



# AUDITED FINANCIAL STATEMENTS

For The Year Ended 31 March 2018

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## STATEMENT BY EXECUTIVE MANAGEMENT COMMITTEE

The Executive Management Committee present their statement together with the audited financial statements of Metta Welfare Association (the "Association") for the financial year ended 31 March 2018.


In the opinion of the Executive Management Committee,

- a) the financial statements of the Association are drawn up so as to present fairly, in all material respects, the state of affairs of the Association as at 31 March 2018 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

President	Ven Ong Tai Yong @ Shi Pu En
First Vice President	Shi You Guang
Second Vice President	Wong Sin Yew
Honorary Secretary	Ee Tiang Hwee
Assistant Honorary Secretary	Khua Kian Kheng Ivan
Honorary Treasurer	Ang Zi Qian
Assistant Honorary Treasurer	Loke Sim Wee, Joshua
Committee Member	Goh Kah Eem, Evelyn
Committee Member	Lim Thou Kin, Julian
Committee Member	Ong Say Kiat
Committee Member	Lim Ah Noi, Peter
Committee Member	Koh Lip Koon
Committee Member	Stephen Poh Yong Meng
Committee Member	Tan Ming Tatt, Christopher

On behalf of the Executive Management Committee,



Ven Ong Tai Yong @ Shi Pu En  
President



Ang Zi Qian  
Honorary Treasurer

Singapore, 4 September 2018

## 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 2018, the statement of financial activities and statement of cash flows of the Association 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 give a true and fair view of the state of affairs of the Association as at 31 March 2018, and of the results, and cash flows of the Association for the financial year then 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 Association 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 are responsible for the other information. The other information comprises the Statement by Executive Management Committee, 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 of financial statements that give a true and fair view 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.

- 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 financial year ended 31 March 2018 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 financial 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, 4 September 2018

Partner in charge : Looi Chee Bin  
PAB No. : 01834



## STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Unrestricted funds								Restricted funds			
		General fund S\$	Investment fund S\$	Project account reserve 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\$	Total funds S\$
2018													
INCOME													
Income from generated funds													
- Voluntary income	4	2,044,067	0	0	0	17,455	0	5,440	0	580	0	7,906,566	9,974,108
- Activities for generating funds	4	1,161,483	0	0	0	0	0	0	0	0	0	50,517	1,212,000
- Investment income	4	110,130	54,200	0	0	0	0	0	0	0	0	14,475	178,805
Income from charitable activities	4	758,924	0	0	0	0	0	0	0	0	0	892,236	1,651,160
Other income	4	585	0	0	0	0	0	0	0	0	0	6,309	6,894
Total income		4,075,189	54,200	0	0	17,455	0	5,440	0	580	0	8,870,103	13,022,967
EXPENDITURES													
Cost of generating funds	5	403,470	7,665	0	0	54,102	0	830	0	84	38,000	43,215	547,366
Cost of charitable activities	5	3,486,870	0	0	38,874	0	0	0	0	0	0	7,106,420	10,632,164
Governance and other administrative costs	5	1,321,354	0	0	0	0	0	0	0	0	0	18,409	1,339,763
Total expenditures		5,211,694	7,665	0	38,874	54,102	0	830	0	84	38,000	7,168,044	12,519,293
NET INCOME / (EXPENDITURE)		(1,136,505)	46,535	0	(38,874)	(36,647)	0	4,610	0	496	(38,000)	1,702,059	503,674
GROSS TRANSFERS BETWEEN FUNDS													
Transfer to / (from) of funds	11	1,583,739	100,735	0	230,412	0	0	0	0	0	0	(1,914,886)	0
NET MOVEMENT IN FUNDS		447,234	147,270	0	191,538	(36,647)	0	4,610	0	496	(38,000)	(212,827)	503,674
TOTAL FUNDS BROUGHT FORWARD (RESTATED)		24,997,065	3,061,123	1,517,134	4,628,129	325,579	44,921	33,545	25,233	16,472	319,656	(5,856,695)	29,112,162
TOTAL FUNDS CARRIED FORWARD		25,444,299	3,208,393	1,517,134	4,819,667	288,932	44,921	38,155	25,233	16,968	281,656	(6,069,522)	29,615,836

