

**CATHOLIC AIDS RESPONSE  
EFFORT**

[Unique Entity No. T04SS0204E]  
[IPC No. IPC000711]

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

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2016**

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**Fiducia LLP**

[UEN T10LL0955L]  
Public Accountants and  
Chartered Accountants of Singapore

71 Ubi Crescent  
Excalibur Centre, #08-01  
Singapore 408571  
T: (65) 6846.8376  
F: (65) 6725.8161

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**STATEMENT BY MANAGEMENT COMMITTEE**

In the opinion of the Management Committee, the financial statements as set out on pages 6 to 28 are drawn up so as to present fairly, in all material respects, the state of affairs of **Catholic Aids Response Effort** (the "Society") as at 31 December 2016, and the results, changes in funds and cash flows of the Society for the financial 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

06 APR 2017

Soo Wai Seng	President
Ambrose Tan Jui Lian	Vice President
Nicholas Chee Yong Choong	Secretary
Susanna Goh	Treasurer
Antony Ng Peng Chew	Assistant Treasurer
Jacinta Jamuna Rajoo	Committee Member
Koh Ngiap Hern, Peter Kenson	Committee Member

On behalf of the Management Committee,



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Soo Wai Seng  
President



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Antony Ng Peng Chew  
Assistant Treasurer

Singapore, 06 APR 2017

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Independent auditor's report to the members of:

### **CATHOLIC AIDS RESPONSE EFFORT**

[UEN. T04SS0204E]  
[IPC No. IPC000711]

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## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the accompanying financial statements of **CATHOLIC AIDS RESPONSE EFFORT** (the "Society") which comprise the statement of financial position as at 31 December 2016, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Society for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of 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 2016 and the results, changes in funds and cash flows of the Society for the 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 management committee set out on page 2 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:

**CATHOLIC AIDS RESPONSE EFFORT**  
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### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements 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.



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(CONT'D)

Independent auditor's report to the members of:

### **CATHOLIC AIDS RESPONSE EFFORT**

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

In our opinion the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

During the course of our audit, nothing has come to our attention that causes 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, 06 APR 2017

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

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**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	2016 S\$	2015 S\$
<b>INCOME</b>		
<b>Incoming resources from generating funds</b>		
Donations	31,229	13,292
Grants	403,000	440,000
<b>Incoming resources from charitable activities</b>	15,701	14,705
<b>Other income</b>	5,495	4,186
<b>TOTAL INCOME</b>	<u>455,425</u>	<u>472,183</u>
<b>LESS: EXPENDITURE</b>		
Cost of charitable activities	384,960	382,518
Governance and administrative costs	96,576	90,498
<b>TOTAL EXPENDITURE</b>	<u>481,536</u>	<u>473,016</u>
<b>NET DEFICIT FOR THE FINANCIAL YEAR</b>	<u>(26,111)</u>	<u>(833)</u>

