

NAM HONG WELFARE SERVICE SOCIETY
[UEN. T07SS0086D]

[Registered under the Societies Act (Chapter 311) in the
Republic of Singapore]

AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2017

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Fiducia LLP

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STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2017 and the results, changes in fund and cash flows of the Society for the year then ended.

At the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

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

Chairman	Lim See Sing
Vice Chairman	Lim Soi Tee
Secretary	Chew Chon Chua
Vice Secretary	Low Bock Seng
Vice Secretary	Ang Kok Kiang
Treasurer	Heng Poh Chuah, Peter
Vice Treasurer	Lim Kim Siang
Vice Treasurer	Wang Kia Peng
Committee Member	Lim Teck Huat PBM
Committee Member	Koh Hock Siong BBM
Committee Member	Quek Chia Seng
Committee Member	Heng Ah Em
Committee Member	Boo Hi Song
Committee Member	Yeo Hung Teo PBM
Committee Member	Lim Boon Choon
Committee Member	Veronica Toh
Committee Member	Koh Keng Guan
Committee Member	Tan Chye Teck
Committee Member	Lim Moon Kiat
Committee Member	Rosaline Oh
Committee Member	Cher Kim Seah
Committee Member	Ng Chau Jen
Committee Member	Tan Kok Kuan
Committee Member	Goh Ken Lai
Committee Member	Peh Hock Lye
Committee Member	The Meng Hee
Committee Member	Yap Guan Tee
Committee Member	Heng Song Joo
Committee Member	Ang Park Hong
Committee Member	Ng See Lek

For and on behalf of the Management Committee,

Chew Chon Chua
Secretary

Heng Poh Chuah, Peter
Treasurer

Singapore,

Fiducia LLP

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Independent auditor's report to the members of:

NAM HONG WELFARE SERVICE SOCIETY
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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Nam Hong Welfare Service Society (the "Society"), which comprise the statement of financial position of the Society as at 31 December 2017, the statement of financial activities, statement of changes in fund 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 Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2017 and the results, changes in fund and cash flows of the Society for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Statement by the 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.

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(CONT'D)

Independent auditor's report to the members of:

NAM HONG WELFARE SERVICE SOCIETY
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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 FRSS, 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 Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion,

- (a) the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) the fund raising appeals conducted by the Society during the year ended 31 December 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 Society has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Society has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore,

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

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

	Note	2017 S\$	2016 S\$
INCOME			
<u>Voluntary income</u>			
Donations	5	1,210,717	1,434,402
Registration fees		75,244	78,208
		<u>1,285,961</u>	<u>1,512,610</u>
<u>Other income</u>			
Grant income		50,000	50,000
Other income	6	30,821	64,612
		<u>80,821</u>	<u>114,612</u>
Total income		<u>1,366,782</u>	<u>1,627,222</u>
EXPENDITURE			
Accountancy fee		4,800	3,600
Advertisement		1,203	1,538
Audit fee		7,865	11,323
Bank charges		1,254	1,558
Bursary award		10,060	11,270
Charity Dinner expenses		82,878	118,170
Charity Golf expenses		0	40,157
Depreciation of property, plant and equipment	11	12,484	13,040
Event expenses		37,190	41,001
Flag day expenses		1,583	3,878
Gifts and condolences		100	475
Insurance		12,086	8,780
License fee		832	1,867
Maintenance charges		17,307	15,873
Office supplies		7,804	11,533
Other expenses		431	4,401
Purchases of medicinal products		168,639	181,056
Rental of copier		2,023	2,375
Rental of medical centre		2,992	2,992
Staff costs	7	460,737	514,207
Telecommunication charges		7,054	9,954
Transportation		8,548	5,073
Upkeep of office		135	129
Utilities		6,148	5,659
Volunteer physicians		1,640	1,330
Total expenditure		<u>855,793</u>	<u>1,011,239</u>
Net income for the year		<u>510,989</u>	<u>615,983</u>

