0</u>

10. Income

	Note	Unrestricted funds					Designated funds			Restricted funds		Total funds S\$
		General fund S\$	Investment fund S\$	Sinking fund S\$	Alumni student welfare fund S\$	Children welfare fund S\$	Client welfare fund S\$	Equipment fund S\$	Medicine fund S\$	Education trust fund S\$	Programme fund S\$	
2017												
Voluntary income												
Donations – Tax exempt		519,779	0	0	0	0	0	0	0	0	90,139	609,918
Donations – Non-tax exempt		263,077	0	0	0	0	0	0	0	0	110,529	373,606
Donations – Designated		101,359	0	0	37,110	10,000	5,136	0	868	0	36,140	190,613
Grants – Government												
- IRAS grants		125,839	0	0	0	0	0	0	0	0	128,098	253,937
- MOE grants		784,434	0	0	0	0	0	0	0	0	0	784,434
- MOH grants		0	0	0	0	0	0	0	0	0	1,108,982	1,108,982
- MSF grants		63,556	0	0	0	0	0	0	0	0	4,456,760	4,520,316
Grants – Non – Government		140,000	0	0	0	0	0	0	0	0	4,473	144,473
NCSS grants		73,784	0	0	0	0	0	0	0	0	85,596	159,380
Tote Board grants		0	0	0	0	0	0	0	0	0	1,195,853	1,195,853
Care and share	9	0	0	0	0	0	0	0	0	0	1,350,000	1,350,000
Community Silver Trust	9	0	0	0	0	0	0	0	0	0	677,427	677,427
		<u>2,071,828</u>	<u>0</u>	<u>0</u>	<u>37,110</u>	<u>10,000</u>	<u>5,136</u>	<u>0</u>	<u>868</u>	<u>0</u>	<u>9,243,997</u>	<u>11,368,939</u>
Activities for generating funds												
Corporate social responsibility		42,463	0	0	0	0	0	0	0	0	15,170	57,633
Event and activity		18,552	0	0	0	0	0	0	0	0	0	18,552
Fund-raising		835,917	0	0	0	0	0	0	0	0	61,528	897,445
		<u>896,932</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>76,698</u>	<u>973,630</u>
Investment income												
Interest income		56,584	0	0	0	0	0	0	0	0	41,838	98,422
Investment income		0	41,310	0	0	0	0	0	0	0	11,625	52,935
		<u>56,584</u>	<u>41,310</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>53,463</u>	<u>151,357</u>
Income from charitable activities												
Programme activity income		1,182,775	0	0	0	0	0	0	0	0	0	1,182,775
Fees received		780	0	0	0	0	0	0	0	0	823,063	823,843
Membership fee		1,960	0	0	0	0	0	0	0	0	0	1,960
Sales		636,467	0	0	0	0	0	0	0	0	0	636,467
Transport service fee		0	0	0	0	0	0	0	0	0	83,800	83,800
Others		67,818	0	0	0	0	0	0	0	0	13,563	81,381
		<u>1,889,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>920,426</u>	<u>2,810,226</u>
Other income												
Profit on disposal fixed assets		0	0	0	0	0	0	0	0	0	100	100
Sundry		6,691	0	0	0	0	0	0	0	0	3,282	9,973
		<u>6,691</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,382</u>	<u>10,073</u>