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

**DETAILED INCOME AND EXPENDITURE STATEMENTS FOR THE FINANCIAL YEAR 31 DECEMBER 2016**

	Unrestricted fund	Restricted fund	Total Fund
	General fund	Care and Share Matching fund	
Note	S\$	S\$	S\$
<b>INCOME</b>			
<b>Incoming resources from generating funds</b>			
<b>Donations</b>			
- Tax deductible	4,675	0	4,675
- Non-tax deductible	26,554	0	26,554
	<u>31,229</u>	<u>0</u>	<u>31,229</u>
<b>Grants</b>			
- Care and Share Matching Grant	0	138,000	138,000
- Caritas Singapore Community Council	265,000	0	265,000
	<u>265,000</u>	<u>138,000</u>	<u>403,000</u>
<b>Incoming resources from charitable activities</b>			
Residents' Projects	11,461	0	11,461
Residents' Contribution	4,240	0	4,240
	<u>15,701</u>	<u>0</u>	<u>15,701</u>
<b>Other income</b>			
Fixed deposit interest	291	0	291
Other income	5,204	0	5,204
	<u>5,495</u>	<u>0</u>	<u>5,495</u>
<b>Total income</b>	<u>317,425</u>	<u>138,000</u>	<u>455,425</u>
<b>EXPENDITURE</b>			
<b>Cost of charitable activities</b>			
Air conditioning, installations and equipment	977	910	1,887
Ambulance and related transport cost	150	0	150
Building and grounds	28	0	28
Catering, food and household expenses	11,430	218	11,648
Children's transport fund and related transport cost	3,745	0	3,745
Cleaning and environment services	2,491	0	2,491
Cottage Industry	2,498	0	2,498
Depreciation	66,430	4,029	70,459
Education and training expenses	2,628	0	2,628
Electrical and lighting	660	0	660
Education and tag expenses	459	20	479
Insurance expenses	3,990	0	3,990
Landscaping services	283	0	283
Monthly rations	5,500	0	5,500
Other event expenses	1,621	80	1,701
Other volunteer expenses	80	0	80
Other non-resident expenses	210	0	210
Resident incentive and assistance	13,796	0	13,796
Shelter tenure	48,378	0	48,378
Staff costs:			
- Salaries	177,914	0	177,914
- CPF contribution	23,279	0	23,279
Transportation/travelling	330	0	330
Utilities	11,985	0	11,985
Volunteer outreach	5	0	5
WAD project	803	0	803
Water system	33	0	33
	<u>379,703</u>	<u>5,257</u>	<u>384,960</u>

**DETAILED INCOME AND EXPENDITURE STATEMENTS FOR THE FINANCIAL YEAR 31 DECEMBER 2016 (CONT'D)**

		Unrestricted fund	Restricted fund	Total Fund
		General fund S\$	Care and Share Matching fund S\$	S\$
<b>EXPENDITURE (CONT'D)</b>	Note			
<b>Governance and administrative costs</b>				
Auditor's remuneration		4,280	0	4,280
Bank charges		115	0	115
Donation to Caritas Singapore Community Council Limited		2,500	0	2,500
Depreciation	9	11,723	711	12,434
Facilities		43	0	43
Fees, licences and TOL		240	0	240
Insurance expenses		704	0	704
Medical expenses		1,343	0	1,343
Office equipment maintenance		4,091	0	4,091
Other staff expenses		453	0	453
Postage, printing and stationery		2,234	0	2,234
Staff costs:				
- Salaries	5	55,275	0	55,275
- CPF contribution	5	6,667	0	6,667
SDL contribution		467	0	467
Sundries		189	0	189
Telecommunications		2,364	0	2,364
Tools and materials		29	0	29
Training and development		653	40	693
Transportation/travelling		384	0	384
Utilities		2,071	0	2,071
		<u>95,825</u>	<u>751</u>	<u>96,576</u>
<b>TOTAL EXPENDITURE</b>		<u>475,528</u>	<u>6,008</u>	<u>481,536</u>
<b>NET (DEFICIT)/ SURPLUS FOR THE FINANCIAL YEAR</b>		(158,103)	131,992	(26,111)
Funds brought forward		<u>1,113,575</u>	<u>(2,892)</u>	<u>1,110,683</u>
Funds carried forward		<u>955,472</u>	<u>129,100</u>	<u>1,084,572</u>