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

		Unrestricted funds									Restricted 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\$
<b>INCOME</b>													
Income from generated funds													
- Voluntary income	4	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	4	896,932	0	0	0	0	0	0	0	0	0	76,698	973,630
- Investment income	4	56,584	41,310	0	0	0	0	0	0	0	0	53,463	151,357
Income from charitable activities	4	1,889,800	0	0	0	0	0	0	0	0	0	920,426	2,810,226
Other income	4	6,691	0	0	0	0	0	0	0	0	0	3,382	10,073
<b>Total income</b>		<b>4,921,835</b>	<b>41,310</b>	<b>0</b>	<b>0</b>	<b>37,110</b>	<b>10,000</b>	<b>5,136</b>	<b>0</b>	<b>868</b>	<b>0</b>	<b>10,297,966</b>	<b>15,314,225</b>
<b>EXPENDITURES</b>													
Cost of generating funds	5	320,215	2,592	0	0	48,744	0	347	0	0	16,000	56,561	444,459
Cost of charitable activities	5	4,115,177	0	0	18,826	0	0	0	0	0	0	7,057,914	11,191,917
Governance and other administrative costs	5	1,512,665	0	0	0	0	0	0	0	0	0	53,455	1,566,120
<b>Total expenditures</b>		<b>5,948,057</b>	<b>2,592</b>	<b>0</b>	<b>18,826</b>	<b>48,744</b>	<b>0</b>	<b>347</b>	<b>0</b>	<b>0</b>	<b>16,000</b>	<b>7,167,930</b>	<b>13,202,496</b>
<b>NET INCOME / (EXPENDITURE)</b>		<b>(1,026,222)</b>	<b>38,718</b>	<b>0</b>	<b>(18,826)</b>	<b>(11,634)</b>	<b>10,000</b>	<b>4,789</b>	<b>0</b>	<b>868</b>	<b>(16,000)</b>	<b>3,130,036</b>	<b>2,111,729</b>
<b>GROSS TRANSFERS BETWEEN FUNDS</b>													
Transfer to / (from) of funds	11	94,520	422,345	0	452,867	0	0	0	0	0	0	(969,732)	0
<b>NET MOVEMENT IN FUNDS</b>		<b>(931,702)</b>	<b>461,063</b>	<b>0</b>	<b>434,041</b>	<b>(11,634)</b>	<b>10,000</b>	<b>4,789</b>	<b>0</b>	<b>868</b>	<b>(16,000)</b>	<b>2,160,304</b>	<b>2,111,729</b>
<b>AT 1 APRIL 2016 (PREVIOUSLY STATED)</b>		<b>8,559,768</b>	<b>2,600,060</b>	<b>1,517,134</b>	<b>4,194,088</b>	<b>337,213</b>	<b>34,921</b>	<b>28,756</b>	<b>25,233</b>	<b>15,604</b>	<b>335,656</b>	<b>9,352,000</b>	<b>27,000,433</b>
<b>PRIOR YEAR ADJUSTMENT</b>	19	<b>17,368,999</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,368,999)</b>	<b>0</b>
<b>AT 1 APRIL 2016 (RESTATED)</b>		<b>25,928,767</b>	<b>2,600,060</b>	<b>1,517,134</b>	<b>4,194,088</b>	<b>337,213</b>	<b>34,921</b>	<b>28,756</b>	<b>25,233</b>	<b>15,604</b>	<b>335,656</b>	<b>(8,016,999)</b>	<b>27,000,433</b>
<b>TOTAL FUNDS CARRIED FORWARD (RESTATED)</b>		<b>24,997,065</b>	<b>3,061,123</b>	<b>1,517,134</b>	<b>4,628,129</b>	<b>325,579</b>	<b>44,921</b>	<b>33,545</b>	<b>25,233</b>	<b>16,472</b>	<b>319,656</b>	<b>(5,856,695)</b>	<b>29,112,162</b>

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

## BALANCE SHEET AS AT 31 MARCH 2018

	Note	2018 S\$	2017 S\$ (Restated)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	16,077,059	15,615,444
Pledged Fixed deposits	6	375,689	534,275
Trade and other receivables	7	991,136	716,132
Inventories		4,363	4,867
		<u>17,448,247</u>	<u>16,870,718</u>
<b>Non-current assets</b>			
Investment in financial assets	8	1,775,816	1,267,848
Property, plant and equipment	9	<u>12,422,930</u>	<u>13,257,513</u>
		<u>14,198,746</u>	<u>14,525,361</u>
<b>Total assets</b>		<u>31,646,993</u>	<u>31,396,079</u>
<b>LIABILITY</b>			
<b>Current liability</b>			
Trade and other payables	10	<u>2,031,157</u>	<u>2,283,917</u>
<b>Total liability</b>		<u>2,031,157</u>	<u>2,283,917</u>
<b>NET ASSETS</b>		<u>29,615,836</u>	<u>29,112,162</u>
<b>FUNDS</b>			
<b>Unrestricted funds</b>			
General fund	11	25,444,299	24,997,065
Investment fund	11	3,208,393	3,061,123
Project account reserve	11	1,517,134	1,517,134
Sinking fund	11	4,819,667	4,628,129
Designated funds	11	414,209	445,750
		<u>35,403,702</u>	<u>34,649,201</u>
<b>Restricted funds</b>			
Education trust fund	11	281,656	319,656
Programme fund	11	<u>(6,069,522)</u>	<u>(5,856,695)</u>
		<u>(5,787,866)</u>	<u>(5,537,039)</u>
<b>Total funds</b>		<u>29,615,836</u>	<u>29,112,162</u>