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
ASSETS			
Current assets			
Cash and cash equivalents	8	1,824,887	1,301,079
Fixed deposit	9	500,000	500,000
Other receivables	10	<u>0</u>	<u>7,750</u>
		2,324,887	1,808,829
Non-current asset			
Property, plant and equipment	11	<u>13,541</u>	<u>21,552</u>
Total assets		<u>2,338,428</u>	<u>1,830,381</u>
LIABILITY			
Current liability			
Trade and other payables	12	<u>52,496</u>	<u>55,438</u>
Total liabilities		<u>52,496</u>	<u>55,438</u>
NET ASSETS		<u>2,285,932</u>	<u>1,774,943</u>
FUND			
Unrestricted fund			
General fund	13	<u>2,285,932</u>	<u>1,774,943</u>
TOTAL FUND		<u>2,285,932</u>	<u>1,774,943</u>

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

STATEMENT OF CHANGES IN FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Balance at beginning of year S\$	Net income for the year S\$	Balance at end of year S\$
2017			
Unrestricted fund			
General fund	<u>1,774,943</u>	<u>510,989</u>	<u>2,285,932</u>
Total fund	<u><u>1,774,943</u></u>	<u><u>510,989</u></u>	<u><u>2,285,932</u></u>
2016			
Unrestricted fund			
General fund	<u>1,158,960</u>	<u>615,983</u>	<u>1,774,943</u>
Total fund	<u><u>1,158,960</u></u>	<u><u>615,983</u></u>	<u><u>1,774,943</u></u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
Cash flows from operating activities			
Net income for the year		510,989	615,983
Adjustments for:			
- Depreciation of property, plant and equipment	11	12,484	13,040
- Interest income		0	(3,104)
Operating cash flow before working capital changes		<u>523,473</u>	<u>625,919</u>
Changes in operating assets and liabilities			
- Other receivables		7,750	809
- Trade and other payables		(2,942)	6,011
Net cash generated from operating activities		<u>528,281</u>	<u>632,739</u>
Cash flows from investing activities			
Interest received		0	3,104
Placement of fixed deposits		0	(300,000)
Purchases of property, plant and equipment	11	(4,473)	(1,926)
Net cash used in investing activities		<u>(4,473)</u>	<u>(298,822)</u>
Net increase in cash and cash equivalents		523,808	333,917
Cash and cash equivalents at beginning of financial year		1,301,079	967,162
Cash and cash equivalents at end of financial year	8	<u>1,824,887</u>	<u>1,301,079</u>

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

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

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

1. General information

Nam Hong Welfare Service Society (the "Society") is registered and domiciled in Singapore. The Society's registered address is located at 475 Yishun Ring Road, Singapore 768678 and principal place of business is located at 111 Yishun Ring Road #01-375, Singapore 760111.

The Society was registered on 12 May 2007 under the Societies Act (Chapter 311) and is a registered charity under the Charities Act, Chapter 37 on 5 February 2009. The Society has been accorded an Institution of a Public Character ("IPC") status for the period from 8 January 2017 to 7 January 2020.

The principal activities of the Society are those of providing Chinese clinical and medicinal facilities to the needy.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") 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 Society's functional currency.

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.

2.1.1 Interpretations and amendments to published standards effective in 2017

In the current financial year, the Society has adopted all the new and revised FRS and interpretations of FRS ("INT FRS") that are relevant to its operations and effective on 1 January 2017. The adoption of the standard did not have any material effect on the financial statements.

2.1.2 Standards issued but not yet effective

The Society has not adopted the following relevant new/revised FRS, INT FRS and amendments to FRSs that were issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 109 Financial instruments	1 January 2018
FRS 115 Revenue from contracts with customers	1 January 2018
FRS 116 Leases	1 January 2019

Management believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of initial application.

2. Significant accounting policies (Cont'd)

2.2 Income recognition

Income comprises the fair value of the consideration received or receivable in the ordinary course of the Society's activities. Income is recognised as follows:

2.2.1 Donations

Unrestricted donations are reported as income. The timing of income recognition is governed by the donor's intent. If the donor is silent, the donation is recognised as income in the year made. The timing of income recognition for restricted donations is the same as for unrestricted donations.

2.2.2 Registration fees

Registration fees are recognised that it is probable that the fee will be received.