**DETAILED INCOME AND EXPENDITURE STATEMENTS FOR THE FINANCIAL YEAR 31 DECEMBER 2015**

	Unrestricted fund	Restricted fund	Total Fund
	General fund	Care and Share Matching fund	
Note	S\$	S\$	S\$
<b>INCOME</b>			
<b>Incoming resources from generating funds</b>			
Donations			
- Tax deductible	4	1,400	0
- Non-tax deductible		11,892	0
Grant from Caritas Singapore Community Council Limited	12	440,000	0
<b>Incoming resources from charitable activities</b>			
Residents' Projects		9,871	0
Residents' Contribution		4,834	0
<b>Other income</b>			
Fixed deposit interest		201	0
Other income		3,985	0
<b>Total income</b>		<u>472,183</u>	<u>0</u>
<b>EXPENDITURE</b>			
<b>Cost of charitable activities</b>			
Air conditioning, installations and equipment		1,585	500
Ambulance and related transport cost		470	0
Building and grounds		280	0
Catering, food and household expenses		11,100	300
Children's transport fund and related transport cost		3,210	0
Cleaning and environment services		3,596	0
Cottage Industry		5,596	0
Depreciation	9	66,430	618
Education and training expenses		1,932	0
Electrical and lighting		3,185	0
Insurance expenses		2,851	0
Landscaping services		2,154	0
Monthly rations		3,000	0
Other event expenses		385	0
Other non-resident expenses		1,790	0
Resident incentive and assistance		11,571	0
Shelter tenure		51,349	0
Staff costs:			
- Salaries	5	173,906	0
- CPF contribution	5	20,727	0
Transportation/travelling		430	0
Utilities		14,930	0
WAD project		586	0
Water system		37	0
		<u>381,100</u>	<u>1,418</u>
			<u>382,518</u>

**DETAILED INCOME AND EXPENDITURE STATEMENTS FOR THE FINANCIAL YEAR 31 DECEMBER 2015 (CONT'D)**

	Unrestricted fund	Restricted fund	Total Fund
	General fund	Care and Share Matching fund	
Note	S\$	S\$	S\$
<b>EXPENDITURE (CONT'D)</b>			
<b>Governance and administrative costs</b>			
Auditor's remuneration	4,280	0	4,280
Bank charges	90	0	90
Building and grounds	154	0	154
Depreciation	9 11,723	109	11,832
Fees, licences and TOL	621	0	621
Insurance expenses	503	0	503
Medical expenses	747	0	747
Meeting expenses	255	1,365	1,620
Office equipment maintenance	1,753	0	1,753
Other staff expenses	96	0	96
Postage, printing and stationery	2,316	0	2,316
Professional fees	700	0	700
Staff costs:			
- Salaries	5 53,550	0	53,550
- CPF contribution	5 5,303	0	5,303
SDL contribution	450	0	450
Sundries	24	0	24
Telecommunications	2,191	0	2,191
Training and development	1,266	0	1,266
Transportation/travelling	433	0	433
Utilities	2,569	0	2,569
	<u>89,024</u>	<u>1,474</u>	<u>90,498</u>
<b>TOTAL EXPENDITURE</b>	<u>470,124</u>	<u>2,892</u>	<u>473,016</u>
<b>NET (DEFICIT)/ SURPLUS FOR THE FINANCIAL YEAR</b>	2,059	(2,892)	(833)
Funds brought forward	<u>1,111,516</u>	<u>0</u>	<u>1,111,516</u>
Funds carried forward	<u>1,113,575</u>	<u>(2,892)</u>	<u>1,110,683</u>

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

	Note	2016 S\$	2015 S\$ As Restated
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	916,873	892,577
Other receivables	8	<u>16,354</u>	<u>17,847</u>
		<u>933,227</u>	<u>910,424</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	<u>167,608</u>	<u>230,437</u>
<b>Total assets</b>		<u>1,100,835</u>	<u>1,140,861</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accruals	10	<u>16,263</u>	<u>30,178</u>
<b>Total liabilities</b>		<u>16,263</u>	<u>30,178</u>
<b>NET ASSETS</b>		<u>1,084,572</u>	<u>1,110,683</u>
<b>FUNDS</b>			
<b>Unrestricted Fund</b>			
General Fund	11	955,472	1,113,575
<b>Restricted Fund</b>			
Care and Share Matching Fund	11	<u>129,100</u>	<u>(2,892)</u>
		<u>1,084,572</u>	<u>1,110,683</u>