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

## STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 S\$	2017 S\$
<b>Cash flows from operating activities</b>			
Net income		503,674	2,111,729
Adjustments for:			
- Amortisation of investments	5	3,532	2,592
- Depreciation	9	991,618	947,227
- Investment income	4	(178,805)	(151,357)
- (Gain)/ Loss on disposal of property, plant and equipment	4,5	(2,000)	14,499
- Unutilised leave		10,026	6,806
Operating cash flow before changes in working capital		1,328,045	2,931,496
Changes in working capital:			
- Trade and other receivables		(275,004)	305,472
- Inventories		504	599
- Trade and other payables		(262,786)	180,021
Cash generated from operations		790,759	3,417,588
Interest received		4,891	6,289
<b>Net cash provided by operating activities</b>		<b>795,650</b>	<b>3,423,877</b>
<b>Cash flows from investing activities</b>			
Decrease/(increase) in pledged deposits		158,586	(244,035)
Investment received		173,914	145,068
Placement/(Withdrawal) of investment	8	(511,500)	511,726
Proceeds from disposal of property, plant and equipment		2,000	100
Purchases of property, plant and equipment	9	(157,035)	(571,924)
<b>Net cash used in investing activities</b>		<b>(334,035)</b>	<b>(159,065)</b>
<b>Net increase in cash and cash equivalents</b>		<b>461,615</b>	<b>3,264,812</b>
Cash and cash equivalents at beginning of financial year		15,615,444	12,350,632
<b>Cash and cash equivalents at end of financial year</b>	6	<b>16,077,059</b>	<b>15,615,444</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

### 1. 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 IPC status has been renewed for the period from 1 June 2018 to 28 February 2021.

The Association is composed of eight (8) 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 @Punggol
7. Metta Alumni Care
8. Metta HomeCare (Formerly known as 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.

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

The preparation of the 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. Significant accounting policies (Cont'd)**

### **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 Interest and investment income are recognised on a time-proportion basis using the effective interest method.

2.2.5 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. Significant accounting policies (Cont'd)**

### **2.4 Employee benefits**

#### **2.4.1 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.

#### **2.4.2 Employee leaves entitlement**

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.

### **2.5 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 recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to statement of financial activities.

### **2.6 Financial assets**

#### **2.6.1 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 reporting date.

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

#### **2.6.2 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. Significant accounting policies (Cont'd)**

### **2.6 Financial assets (Cont'd)**

#### **2.6.3 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".

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.

#### **2.7 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.

#### **2.8 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.

#### **2.9 Property, plant and equipment**

##### **2.9.1 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. Significant accounting policies (Cont'd)

### 2.9 Property, plant and equipment (Cont'd)

#### 2.9.2 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 as follows:

	Useful lives
Aircon	5 years
Alarm and security system	5 years
Arts and music equipment	5 years
Building	30 - 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.

#### 2.9.3 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.

#### 2.9.4 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.

### 2.10 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. Significant accounting policies (Cont'd)**

### **2.11 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.

### **2.12 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.

### **2.13 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 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.

## **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 estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below.

### **3.1 Critical accounting estimates and assumptions (Cont'd)**

#### **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. The carrying amount of property, plant and equipment and the depreciation for the financial year are disclosed in Note 9.

### **3.2 Critical judgments in applying the entity's accounting policies**

The key critical judgements in applying the entity's accounting policies concerning the future 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 Government grants**

Government grants to meet operating expenses are recognised as income in the income and expenditure statement on the accrual basis in the year these operating expenses were incurred and there is reasonable assurance that the Association will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Association if the conditions are not met.