2.2.3 Government grant

Government grants are recognised as income in the financial statements over the periods necessary to match them with the related costs, which they are intended to compensate on a systematic basis.

2.2.4 Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.2.5 Other income

Other income is recognised when received.

2.3 Expenditure recognition

All expenses 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.

2.4 Property, plant and equipment

2.4.1 Measurement

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

The cost of an item of property, plant and equipment initially recognised 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 is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Computer	3 years
Furniture and fittings	5 years
Office equipment	5 years
Renovation	5 years
Signboard	5 years

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

2.4.2 Depreciation (Cont'd)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the statement of financial activities in 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 Society and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in 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.

Fully depreciated assets still in use are retained in the financial statements.

2.5 Impairment on non-financial assets

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

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

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

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

2. Significant accounting policies (Cont'd)

2.6 Financial assets

2.6.1 Classification

The Society classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

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

2.6.2 Recognition and derecognition

Usual purchases and sales of financial assets are recognised on trade-date – the date on which the Society commits to purchase or sell the asset.

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

2.6.3 Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

2.6.4 Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using effective interest method.

2.6.5 Impairment

The Society assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

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.

An allowance for impairment of loans and receivables, including other receivables, is recognised when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the amount becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of financial activities.

The allowance for impairment loss account is reduced through statement of financial activities in a subsequent period when the amount of impairment losses decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2. Significant accounting policies (Cont'd)

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 changes in value.

2.7 Other receivables

Other receivables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.8 Financial liabilities

Financial liabilities are recognised when the Society 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 which are due to be settled within 12 months after the reporting date are presented as current liabilities in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue. Other financial liabilities due to be settled more than 12 months after the reporting date are presented as non-current liabilities in the statement of financial position.

Financial liabilities is derecognised when the obligations under the liability is discharged or cancelled or expires. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.10 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Society prior to the end of financial year, which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

2.11 Provision for other liabilities and charges

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

2.12 Operating leases as lessee

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in 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 leases are recognised as expenditure in the statement of financial activities on a straight line basis over the lease term. Contingent rents, if any, are charged as expenditure in the statement of financial activities in which they are incurred.

2. Significant accounting policies (Cont'd)

2.13 Employee benefits

2.13.1 Defined contribution plans

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

2.13.2 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.14 Funds

Restricted fund balances are restricted by outside sources and may only be utilised in accordance with the purposes for which they are established. Designated funds are earmarked for specific purposes and are largely made up of funds allocated at the discretion of the Board. These designated funds are treated as restricted funds as they contain funds restricted by outside sources.

The Management Committee retains full control over the use of unrestricted funds for any of the Society's purposes.

2.15 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

2.16 Events after the reporting date

Post year-end events that provide additional information about the Society's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant accounting judgements and estimates

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

The Management is of the opinion that there are no significant judgements made in applying accounting policies and estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Income tax

The Society is a charity registered under the Charities Act since 5 February 2009. Consequently, the income of the Society is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap.134.

5. Donations

	2017 S\$	2016 S\$
Tax exempt donations	652,794	848,145
Non-tax exempt donations	557,923	586,257
	<u>1,210,717</u>	<u>1,434,402</u>

The detail of the donation were as follows:

Voluntary income

Tax exempt donations	247,591	127,295
Non-tax exempt donations	395,614	68,881

Charity Golf income

Tax exempt donations	95,388	218,300
Non-tax exempt donations	0	5,500

Charity Dinner income

Tax exempt donations	309,815	405,746
Non-tax exempt donations	126,584	320,743

Flag Day income

Tax exempt donations	0	96,804
Non-tax exempt donations	35,725	191,133

	<u>1,210,717</u>	<u>1,434,402</u>
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6. Other income

	2017 S\$	2016 S\$
Interest income	0	3,105
Special employment credit	17,989	22,022
SG50 giving donations - MOE	0	15,000
Temporary employment credit	3,156	4,117
Wage credit scheme	9,676	19,393
Miscellaneous income	0	975
	<u>30,821</u>	<u>64,612</u>