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

**STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Balance beginning of financial year S\$	Net (deficit)/ surplus S\$	Balance at end of financial year S\$
<b>2016</b>			
<b>Unrestricted fund</b>			
General fund	1,113,575	(158,103)	955,472
<b>Restricted fund</b>			
Care and Share Matching fund	(2,892)	131,992	129,100
	<u>1,110,683</u>	<u>(26,111)</u>	<u>1,084,572</u>
<b>2015</b>			
<b>Unrestricted fund</b>			
General fund	1,111,516	2,059	1,113,575
<b>Restricted fund</b>			
Care and Share Matching fund	0	(2,892)	(2,892)
	<u>1,111,516</u>	<u>(833)</u>	<u>1,110,683</u>

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



**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Note	2016 S\$	2015 S\$
<b>Cash flows from operating activities</b>			
Net (deficit)/ surplus		(26,111)	(833)
Adjustments for:			
- Depreciation	9	82,893	78,880
- Interest income		(291)	(201)
Operating cash flow before working capital changes		<u>56,491</u>	<u>77,846</u>
Changes in operating assets and liabilities:			
- Other receivables		1,493	(14)
- Accruals and other payables		(13,915)	14,949
Cash generated from operations		<u>44,069</u>	<u>92,781</u>
Interest received		291	201
<b>Net cash provided by operating activities</b>		<u>44,360</u>	<u>92,982</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment representing net cash used in investing activities	9	<u>(20,064)</u>	<u>(33,136)</u>
<b>Net increase in cash and cash equivalents</b>		24,296	59,846
Cash and cash equivalents at beginning of financial year		892,577	832,731
<b>Cash and cash equivalents at end of financial year</b>	7	<u>916,873</u>	<u>892,577</u>
<b>Cash and cash equivalents comprise:</b>			
Cash on hand		2,000	2,000
Cash at bank		713,377	689,371
Fixed deposits		201,496	201,206
	7	<u>916,873</u>	<u>892,577</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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

**1. General information**

Catholic AIDS Response Effort ("the Society") is registered on 2 August 2004 under the Societies Act (Chapter 311). The Society is a non-profit organisation. The address of its registered office is at 9 Mandai Road, Mandai MCH Clinic, Singapore 779387.

The Society is registered as a charity under the Charities Act (Chapter 37) with effect from 7 July 2006 and is a member with the Commissioner of Charities.

The Society has been accorded an Institute of Public Character ('IPC') status for the period from 1 August 2015 to 31 January 2018.

The principal activity of the Society is to provide holistic care and support to people living with HIV/AIDS (PLWHAs) and their families.

**2. Significant accounting policies**

**2.1 Basis of preparation**

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

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the financial year. Although these estimates are based on Management Committee's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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.

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

## 2. Significant accounting policies (Cont'd)

### 2.1 Basis of preparation (Cont'd)

#### Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Society adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adaptation of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Society and had no material effect on the amounts reported for the current or prior financial years.

#### New or amended Standards and Interpretations effective after 1 January 2016

The following are the new or amended Standards and Interpretations (issued by Accounting Standards Council up to 04 January 2017) that are not yet applicable, but may be early adopted for the current financial year:

Descriptions	Annual periods commencing on
Amendments to: <ul style="list-style-type: none"><li>- FRS 7 Statement of cash flows (Disclosure initiative)</li><li>- FRS 12 Income taxes (Recognition of deferred tax assets for unrealised losses)</li></ul>	1 January 2017
FRS 109 Financial Instruments FRS 115 Revenue from Contracts with Customers Amendments to: <ul style="list-style-type: none"><li>- FRS 102 Classification and Measurement of Share-based Payment Transactions</li><li>- FRS 40 Transfers of Investment Property</li><li>- FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers</li></ul>	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 the initial application.

### 2.2 Income recognition

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

#### 2.2.1 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Society will comply with all attached conditions. Government grants, relating to costs are deferred and recognised in the statement of financial activities over the period necessary to match them with the costs they are intended to compensate.

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

**2.2 Income recognition (Cont'd)**

2.2.2 Donations

Donations are taken up and accrued as and when they are committed. Those uncommitted donations, income from society events and all income except as listed below, are recognised on receipt basis. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

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 incomes are recognised when incurred.