9.23

2016	Note	Unrestricted funds							Restricted funds		Total funds S\$	
		General fund S\$	Investment fund S\$	Sinking fund S\$	Alumni student welfare fund S\$	Children welfare fund S\$	Client welfare fund S\$	Equipment fund S\$	Medicine fund S\$	Education trust fund S\$		Programme fund S\$
Voluntary income												
Donations – Tax exempt		583,363	0	0	0	0	0	0	0	0	127,962	711,325
Donations – Non-tax exempt		193,172	0	0	0	0	0	0	0	0	137,304	330,476
Donations – Designated		84,676	0	0	20,370	0	5,665	1,360	1,240	0	125,644	238,955
Grants – Government												
- IRAS grants		148,811	0	0	0	0	0	0	0	0	278,048	426,859
- MOE grants		865,434	0	0	0	0	0	0	0	0	10,000	875,434
- MOH grants		0	0	0	0	0	0	0	0	0	1,259,306	1,259,306
- MSF grants		58,846	0	0	0	0	0	0	0	0	5,019,092	5,077,938
Grants – Non – Government		120,000	0	0	0	0	0	0	0	0	16,360	136,360
NCSS grants		23,080	0	0	0	0	0	0	0	0	80,274	103,354
Tote Board grants		0	0	0	0	0	0	0	0	0	1,180,213	1,180,213
Care and share	9	0	0	0	0	0	0	0	0	0	675,000	675,000
Community Silver Trust	9	0	0	0	0	0	0	0	0	0	65,000	65,000
Temasek cares grant		0	0	0	0	0	0	0	0	0	(13,350)	(13,350)
		2,077,382	0	0	20,370	0	5,665	1,360	1,240	0	8,960,853	11,066,870
Activities for generating funds												
Corporate social responsibility		16,562	0	0	0	0	0	0	0	0	26,785	43,347
Event and activity		159,079	0	0	0	0	0	0	0	0	718	159,797
Fund-raising		901,030	0	0	0	0	0	0	0	0	72,636	973,666
		1,076,671	0	0	0	0	0	0	0	0	100,139	1,176,810
Investment income												
Interest income		23,345	0	0	0	0	0	0	0	0	58,920	82,265
Investment income		0	36,751	0	0	0	0	0	0	0	23,250	60,001
		23,345	36,751	0	0	0	0	0	0	0	82,170	142,266
Income from charitable activities												
Programme activity income		1,667,121	0	0	0	0	0	0	0	0	0	1,667,121
Fees received		780	0	0	0	0	0	0	0	0	891,928	892,708
Membership fee		2,650	0	0	0	0	0	0	0	0	0	2,650
Sales		530,789	0	0	0	0	0	0	0	0	0	530,789
Transport service fee		0	0	0	0	0	0	0	0	0	95,844	95,844
Others		0	0	0	0	0	0	0	0	0	10,699	10,699
		2,201,340	0	0	0	0	0	0	0	0	998,471	3,199,811
Other income												
Profit on disposal fixed assets		0	0	0	0	0	0	0	0	0	150	150
Sundry		1,698	0	0	0	0	0	0	0	0	5,730	7,428
		1,698	0	0	0	0	0	0	0	0	5,880	7,578