7. Staff costs

	2017 S\$	2016 S\$
Wages and salaries	352,487	369,371
Employer's contribution to CPF	46,554	52,572
Part time cleaner and worker	2,000	4,260
Medical expenses	2,646	3,878
Skill development levy	1,429	1,018
Staff allowances	3,910	3,790
Staff bonuses	51,711	79,318
	<u>460,737</u>	<u>514,207</u>

8. Cash and cash equivalents

	2017 S\$	2016 S\$
Cash on hand	17,060	10,866
Cash at banks	1,807,827	1,290,213
	<u>1,824,887</u>	<u>1,301,079</u>

At the reporting date, the carrying amounts of cash and cash equivalents approximate their fair values.

9. Fixed deposit

The fixed deposit placed at 18 months (2016: 18 months) terms and earns interest at rate 1.35% (2016: 1.35%) per annum.

At the reporting date, the carrying amounts of fixed deposit approximate their fair values.

10. Other receivables

	2017 S\$	2016 S\$
Prepayments	<u>0</u>	<u>7,750</u>

At the reporting date, the carrying amounts of other receivables approximate their fair values.

11. Property, plant and equipment

	Computer S\$	Furniture and fittings S\$	Office equipment S\$	Renovation S\$	Signboard S\$	Total S\$
Cost						
At 1 January 2016	19,452	14,525	15,717	218,196	3,773	271,663
Additions	0	1,926	0	0	0	1,926
At 31 December 2016	19,452	16,451	15,717	218,196	3,773	273,589
Additions	0	0	0	4,473	0	4,473
At 31 December 2017	19,452	16,451	15,717	222,669	3,773	278,062
Accumulated depreciation						
At 1 January 2016	19,452	5,381	10,961	199,940	3,263	238,997
Depreciation charge	0	2,798	2,016	8,037	189	13,040
At 31 December 2016	19,452	8,179	12,977	207,977	3,452	252,037
Depreciation charge	0	2,518	1,823	7,936	207	12,484
At 31 December 2017	19,452	10,697	14,800	215,913	3,659	264,521
Carrying amount						
31 December 2016	0	8,272	2,740	10,219	321	21,552
31 December 2017	0	5,754	917	6,756	114	13,541

12. Trade and other payables

	2017 S\$	2016 S\$
Trade payables		
- Third parties	32,789	34,752
Accrued operating expenses	19,707	20,686
	<u>52,496</u>	<u>55,438</u>

Trade payables are non-interest bearing and are normally settled on 30 to 60 days.

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

13. General Fund

General fund are expendable at the discretion of the Management Committee in furtherance of the Society's objects.

14. Operating lease commitments

The Society leases office equipment from non-related parties under non-cancellable operating lease agreement.

The future minimum rental payable under non-cancellable operating lease contracted for at the end of the reporting period, but not recognised as liabilities, are as follows:

	2017 S\$	2016 S\$
Not later than one year	1,477	1,477
Later than one year but not later than five years	1,476	2,953
	<u>2,953</u>	<u>4,430</u>

15. Related party transactions

(a) Related party transactions and balances

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2017 S\$	2016 S\$
Transactions with companies in which the Society's Management Committee held directorship:		
Purchase of property, plant and equipment from a related party	4,473	1,926
Purchase of office supplies from a related party	0	484
Maintenance charges paid to a related party	6,335	3,569
	<u>6,335</u>	<u>3,569</u>

15. Related party transactions (Cont'd)

(b) Compensation of key management personnel

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

	2017 S\$	2016 S\$
Salaries and bonuses	72,100	77,250
Other short-term employee benefits	0	2,810
Employer's contribution to CPF	6,489	6,959
	<u>78,589</u>	<u>87,019</u>
No. of executive of the Society in remuneration bands:		
Below S\$100,000	<u>1</u>	<u>1</u>

16. Financial instruments

The financial assets and liabilities of the Society as at the financial reporting date were as follows:

	2017 S\$	2016 S\$
<u>Financial Assets</u>		
Loans and receivables		
Cash and cash equivalents	1,824,887	1,301,079
Fixed deposit	500,000	500,000
	<u>2,324,887</u>	<u>1,801,079</u>
<u>Financial Liabilities carried at amortised cost</u>		
Trade and other payables	52,496	55,438
	<u>52,496</u>	<u>55,438</u>

17. Financial risk management

The Society is mainly exposed to interest rate risk, credit risk and liquidity risk.