**2.3 Cost recognition**

Resources expended

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

2.3.1 Charitable activities

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

2.3.2 Governance costs

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

**2.4 Property, plant and equipment**

2.4.1 Measurement

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

The cost of an item of property, plant and equipment 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.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal and restoration is included as a consequence of acquiring or using the property, plant and equipment.



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## 2. Significant accounting policies (Cont'd)

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

#### 2.4.2 Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Office equipment	3 years
Renovation	5 years
Furniture and fittings	3 years

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

#### 2.4.3 Subsequent expenditure

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

#### 2.4.4 Disposal

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

### 2.5 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) 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, the 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 is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

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

A reversal of impairment loss for an asset is recognised in profit or loss.

## 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 purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

##### Loans and receivables

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

#### 2.6.2 Recognition and derecognition

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. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

#### 2.6.3 Measurement

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

#### 2.6.4 Impairment

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

##### Loans and 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.

An allowance for impairment of loans and 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 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. Significant accounting policies (Cont'd)**

**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 "Accruals and other payables".

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

**2.9 Accruals and other payables**

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

**2.10 Provisions 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.

**2.11 Fair value estimation of financial assets and liabilities**

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

**2.12 Funds**

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

**2.13 Operating Leases**

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 profit or loss on a straight-line basis over the period of the lease.

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



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## 2. Significant accounting policies (Cont'd)

### 2.14 Employee compensation

Employee benefits are recognised as an expense in the statement of financial activities.

#### 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 on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid.

#### Employee leave 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 financial position date.

### 2.15 Related parties

A related party is defined as follows:

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



**3. Critical accounting estimates, assumptions and judgments**

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

Critical judgments in applying the entity's accounting policies

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

*Estimated useful lives of property, plant and equipment*

The Society 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.

**4. Tax Deductible Donations**

During the financial year, the Society issued tax-deductible receipts for donations totalling S\$ 4,675 (2015: S\$ 1,400) pursuant to its Institution of a Public Character ("IPC") status. They are recorded as follows:

	2016 S\$	2015 S\$
Statement of comprehensive income		
General fund:		
Donations	4,675	1,400

**5. Staff cost**

Included in the expenses expended are as follows

	2016 S\$	2015 S\$
CPF contribution	29,946	26,030
Salaries and bonus	233,189	227,456
	263,135	253,486
	S\$	S\$
The staff salaries and CPF contribution costs were allocated as follows:		
• Costs of charitable activities	201,193	194,633
• Governance and administrative costs	61,942	58,853
	263,135	253,486

**6. Income tax expense**

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

**7. Cash and cash equivalents**

	2016 S\$	2015 S\$
Cash on hand	2,000	2,000
Cash at bank	713,377	689,371
Fixed deposits	<u>201,496</u>	<u>201,206</u>
	<u>916,873</u>	<u>892,577</u>

Fixed deposits of the Society at the reporting date had a maturity of 3 months (2015: 3 months) and had a weighted average effective interest rate of 0.14% (2015: 0.10%) per annum.

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

**8. Other receivables**

	2016 S\$	2015 S\$
Prepayments	2,901	2,777
Security deposit	<u>13,453</u>	<u>15,070</u>
	<u>16,354</u>	<u>17,847</u>

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

**9. Property, plant and equipment**

	Office equipment S\$	Renovation S\$	Furniture and fittings S\$	Total S\$
<b>2016</b>				
<b>Cost</b>				
Beginning of financial year	18,231	361,600	1,448	381,279
Additions	0	20,064	0	20,064
End of financial year	<u>18,231</u>	<u>381,664</u>	<u>1,448</u>	<u>401,343</u>
<b>Accumulated depreciation</b>				
Beginning of financial year	11,426	138,450	966	150,842
Depreciation charge	6,078	76,333	482	82,893
End of financial year	<u>17,504</u>	<u>214,783</u>	<u>1,448</u>	<u>233,735</u>
<b>Net book value at end of financial year</b>	<u>727</u>	<u>166,881</u>	<u>0</u>	<u>167,608</u>