## 4. Income

	Note	Unrestricted funds					Designated funds			Restricted funds		
		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\$	Total funds S\$
<b>2018</b>												
<b>Voluntary income</b>												
Donations – Tax exempt		444,594	0	0	0	0	5,440	0	0	0	116,592	566,626
Donations – Non-tax exempt		265,856	0	0	0	0	0	0	0	0	136,543	402,399
Donations – Designated		271,980	0	0	17,455	0	0	0	580	0	46,735	336,750
Grants – Government												
- IRAS grants		57,948	0	0	0	0	0	0	0	0	68,653	126,601
- MOM grants		33,574	0	0	0	0	0	0	0	0	46,547	80,121
- 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	1,895,206	1,895,206
- MSF grants		50,697	0	0	0	0	0	0	0	0	4,073,107	4,123,804
NCSS grants		14,984	0	0	0	0	0	0	0	0	12,918	27,902
Grants – Non – Government		120,000	0	0	0	0	0	0	0	0	3,238	123,238
Tote Board grants		0	0	0	0	0	0	0	0	0	1,123,616	1,123,616
Care and share	11	0	0	0	0	0	0	0	0	0	352,444	352,444
Community Silver Trust	11	0	0	0	0	0	0	0	0	0	30,967	30,967
		<u>2,044,067</u>	<u>0</u>	<u>0</u>	<u>17,455</u>	<u>0</u>	<u>5,440</u>	<u>0</u>	<u>580</u>	<u>0</u>	<u>7,906,566</u>	<u>9,974,108</u>
<b>Activities for generating funds</b>												
Corporate social responsibility		2,110	0	0	0	0	0	0	0	0	0	2,110
Event and activity		91,172	0	0	0	0	0	0	0	0	0	91,172
Fund-raising		1,068,201	0	0	0	0	0	0	0	0	50,517	1,118,718
		<u>1,161,483</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>50,517</u>	<u>1,212,000</u>
<b>Investment income</b>												
Interest income		110,130	0	0	0	0	0	0	0	0	14,475	124,605
Investment income		0	54,200	0	0	0	0	0	0	0	0	54,200
		<u>110,130</u>	<u>54,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,475</u>	<u>178,805</u>
<b>Income from charitable activities</b>												
Fees received		540	0	0	0	0	0	0	0	0	795,853	796,393
Membership fee		660	0	0	0	0	0	0	0	0	0	660
Sales		684,998	0	0	0	0	0	0	0	0	0	684,998
Transport service fee		0	0	0	0	0	0	0	0	0	77,687	77,687
Others		72,726	0	0	0	0	0	0	0	0	18,696	91,422
		<u>758,924</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>892,236</u>	<u>1,651,160</u>
<b>Other income</b>												
Profit on disposal fixed assets		0	0	0	0	0	0	0	0	0	2,000	2,000
Sundry		585	0	0	0	0	0	0	0	0	4,309	4,894
		<u>585</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>6,309</u>	<u>6,894</u>

## 4. Income (Cont'd)

2017	Note	Unrestricted funds							Restricted funds				
		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\$	Total funds S\$	
<b>Voluntary income</b>													
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	11	0	0	0	0	0	0	0	0	0	1,350,000	1,350,000	
Community Silver Trust	11	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>	
<b>Activities for generating funds</b>													
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>	
<b>Investment income</b>													
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>	
<b>Income from charitable activities</b>													
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>	
<b>Other income</b>													
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>	