11. Expenditure

		Unrestricted funds								Restricted funds		
		General fund	Investment fund	Sinking fund	Alumni student welfare fund	Children welfare fund	Client welfare fund	Equipment fund	Medicine fund	Education trust fund	Programme fund	Total funds
2017	Note	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Cost of generating funds												
Amortisation of investments	6	0	2,592	0	0	0	0	0	0	0	0	2,592
Corporate social responsibility		7,920	0	0	0	0	0	0	0	0	8,299	16,219
Designated expenses		55,330	0	0	48,744	0	347	0	0	16,000	27,189	147,610
Donation expense		31,472	0	0	0	0	0	0	0	0	4,499	35,971
Event and activity expense		418	0	0	0	0	0	0	0	0	0	418
Fund-raising expenditure		225,075	0	0	0	0	0	0	0	0	16,574	241,649
		320,215	2,592	0	48,744	0	347	0	0	16,000	56,561	444,459
Cost of charitable activities												
Activity expense		398,187	0	0	0	0	0	0	0	0	0	398,187
Cost of sales		214,271	0	0	0	0	0	0	0	0	0	214,271
Depreciation	7	309,973	0	18,826	0	0	0	0	0	0	618,428	947,227
Direct activity expenses												
- Meals and refreshments		0	0	0	0	0	0	0	0	0	71,185	71,185
- Medical and physical aids		0	0	0	0	0	0	0	0	0	22,043	22,043
- Medical professional fee		0	0	0	0	0	0	0	0	0	433,796	433,796
- Other expenses		92,508	0	0	0	0	0	0	0	0	24,180	116,688
- Outings and activities		0	0	0	0	0	0	0	0	0	1,780	1,780
- Training and teaching materials		16,106	0	0	0	0	0	0	0	0	47,306	63,412
- Transportation		263	0	0	0	0	0	0	0	0	189,847	190,110
- Uniform		0	0	0	0	0	0	0	0	0	7,181	7,181
Fixed assets expensed		22,190	0	0	0	0	0	0	0	0	39,617	61,807
Public education		5,065	0	0	0	0	0	0	0	0	257	5,322
Rental												
- Building		1,003,294	0	0	0	0	0	0	0	0	401,261	1,404,555
- Equipment		21,741	0	0	0	0	0	0	0	0	19,271	41,012
Staff costs	12	1,507,055	0	0	0	0	0	0	0	0	4,687,624	6,194,679
Upkeep, repairs and maintenance												
- Aircon and lift		29,552	0	0	0	0	0	0	0	0	9,613	39,165
- Building and landscaping		143,411	0	0	0	0	0	0	0	0	41,563	184,974
- Equipment		18,974	0	0	0	0	0	0	0	0	23,482	42,456
- General		16,729	0	0	0	0	0	0	0	0	34,866	51,595
- Information technology		33,188	0	0	0	0	0	0	0	0	195	33,383
- Kitchen and laundry equipment		2,690	0	0	0	0	0	0	0	0	14,648	17,338
- Motor vehicles		19,994	0	0	0	0	0	0	0	0	57,862	77,856
Utilities		141,932	0	0	0	0	0	0	0	0	218,720	360,652
Balance brought forward		3,997,123	0	18,826	0	0	0	0	0	0	6,964,725	10,980,674
Others												
- General expenses		20,603	0	0	0	0	0	0	0	0	11,715	32,318
- License and subscription		19,284	0	0	0	0	0	0	0	0	14,047	33,331
- Meeting expenses		9,744	0	0	0	0	0	0	0	0	577	10,321
- Printing, stationery and postage		30,221	0	0	0	0	0	0	0	0	17,696	47,917
- Telecommunication		38,202	0	0	0	0	0	0	0	0	27,707	65,909
- Overseas travelling		0	0	0	0	0	0	0	0	0	21,447	21,447
		4,115,177	0	18,826	0	0	0	0	0	0	7,057,914	11,191,917
Governance and other administrative costs												
Audit fees		21,098	0	0	0	0	0	0	0	0	7,597	28,695
Bank charges		4,911	0	0	0	0	0	0	0	0	980	5,891
Corporate social responsibility		36,239	0	0	0	0	0	0	0	0	0	36,239
Loss on disposal of fixed assets		0	0	0	0	0	0	0	0	0	14,599	14,599
Newspapers and periodicals		1,466	0	0	0	0	0	0	0	0	411	1,877
Other professional fees		7,600	0	0	0	0	0	0	0	0	0	7,600
Outsource IT service		46,285	0	0	0	0	0	0	0	0	0	46,285
Recruitment		1,801	0	0	0	0	0	0	0	0	6,467	8,268
Staff costs	12	1,381,552	0	0	0	0	0	0	0	0	19,382	1,400,934
Stamp duty		11,713	0	0	0	0	0	0	0	0	4,019	15,732
		1,512,665	0	0	0	0	0	0	0	0	53,455	1,566,120