Risk management is carried out under policies approved by the Management Committee. The Management Committee reviews and agrees on policies and procedures for management of these risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market interest rates. The Society's exposure to interest rate risk arises primarily from their cash and cash equivalents and fixed deposit.

The Society does not expect any significant effect on the Society's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

17. Financial risk management (Cont'd)

Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, the interest rate profile of the Society's interest-bearing financial instruments was as follows:

	2017 S\$	2016 S\$
Fixed rate instruments		
<u>Financial assets</u>		
Fixed deposit	<u>500,000</u>	<u>500,000</u>

The sensitivity analysis is based on changes in the interest rates of variable rate financial instruments.

At the reporting date, the Society does not have variable rate interest-bearing financial instruments.

Credit risk

Credit risk is the potential financial loss resulting from customer defaulting on its contractual obligations to the Society.

The Society has minimal exposure to credit risks due to the nature of its activities.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its financial obligations due to shortage of funds. The Society exposure to liquidity risk arises primarily from mis-matches of the maturities of financial assets or liabilities.

Management Committee monitors and ensures that the Society maintains a level of cash and cash equivalents deemed adequate to finance the Society's operations.

The table below summarises the maturity profile of the Society's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2017			
Financial assets			
Cash and cash equivalents	1,824,887	0	1,824,887
Fixed deposit	<u>500,000</u>	<u>0</u>	<u>500,000</u>
	<u>2,324,887</u>	<u>0</u>	<u>2,324,887</u>
Financial liabilities			
Trade and other payables	<u>(52,496)</u>	<u>0</u>	<u>(52,496)</u>
	<u>(52,496)</u>	<u>0</u>	<u>(52,496)</u>
Net financial assets	<u>2,272,391</u>	<u>0</u>	<u>2,272,391</u>

17. Financial risk management (Cont'd)

Liquidity risk (Cont'd)

	Within one year	Later than one year but not later than five years	Total
	S\$	S\$	S\$
2016			
Financial assets			
Cash and cash equivalents	1,301,079	0	1,301,079
Fixed deposit	500,000	0	500,000
	<u>1,801,079</u>	<u>0</u>	<u>1,801,079</u>
Financial liabilities			
Trade and other payables	(55,438)	0	(55,438)
	<u>(55,438)</u>	<u>0</u>	<u>(55,438)</u>
Net financial assets	<u>1,745,641</u>	<u>0</u>	<u>1,745,641</u>

18. Fair values

As at 31 December 2017, the carrying amounts of the financial assets and liabilities recorded in the financial statements of the Society approximate their fair values due to their short-term nature.

19. Reserve position and policy

The Society's reserve position for financial year ended 31 December 2017 is as follows:

		2017	2016	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Fund			
	General Fund	2,286	1,775	28.79
B	Restricted or Designated Fund	N/A	N/A	N/A
C	Endowment Fund	N/A	N/A	N/A
D	Total Fund	2,286	1,775	28.79
E	Total Annual Operating Expenditure	856	1,011	(15.13)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.67	1.76	

Reference:

C. An endowment fund consists of assets, funds or properties that are held in perpetuity which produce annual income flow for a foundation to spend as grants.

D. Total Funds include unrestricted, restricted/ designated and endowment funds.

E. Total Annual Operating Expenditure includes expenses related to Cost of Charitable Activities and Governance and Other Operating and Administration expenses.

The Society's Reserve Policy is as follows:

The Management Committee is in the process of finalising the reserve policy of the Society in the forthcoming meeting.

20. Management of conflict of interest

During the current and previous financial year, no members have received any remuneration from the Society except for those disclosed in Note 15.

Management Committee are required to disclose any interest that they may have, whether directly or indirectly, that the Society may enter into or in any organisations that the Society has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Society's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Management Committee 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.

21. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Management Committee on