## 5. Expenditure

2018	Note	Unrestricted funds								Restricted funds		
		General fund S\$	Investment fund 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\$			
<b>Cost of generating funds</b>												
Amortisation of investments	8	0	3,532	0	0	0	0	0	0	0	0	3,532
Corporate social responsibility		0	0	0	0	0	0	0	0	0	4,696	4,696
Investment interest expense		0	4,133	0	0	0	0	0	0	0	0	4,133
Designated expenses		75,693	0	0	54,102	0	830	0	84	38,000	24,338	193,047
Donation expense		39,950	0	0	0	0	0	0	0	0	2,492	42,442
Event and activity expense		62,933	0	0	0	0	0	0	0	0	0	62,933
Fund-raising expenditure		224,894	0	0	0	0	0	0	0	0	11,689	236,583
		403,470	7,665	0	54,102	0	830	0	84	38,000	43,215	547,366
<b>Cost of charitable activities</b>												
Cost of sales		229,582	0	0	0	0	0	0	0	0	0	229,582
Depreciation	9	307,978	0	0	0	0	0	0	0	0	683,640	991,618
Direct activity expenses												
- Insurance		268	0	0	0	0	0	0	0	0	279	547
- Meals and refreshments		11	0	0	0	0	0	0	0	0	84,078	84,089
- Medical and physical aids		0	0	0	0	0	0	0	0	0	60,304	60,304
- Medical professional fee		0	0	0	0	0	0	0	0	0	350,091	350,091
- Other expenses		91,428	0	0	0	0	0	0	0	0	31,479	122,907
- Outings and activities		0	0	0	0	0	0	0	0	0	49	49
- Training and teaching materials		51,783	0	0	0	0	0	0	0	0	12,962	64,745
- Transportation		598	0	0	0	0	0	0	0	0	187,910	188,508
- Uniform		0	0	0	0	0	0	0	0	0	10,949	10,949
- Utensils		326	0	0	0	0	0	0	0	0	478	804
Fixed assets expensed		13,722	0	0	0	0	0	0	0	0	28,382	42,104
Public education		11,805	0	0	0	0	0	0	0	0	995	12,800
Rental												
- Land and building		1,031,904	0	0	0	0	0	0	0	0	366,030	1,397,934
- Equipment		23,004	0	0	0	0	0	0	0	0	19,309	42,313
Staff costs	12	1,274,342	0	0	0	0	0	0	0	0	4,763,349	6,037,691
Upkeep, repairs and maintenance												
- Aircon and lift		23,965	0	0	0	0	0	0	0	0	27,197	51,162
- Building and landscaping		85,805	0	0	0	0	0	0	0	0	16,243	102,048
- Equipment		32,468	0	0	0	0	0	0	0	0	21,943	54,411
- General		69,399	0	38,874	0	0	0	0	0	0	121,291	229,564
Balance carried forward		3,248,388	0	38,874	0	0	0	0	0	0	6,786,958	10,074,220
<b>Cost of charitable activities (Cont'd)</b>												
Balance brought forward		3,248,388	0	38,874	0	0	0	0	0	0	6,786,958	10,074,220
- Kitchen and laundry equipment		4,781	0	0	0	0	0	0	0	0	16,324	21,105
- Motor vehicles		18,090	0	0	0	0	0	0	0	0	55,759	73,849
Utilities		127,672	0	0	0	0	0	0	0	0	190,598	318,270
Others												
- General expenses		6,506	0	0	0	0	0	0	0	0	4,785	11,291
- License and subscription		22,648	0	0	0	0	0	0	0	0	5,165	27,813
- Meeting expenses		6,651	0	0	0	0	0	0	0	0	508	7,159
- Printing, stationery and postage		14,410	0	0	0	0	0	0	0	0	15,340	29,750
- Telecommunication		37,724	0	0	0	0	0	0	0	0	30,983	68,707
		3,486,870	0	38,874	0	0	0	0	0	0	7,106,420	10,632,164
<b>Governance and other administrative costs</b>												
Audit fees		20,028	0	0	0	0	0	0	0	0	5,243	25,271
Bad debts		0	0	0	0	0	0	0	0	0	1,331	1,331
Bank charges		2,344	0	0	0	0	0	0	0	0	4,718	7,062
Consultation		4,548	0	0	0	0	0	0	0	0	0	4,548
Newspapers and periodicals		1,097	0	0	0	0	0	0	0	0	376	1,473
Other professional fees		3,000	0	0	0	0	0	0	0	0	2,690	5,690
Outsource IT service		32,742	0	0	0	0	0	0	0	0	0	32,742
Recruitment		3,895	0	0	0	0	0	0	0	0	4,051	7,946
Staff costs	12	1,253,700	0	0	0	0	0	0	0	0	0	1,253,700
		1,321,354	0	0	0	0	0	0	0	0	18,409	1,339,763

## 5. Expenditure (Cont'd)

		Unrestricted funds							Restricted funds			
		Designated funds										
		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\$	Total funds S\$
2017	Note											
<b>Cost of generating funds</b>												
Amortisation of investments	8	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
<b>Cost of charitable activities</b>												
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	9	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												
- Land and 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
<b>Cost of charitable activities (Cont'd)</b>												
Balance brought forward		3,855,191	0	18,826	0	0	0	0	0	0	6,746,005	10,620,022
Utilities		141,932	0	0	0	0	0	0	0	0	218,720	360,652
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
<b>Governance and other administrative costs</b>												
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



## 6. Cash and cash equivalents

	2018 S\$	2017 S\$
Cash on hand	12,300	11,300
Cash in banks	4,052,112	7,099,455
Fixed deposits	<u>12,388,336</u>	<u>9,038,964</u>
	16,452,748	16,149,719
Pledged fixed deposits	<u>(375,689)</u>	<u>(534,275)</u>
Cash and cash equivalents for cash flow purposes	<u>16,077,059</u>	<u>15,615,444</u>

Fixed deposits have maturity terms of 1 to 26 months (2017: 3 to 36 months) and interest rates ranging from 0.25% to 1.70% (2017: 0.25% to 1.70%) per annum.