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

	Office equipment S\$	Renovation S\$	Furniture and fittings S\$	Total S\$
<b>2015</b>				
<b>Cost</b>				
Beginning of financial year	16,050	330,645	1,448	348,143
Additions	2,181	30,955	0	33,136
End of financial year	<u>18,231</u>	<u>361,600</u>	<u>1,448</u>	<u>381,279</u>
<b>Accumulated depreciation</b>				
Beginning of financial year	5,349	66,130	483	71,962
Depreciation charge	6,077	72,320	483	78,880
End of financial year	<u>11,426</u>	<u>138,450</u>	<u>966</u>	<u>150,842</u>
<b>Net book value at end of financial year</b>	<u>6,805</u>	<u>223,150</u>	<u>482</u>	<u>230,437</u>

During the financial year, the depreciation of property, plant and equipment was apportioned between charitable activities and governance and administrative costs on the basis of floor area.

The following property, plant and equipment were purchased through the Care and Share Matching Grant as disclosed in Note 11.

	Office equipment S\$	Renovation S\$	Total S\$
<b>2016</b>			
<b>Cost</b>			
Beginning of financial year	2,181	0	2,181
Additions	0	19,060	19,060
End of financial year	<u>2,181</u>	<u>19,060</u>	<u>21,241</u>
<b>Accumulated depreciation</b>			
Beginning of financial year	727	0	727
Depreciation charge	727	4,013	4,740
End of financial year	<u>1,454</u>	<u>4,013</u>	<u>5,467</u>
<b>Net book value at end of financial year</b>	<u>727</u>	<u>15,047</u>	<u>15,774</u>
<b>2015</b>			
<b>Cost</b>			
Additions	2,181	0	2,181
End of financial year	<u>2,181</u>	<u>0</u>	<u>2,181</u>
<b>Accumulated depreciation</b>			
Depreciation charge	727	0	727
End of financial year	<u>727</u>	<u>0</u>	<u>727</u>
<b>Net book value at end of financial year</b>	<u>1,454</u>	<u>0</u>	<u>1,454</u>

**10. Accruals**

At the reporting date, the carrying amounts of accruals approximated their fair values.

**11. Funds**

**Unrestricted fund**

***General fund***

This fund represents accumulated income for meeting operating expenses by the Society.

**Restricted fund**

***Care and Share Matching fund***

Care and Share Matching Grant is a grant from Ministry of Social and Family Development ("MSF"), based on qualifying donations, to develop the charitable agency's capabilities and capacity in the provision of social services and programmes for its beneficiaries. The unused funds for projects that are withdrawn or terminated prematurely may be clawed back if the new proposed projects were not being approved by MSF.

Movement of this fund is as follows:

	2016 S\$	2015 S\$
Balance at beginning of year	(2,892)	0
Add: Grant received	138,000	0
Less: Utilisation	<u>(6,008)</u>	<u>(2,892)</u>
Balance at end of year	<u>129,100</u>	<u>(2,892)</u>

Net assets of Care and Share Matching fund are as follows:

		2016 S\$	2015 S\$
<b>Total Care and Share Matching fund</b>		<u>129,100</u>	<u>(2,892)</u>
<b>Represented by:</b>			
Cash and bank balances		113,326	(4,346)
Property, plant & equipment	9	<u>15,774</u>	<u>1,454</u>
		<u>129,100</u>	<u>(2,892)</u>

**12. Related party transactions**

The Society has significant related parties transactions with related parties on terms agreed between the parties as follows:

	2016 S\$	2015 S\$
Caritas Singapore Community Council Limited:		
- Grants received	(265,000)	(440,000)
- Donation paid	2,500	0
Donation received from Management Committee	(2,499)	0

**13. Key management personnel compensation**

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

	2016 S\$	2015 S\$
Number of key management in remuneration bands		
S\$50,001 to S\$100,000	1	1

The remuneration of key management personnel is determined by the Management Committee.

**14. Management of conflict of interest**

There is no paid staff on the Society's Management Committee.

Committee members 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 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.