2016	Note	Unrestricted funds								Restricted funds		Total funds S\$
		General fund S\$	Investment fund S\$	Sinking fund S\$	Designated funds					Education trust fund S\$	Programme fund S\$	
					Alumni student welfare fund S\$	Children welfare fund S\$	Client welfare fund S\$	Equipment fund S\$	Medicine fund S\$			
Cost of generating funds												
Amortisation of investments	6	0	981	0	0	0	0	0	0	0	1,960	2,941
Corporate social responsibility		2,753	0	0	0	0	0	0	0	0	0	2,753
Designated expenses		62,178	0	0	29,611	0	3,610	768	0	5,034	36,554	137,755
Donation expense		21,917	0	0	0	0	0	0	0	0	3,641	25,558
Event and activity expense		110,196	0	0	0	0	0	0	0	0	465	110,661
Fund-raising expenditure		210,699	0	0	0	0	0	0	0	0	20,106	230,805
		407,743	981	0	29,611	0	3,610	768	0	5,034	62,726	510,473
Cost of charitable activities												
Activity expense		566,200	0	0	0	0	0	0	0	0	0	566,200
Cost of sales											185,612	185,612
Depreciation	7	311,646	0	1,493	0	0	0	0	0	0	596,179	909,318
Direct activity expenses												
- Meals and refreshments		20	0	0	0	0	0	0	0	0	71,057	71,077
- Medical and physical aids		88	0	0	0	0	0	0	0	0	27,151	27,239
- Medical professional fee		0	0	0	0	0	0	0	0	0	336,808	336,808
- Other expenses		47,457	0	0	0	0	0	0	0	0	21,272	68,729
- Outings and activities		0	0	0	0	0	0	0	0	0	700	700
- Training and teaching materials		63,487	0	0	0	0	0	0	0	0	15,657	79,144
- Transportation		35	0	0	0	0	0	0	0	0	195,666	195,701
- Uniform		1,542	0	0	0	0	0	0	0	0	12,162	13,704
Fixed assets expensed		12,165	0	0	0	0	0	0	0	0	68,841	81,006
Public education		6,050	0	0	0	0	0	0	0	0	1,872	7,922
Rental												
- Building		996,767	0	0	0	0	0	0	0	0	407,789	1,404,556
- Equipment		20,612	0	0	0	0	0	0	0	0	15,402	36,014
Staff costs	12	1,750,886	0	0	0	0	0	0	0	0	4,493,947	6,244,833
Upkeep, repairs and maintenance												
- Aircon and lift		18,820	0	0	0	0	0	0	0	0	25,040	43,860
- Building and landscaping		129,303	0	0	0	0	0	0	0	0	45,048	174,351
- Equipment		12,518	0	0	0	0	0	0	0	0	19,280	31,798
- General		21,295	0	0	0	0	0	0	0	0	23,092	44,387
- Information technology		22,415	0	0	0	0	0	0	0	0	3,026	25,441
- Kitchen and laundry equipment		5,059	0	0	0	0	0	0	0	0	7,140	12,199
- Motor vehicles		17,766	0	0	0	0	0	0	0	0	66,822	84,588
Utilities		243,725	0	0	0	0	0	0	0	0	250,714	494,439
Balance brought forward		4,247,856	0	1,493	0	0	0	0	0	0	6,890,277	11,139,626
Others												
- General expenses		10,836	0	0	0	0	0	0	0	0	(42,027)	(31,191)
- License and subscription		16,794	0	0	0	0	0	0	0	0	5,029	21,823
- Meeting expenses		6,874	0	0	0	0	0	0	0	0	419	7,293
- Printing, stationery and postage		27,378	0	0	0	0	0	0	0	0	18,890	46,268
- Telecommunication		40,070	0	0	0	0	0	0	0	0	28,000	68,070
		4,349,808	0	1,493	0	0	0	0	0	0	6,900,588	11,251,889
Governance and other administrative costs												
Audit fees		18,556	0	0	0	0	0	0	0	0	6,848	25,404
Bank charges		4,578	0	0	0	0	0	0	0	0	1,330	5,908
Corporate social responsibility		71,505	0	0	0	0	0	0	0	0	0	71,505
Loss on disposal of fixed assets		0	0	0	0	0	0	0	0	0	1,739	1,739
Newspapers and periodicals		1,255	0	0	0	0	0	0	0	0	392	1,647
Other professional fees		11,490	0	0	0	0	0	0	0	0	0	11,490
Outsource IT service		50,123	0	0	0	0	0	0	0	0	0	50,123
Recruitment		4,644	0	0	0	0	0	0	0	0	4,635	9,279
Staff costs	12	1,297,615	0	0	0	0	0	0	0	0	0	1,297,615
		1,459,766	0	0	0	0	0	0	0	0	14,944	1,474,710