Fixed deposit amounting to S\$325,689 (2017: S\$484,275) is pledged against the Banker's Guarantee in compliance to the tenancy agreement with Singapore Land Authority, which will expire on 14 March 2020 and 31 March 2020 (2017: 29 June 2017 and 29 June 2020).

Fixed deposit amounting to S\$50,000 (2017: 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:

	2018 S\$	2017 S\$
Less than 1 month	2,500,000	0
1 month to 1 year	9,562,647	7,550,000
More than 1 year	<u>325,689</u>	<u>1,488,964</u>
	<u>12,388,336</u>	<u>9,038,964</u>

## 7. Trade and other receivables

	2018 S\$	2017 S\$
Trade receivables		
- Third parties	<u>22,354</u>	<u>28,075</u>
Other receivables		
- Amount due from related parties	3,652	274
- Deposits paid	20,659	97,322
- Grants receivable	718,763	473,272
- Other receivables	165,696	63,385
- Prepayments	<u>62,312</u>	<u>56,104</u>
	971,082	690,357
- Allowance for bad debts	<u>(2,300)</u>	<u>(2,300)</u>
	<u>968,782</u>	<u>688,057</u>
	<u>991,136</u>	<u>716,132</u>

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

At the reporting date, the carrying amounts of trade and other receivables approximate their fair value.

## 8. Investment in financial assets

	2018 S\$	2017 S\$
Listed debt securities		
- Bond with fixed interest of 3.08% and maturity date as at 12 September 2022 - Singapore	502,842	503,474
- Bond with fixed interest of 3.11% and maturity date as at 24 August 2026 - Singapore	510,559	0
- Bond with fixed interest of 3.10% and maturity date as at 24 July 2024 - Singapore	<u>762,415</u>	<u>764,374</u>
	<u>1,775,816</u>	<u>1,267,848</u>

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

	2018 S\$	2017 S\$
Beginning of financial year	1,267,848	1,782,166
Addition	511,500	0
Disposal	0	(511,726)
Amortisation during the financial year	<u>(3,532)</u>	<u>(2,592)</u>
Balance at end of financial year	<u>1,775,816</u>	<u>1,267,848</u>

At the reporting date, the fair value of the above investment in financial assets are S\$1,762,235.

## 9. Property, plant and equipment

	Beginning of financial year S\$	Additions S\$	(Written off/ Disposals) S\$	Transfer to/(from) S\$	End of financial year S\$
<b>2018</b>					
<b>Cost</b>					
Aircon	454,997	2,622	0	0	457,619
Alarm and security system	256,717	0	(13,696)	0	243,021
Arts and music equipment	6,065	0	0	0	6,065
Building	15,626,677	0	0	0	15,626,677
Computer	845,547	7,703	0	0	853,250
Electrical and fittings	225,900	0	0	0	225,900
Furniture and equipment	873,772	18,433	(5,431)	0	886,774
Kitchen equipment	158,877	2,800	0	0	161,677
Laundry equipment	58,407	0	0	0	58,407
Motor vehicles	641,924	18,998	(56,745)	0	604,177
Physio / Medical equipment	490,810	100,589	0	0	591,399
Renovation	<u>2,266,154</u>	<u>5,890</u>	<u>(4,708)</u>	<u>0</u>	<u>2,267,336</u>
	<u>21,905,847</u>	<u>157,035</u>	<u>(80,580)</u>	<u>0</u>	<u>21,982,302</u>

## 9. Property, plant and equipment (Cont'd)

	Beginning of financial year S\$	Depreciation S\$	(Written off/ Disposals) S\$	(Transfer) S\$	End of financial year S\$
<b>2018 (Cont'd)</b>					
<b>Accumulated depreciation</b>					
Aircon	269,182	91,437	0	0	360,619
Alarm and security system	193,915	22,275	(13,696)	0	202,494
Arts and music equipment	6,065	0	0	0	6,065
Building	4,545,198	310,452	0	0	4,855,650
Computer	528,425	152,827	0	0	681,252
Electrical and fittings	160,657	26,867	0	0	187,524
Furniture and equipment	832,369	23,504	(5,431)	0	850,442
Kitchen equipment	134,215	11,207	0	0	145,422
Laundry equipment	58,407	0	0	0	58,407
Motor vehicles	466,374	105,316	(56,745)	0	514,945
Physio / Medical equipment	181,781	80,683	0	0	262,464
Renovation	1,271,746	167,050	(4,708)	0	1,434,088
	<u>8,648,334</u>	<u>991,618</u>	<u>(80,580)</u>	<u>0</u>	<u>9,559,372</u>