**15. Operating lease commitments**

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

	2016 S\$	2015 S\$
Not later than one year	48,372	51,758
Later than one year but not later than five years	48,372	103,516

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.



**16. Financial instruments**

The financial assets and liabilities of the Society as at the end of financial period are as follows:

	2016 S\$	2015 S\$
<b>Financial assets</b>		
Cash and cash equivalents	916,873	892,577
Other receivables	<u>13,453</u>	<u>15,070</u>
	<u>930,326</u>	<u>907,647</u>
<b>Financial liabilities</b>		
Other payables	<u>16,263</u>	<u>30,178</u>

**17. Financial risk management**

The Society's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Management Committee on an informal basis.

**Credit risk**

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

The credit risk on liquid funds is limited because the counter parties are banks with high credit rating assigned by international credit agencies.

**Liquidity risk**

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

The table below summarises the profile of the Society's financial liabilities at the statement of financial position date based on contractual undiscounted payments.

	2016 S\$	2015 S\$
<b>Payable within one year</b>		
<i>Financial liabilities</i>		
Other payables	<u>16,263</u>	<u>30,178</u>

**Fair values**

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

**18. Comparative figures**

The comparative figures of the statement of financial activities and statement of financial position have been restated to conform to the current year's presentation. The reclassifications made were due to ring-fence the Care and Share Matching fund as a restricted fund.

As a result, certain line items have been amended in the statement of financial activities and statement of financial position.

	As previously stated		As restated	
	Unrestricted fund	General fund	Care and share fund	Total
<i>Statement of Financial Activities</i>				
<b>INCOME</b>	S\$	S\$	S\$	S\$
<b>Incoming resources from generating funds</b>				
Donations	13,292	13,292	0	13,292
Grant from Caritas Singapore Community Council Limited	440,000	440,000	0	440,000
<b>Incoming resources from charitable activities</b>	14,705	14,705	0	14,705
<b>Other income</b>	4,186	4,186	0	4,186
<b>TOTAL INCOME</b>	<u>472,183</u>	<u>472,183</u>	<u>0</u>	<u>472,183</u>
<b>EXPENDITURE</b>				
Cost of charitable activities	382,518	381,100	1,418	382,518
Governance and administrative costs	90,498	89,024	1,474	90,498
<b>TOTAL EXPENDITURE</b>	<u>473,016</u>	<u>470,124</u>	<u>2,892</u>	<u>473,016</u>
<b>NET DEFICIT FOR THE FINANCIAL YEAR</b>	<u>(833)</u>	<u>2,059</u>	<u>(2,892)</u>	<u>(833)</u>
			As previously reported S\$	As restated S\$
<i>Statement of Financial Position</i>				
<b>FUNDS</b>				
<b>Unrestricted fund</b>				
General fund			<u>1,110,683</u>	<u>1,113,575</u>
<b>Restricted fund</b>				
Care and Share Matching fund			<u>0</u>	<u>(2,892)</u>
			<u>1,110,683</u>	<u>1,110,683</u>

**19. Reserve policy and position**

The Society's reserve position (excluding non-current assets) for financial year ended 31 December 2016 is as follows:

		2016	2015	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	Accumulated general funds	955	1,114	(14)
B	Restricted or Designated Funds			
	Designated Funds	0	0	0
	Restricted Funds	129	(3)	(4,400)
C	Endowment Funds	0	0	0
D	Total Funds	1,084	1,111	(2)
E	Total Annual Operating Expenditure	482	473	2
F	Ratio of Unrestricted fund to Annual Operating Expenditure (A/E)	1.98	2.36	

Reference:

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

The Society's Reserve Policy is as follows:

The Management Committee shall maintain a Reserve Fund for purposes of holding surpluses or meeting shortfalls or deficits for any financial year. At the beginning of the financial year, the Management Committee shall initiate the budgetary processes by advancing to the cash book account such sums as may be needed until the arrival of revenues for the year. At the end of the year, the surpluses or deficits of the cash book account for the financial year in question shall be transferred to the Reserve Fund based on the audited financial statements.

**20. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on **06 APR 2017**