12. Staff costs

	Note	2017 S\$	2016 S\$
CPF/SDL and FWL contributions		986,745	977,259
Salaries and bonuses		6,174,557	6,162,734
Staff benefits		283,410	275,915
Staff welfare		150,901	126,540
		<u>7,595,613</u>	<u>7,542,448</u>

The staff costs were allocated as follows:

Costs of charitable activities	11	6,194,679	6,244,833
Governance and administrative costs	11	<u>1,400,934</u>	<u>1,297,615</u>
		<u>7,595,613</u>	<u>7,542,448</u>

13. Operating lease commitments

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

	2017 S\$	2016 S\$
Rental of building		
Within one year	1,371,086	1,377,706
Later than one year but not later than five years	<u>2,727,246</u>	<u>0</u>
	<u>4,098,332</u>	<u>1,377,706</u>
Rental of equipment		
Within one year	39,163	38,012
Later than one year but not later than five years	<u>36,343</u>	<u>50,633</u>
	<u>75,506</u>	<u>88,645</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.

14. 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.

15. Related party transactions

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

	2017 S\$	2016 S\$
Income received	201,558	187,358
Expenses paid by Association on behalf of the related party	20,787	23,132
Income received by Association on behalf of the related party	315,305	163,405
Expenses paid by related party on behalf of the Association	<u>46,343</u>	<u>29,480</u>

The balances with related parties as at the reporting date are set out in Notes 5 and 8.

During the financial year, two (2016: one) of the Executive Management Committee members received honorariums and travelling allowance for services rendered during fundraising activities totalling to S\$9,126 (2016: S\$1,000). Other members did not receive any remuneration during the financial year.

The number of highest paid staff in the respective remuneration bands is as follows:

	2017 No. of personnel	2016 No. of personnel
Remuneration band		
Between S\$100,001 to \$150,000	4	5
Between S\$50,001 to \$100,000	<u>5</u>	<u>4</u>

16. Key management personnel compensation

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Association. The Key management personnel for the reporting period are comprise of the Deputy Director, Deputy Executive Director, Executive Director, Senior Managers and Executive Management Committee members.

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

	2017 S\$	2016 S\$
Salaries and other short-term employee benefits	847,030	898,733
Post-employment benefits – contribution to CPF	<u>105,552</u>	<u>101,410</u>
	<u>952,582</u>	<u>1,000,143</u>

None of the Management Committee members received remuneration for their contributions as Management Committee except as disclosed in Note 15.

17. Management of conflict of interest

Executive Management Committee members are required to disclose any interest that they may have, whether directly or indirectly, that the Association may enter into or in any organisations that the Association has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Association's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Executive Management Committee member may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

18. Reserve policy and position

The Association's reserve position at the reporting is as follows:

		2017	2016	Increase / (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	Accumulated general funds	7,628	8,560	(10.89)
	Investment fund	3,061	2,600	17.73
	Project account reserve	1,517	1,517	0
	Sinking fund	4,628	4,194	10.35
	Total	16,834	16,871	(0.22)
B	Restricted or Designated Funds			
	Designated Funds	446	441	1.13
	Restricted Funds	11,832	9,688	22.13
C	Total Funds	29,112	27,000	7.82
D	Total Annual Operating Expenditure	13,202	13,237	(0.26)
E	Ratio of Funds to Annual Operating Expenditure (A/D)	1.28	1.27	

Reference:

- C. Total Funds include unrestricted and restricted / designated funds.
- D. Total Annual Operating Expenditure includes expenses related to Cost of generating funds, Cost of Charitable Activities and Governance and Other Administrative costs.

The Association's reserve policy is as follows:

The maximum operating reserves shall be five (5) years of annual operating expenditure.

19. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Executive Management Committee on 16 September 2017.