	Beginning of financial year S\$	End of financial year S\$
<b>Carrying amount</b>		
Aircon	185,815	97,000
Alarm and security system	62,802	40,527
Arts and music equipment	0	0
Building	11,081,479	10,771,027
Computer	317,122	171,998
Electrical and fittings	65,243	38,376
Furniture and equipment	41,403	36,332
Kitchen equipment	24,662	16,255
Laundry equipment	0	0
Motor vehicles	175,550	89,232
Physio / Medical equipment	309,029	328,935
Renovation	994,408	833,248
	<u>13,257,513</u>	<u>12,422,930</u>

	Beginning of financial year S\$	Additions S\$	(Written off/ Disposals) S\$	Transfer to/(from) S\$	End of financial year S\$
<b>2017</b>					
<b>Cost</b>					
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>

## 9. Property, plant and equipment (Cont'd)

<b>2017 (Cont'd)</b>	Beginning of financial year S\$	Depreciation S\$	(Written off/ Disposals) S\$	(Transfer) S\$	End of financial year S\$
<b>Accumulated depreciation</b>					
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\$
<b>Carrying amount</b>					
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>

## 10 Trade and other payables

	2018 S\$	2017 S\$
Trade payables		
- Third parties	207,686	115,018
Other payables		
- Accruals	727,861	1,073,457
- Advance receipts	125,053	99,792
- Amount due to related parties	118,969	105,346
- Deposits received	114,821	106,835
- Grant received in advance	620,982	670,639
- Other creditor	1,517	718
- Provision for unutilised leave	114,268	112,112
	<u>2,031,157</u>	<u>2,283,917</u>

Amount due to related parties are unsecured, interest-free, repayable on demand, and to be settled in cash.

## 11. Funds

### 11.1 Unrestricted funds

#### 11.1.1 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.

	2018 S\$	2017 S\$
Beginning of financial year	11,280,055	11,724,824
Amortised during the year	(418,348)	(444,769)
End of financial year	<u>10,861,707</u>	<u>11,280,055</u>

#### 11.1.2 Investment fund

On 28 September 1997, the Executive Management Committee resolved that 20% of the annual surplus should be transferred to this fund.

#### 11.1.3 Project account reserve

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

#### 11.1.4 Sinking fund

This fund is for maintenance of the building property of Metta Building and all Centres. The 20% of annual surplus should be transferred to this fund.

#### 11.1.5 Designated funds

This fund is composed of the following:

##### 11.1.5.1 Children welfare fund

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



## **11. Funds (Cont'd)**

### **11.1 Unrestricted fund (Cont'd)**

#### 11.1.5 Designated funds (Cont'd)

##### 11.1.5.2 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.

##### 11.1.5.3 Equipment fund

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

##### 11.1.5.4 Medicine fund

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

##### 11.1.5.5 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.

### **11.2 Restricted funds**

#### 11.2.1 Education trust fund

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

#### 11.2.2 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.

Programme fund represents by cash and cash equivalents and other assets.

#### 11.2.3 Community Silver Trust

Community Silver Trust (CST) is a matching grant of one dollar for every donation dollar raised by eligible organisations with proper governance and whose programmes are aligned with the Government's intermediate and long-term vision for the long-term care sector in Singapore, which will be provided by the CST.

The CST is managed jointly by the Ministry of Health ("MOH") and Ministry of Community Development, Youth and Sports ("MCYS") on behalf of the Trustees, which is a restricted fund.

## 11. Funds (Cont'd)

### 11.2 Restricted funds (Cont'd)

#### 11.2.3 Community Silver Trust (cont'd)

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

	Note	2018 S\$	2017 S\$
Balance at beginning of financial year		458,572	263,121
Additions	4	30,967	677,427
Less: Capital expenditure		(92,465)	(72,236)
Less: Operating expenditure		<u>(206,655)</u>	<u>(409,740)</u>
Balance at end of financial year		<u>190,419</u>	<u>458,572</u>

#### 11.2.4 Care and share

Care and Share fund is a matching grant from Ministry of Social and Family Development ("MSF"), where eligible donations raised by the Association are matched dollar-for-dollar by the government, received in advance from National Council of Social Service. The matched fund goes towards building the Association's capabilities and capacity in the provision of social services and programmes for its beneficiaries. The fund is restricted and any unused funds for programmes that are withdrawn or terminated prematurely may be clawed back by MSF.

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

	Note	2018 S\$	2017 S\$
Balance at beginning of financial year		342,996	0
Additions	4	352,444	1,350,000
Less: Capital expenditure		(17,869)	(395,254)
Less: Operating expenditure		<u>(324,498)</u>	<u>(611,750)</u>
Balance at end of financial year		<u>353,073</u>	<u>342,996</u>

## 12. Staff costs

	Note	2018 S\$	2017 S\$
CPF/SDL and FWL contributions		973,690	986,745
Salaries and bonuses		5,940,878	6,174,557
Staff benefits		253,970	283,410
Staff welfare		<u>122,853</u>	<u>150,901</u>
		<u>7,291,391</u>	<u>7,595,613</u>

The staff costs were allocated as follows:

Costs of charitable activities	5	6,037,691	6,194,679
Governance and administrative costs	5	<u>1,253,700</u>	<u>1,400,934</u>
		<u>7,291,391</u>	<u>7,595,613</u>

**13. Operating lease commitments**

As at the reporting date, the Association has commitments for future minimum lease payments in respect of premises and equipment under non-cancellable operating leases as follows:

	2018 S\$	2017 S\$
<b>Rental of land</b>		
Within one year	1,371,086	1,371,086
Later than one year but not later than five years	<u>1,357,477</u>	<u>2,727,246</u>
	<u>2,728,563</u>	<u>4,098,332</u>
<b>Rental of equipment</b>		
Within one year	31,445	39,163
Later than one year but not later than five years	<u>97,662</u>	<u>36,343</u>
	<u>129,107</u>	<u>75,506</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) (zm) of the Income Tax Act.

**15. Related party transactions**

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

	2018	2017
Related parties with common key management executive committee	S\$	S\$
Income received	209,486	201,558
Expenses paid by Association on behalf of the related party	15,506	20,787
Income received by Association on behalf of the related party	164,070	315,305
Expenses paid by related party on behalf of the Association	<u>0</u>	<u>46,343</u>

In prior year, two of the Executive Management Committee members received honorariums and travelling allowance for services rendered during fundraising activities totalling to S\$9,126. Other members did not receive any remuneration during the financial year.

## 15. Related party transactions (Cont'd)

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

	2018 No. of personnel	2017 No. of personnel
Remuneration band		
Between S\$150,001 to \$200,000	2	0
Between S\$100,001 to \$150,000	<u>0</u>	<u>4</u>

### 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:

	2018 S\$	2017 S\$
Salaries and other short-term employee benefits	681,760	913,552
Post-employment benefits – contribution to CPF	<u>98,220</u>	<u>118,812</u>
	<u>779,980</u>	<u>1,032,364</u>

None of the Management Committee members received remuneration for their contributions as Management Committee except as disclosed above.

## 16. 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.

## 17. Fund management

The primary objective of the Association is to ensure it maintains sufficient cash in order to support its activities. Its approach to management of funds is to balance the allocation of cash and the incurrence of debt. Available cash is deployed primarily to cover operational requirements.

## 18. Reserve policy and position

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

		2018	2017 (Restated)	Increase / (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	Accumulated general funds	25,444	24,997	1.79
	Investment fund	3,208	3,061	4.80
	Project account reserve	1,517	1,517	0.00
	Sinking fund	4,820	4,628	4.15
	Total	34,989	34,203	2.30
B	Restricted or Designated Funds			
	Designated Funds	414	446	(7.17)
	Restricted Funds	(5,788)	(5,537)	(4.53)
C	Total Funds	29,616	29,112	1.73
D	Total Annual Operating Expenditure	12,519	13,202	(5.17)
E	Ratio of Funds to Annual Operating Expenditure (A/D)	2.79	2.59	

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. Comparative information

During 2018, the Association reclassified the management fee recharged to the Centres from general fund to programme fund to reflect the way in which the expenses are derived from its use. Consequently, comparative amounts in the statement of financial activities and statement of financial position were restated for consistency.

The restatements made to the financial statements for the year ended 1 April 2016 is summarised as follows:

<b>As at 1 April 2016</b>	Previously stated S\$	Restatements S\$	As restated S\$
<b>Statement of financial position / statement of financial activities</b>			
<b>FUNDS</b>			
<b>Unrestricted funds</b>			
General fund	8,559,768	17,368,999	25,928,767
<b>Restricted funds</b>			
Programme fund	9,352,000	(17,368,999)	(8,016,999)
<b>Total funds</b>	<u>17,911,768</u>	<u>0</u>	<u>17,911,768</u>

## 20. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Executive Management Committee on 4 September 2018.