

# EN COMMUNITY SERVICES SOCIETY

(Incorporated in Singapore)

UEN: T03SS0051L

## FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 June 2017

### **HMS ASSURANCE**

**Public Accountants and Chartered Accountants**

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<b>CONTENTS</b>	<b>PAGE</b>
Committee of Council Members' Statement	2-3
Independent Auditors' Report	4-6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Funds	9
Statement of Cash Flows	10
Notes to the Financial Statements	11-23

The Committee of Council Members are pleased to present their statement to the members together with the audited financial statements of En Community Services Society for the financial year ended 30 June 2017.

### Committee of Council Members

The Committee of Council Members of the Society as at the date of this report are:

Tan Yew Keng  
Soh Pik Chuan  
Goh Chin Chuan  
Lam Tien Keong  
Ong Hui Hui  
Yap Li Ping (Appointed on 18 September 2016)

### Arrangement to Enable Committee of Council Members to Acquire Shares or Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Committee of Council Members of the Society to acquire benefits by means of the acquisition of shares or debentures of the Society or other body corporate.

### Committee of Council Members' Interest in Shares

According to the register of Committee of Council Members' shareholdings required to be kept under provisions of the Societies Act and the provisions of the Charities Act, Cap. 37, the under-mentioned persons who were Committee of Council Members of the Society at the end of the financial year had interests in the shares of the Society and its related corporation as detailed below:

	Shareholdings Registered in the Name of the Committee of Council Members	
	At 30.06.17	At 30.06.16
	Number of Shares (1)	
<u>Held in Related Corporations (De Charis Pte Ltd):</u>		
Tan Yew Keng, Lam Tien Keong, Goh Chin Chuan	400,000	400,000

(1) Shares co-owned by 3 shareholders

### Committee of Council Members' Contractual Benefits

Since the end of the previous financial year, no Committee of Council Member has received or has become entitled to receive a benefit by reason of a contract made by the Society or a related corporation with the Committee of Council Members or with a firm of which the Committee of Council Members are members, or with a Society in which the Committee of Council Members has a substantial financial interest, other than those disclosed in the financial statements.

### Options

No option to take up unissued shares of the Society was granted during the financial year. There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Society whether granted before or during the financial year. There were no unissued shares of the Society under option as at the end of the financial year.

**INDEPENDENT AUDITORS**

HMS ASSURANCE have expressed their willingness to accept re-appointment.

For and On behalf of the Committee of Council Members,



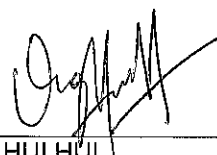
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TAN YEOW KENG  
Chairman



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SOH PIK CHUAN  
Honorary Secretary



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ONG HUI HUI  
Honorary Treasurer

Singapore

**22 SEP 2017**



# HMS ASSURANCE

## Public Accountants & Chartered Accountants

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EN COMMUNITY SERVICES SOCIETY

UEN: T03SS0051L

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#### REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

##### OPINION

We have audited the accompanying financial statements of **En Community Services Society** ("the Society"), which comprise the Statement of Financial Position of the Society as at year ended **30 June 2017**, the Statement of Comprehensive Income, Statement of Changes in Funds and Statement of Cash Flows of the Society for the 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 the Societies Act, Cap.311, the provisions of the Charities Act, Cap.37 ("the Acts") and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the Society as at 30 June 2017, and of the financial performance, 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

The Committee of Council Members is responsible for the other information. The other information comprises the Committee of Council Members' Statement.

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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### RESPONSIBILITIES OF THE COMMITTEE OF COUNCIL MEMBERS FOR THE FINANCIAL STATEMENTS

The Committee of Council Members is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Acts and Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Society 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 the Committee of Council Members either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The Committee of Council Members' responsibilities include 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 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 the Society.
- Conclude on the appropriateness of the Committee of Council Members' 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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- 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 the Committee of Council Members 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

- (a) The fund-raising appeals conducted by EN COMMUNITY SERVICES SOCIETY during the year have been carried out in accordance with the Charities Act (Cap.37) and Income Tax Act (Cap.134) and proper accounting and other records have been kept of the fund-raising appeals.
- (b) The accounting and other records required by the regulations enacted under the Charities Act (Cap.37) and the Societies Act to be kept by the Society have been properly kept in accordance with these regulations.
- (c) Nothing have come to our attention to cause us to believe that:
  - i) the funds were not used in accordance with the objects of the Society; and
  - ii) the fund-raising expenses have exceeded 30% of the gross receipts from fund-raising held during the periods as stated in paragraph (a) above.

*HMS ASSURANCE*

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PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS

SINGAPORE

22 SEP 2017

	<b>Note</b>	<b>2017</b> <b>S\$</b>	<b>2016</b> <b>S\$</b>
<b>Non-Current Assets</b>			
Plant and Equipment	6	36,758	30,077
<b>Current Assets</b>			
Trade and Other Receivables	7	5,750	33,803
Cash and Cash Equivalents	8	896,684	806,545
<b>Total Current Assets</b>		<b>902,434</b>	<b>840,348</b>
<b>Total Assets</b>		<b>939,192</b>	<b>870,425</b>
<b>Less: Current Liabilities</b>			
Other Payables	9	67,468	58,927
<b>Total Current Liabilities</b>		<b>67,468</b>	<b>58,927</b>
<b>Net Assets</b>		<b>871,724</b>	<b>811,498</b>
<b>Represented By</b>			
General Fund		871,724	811,498

The annexed notes form an integral part of the Audited Financial Statements.



	Note	2017 S\$	2016 S\$
<b>Income</b>			
Donations	11	374,866	514,037
Fund Raising Projects	11	28,092	84,812
Grants Received		505,769	636,610
Miscellaneous		4,835	66,467
(Deficit)/Surplus from Tri-love Student Care Centre (TLSC)	12	(113,484)	12,470
Project NSA		2,400	-
Project One km		41	-
Interest Income		3,626	-
<b>Total Income</b>		<b>806,145</b>	<b>1,314,396</b>
<b>Less: Expenses</b>			
Accounting and Professional Fees		12,715	11,718
Bank Charges		393	685
Bonus		15,023	10,946
Central Provident Fund		29,416	23,486
Computer Expenses		825	7,367
Depreciation	6	11,233	8,681
Entertainment & Refreshment		4,714	1,169
Fund Raising Projects Expenses		7,299	18,806
General Expenses		33,177	7,725
Insurance		12,553	9,435
Medical		2,625	1,088
Postages		494	337
Printing & Stationery		6,056	4,117
Programme Expenses	14	332,155	343,880
Rental of Office		77,040	71,690
Rental of Equipment		1,794	990
Repair & Maintenance		311	80
Salaries		170,834	136,117
Staff Welfare		16,181	1,103
Telephone Expenses		2,920	4,940
Training		7,652	8,542
Transport		267	200
Nets Charges		242	-
<b>Total Expenses</b>		<b>745,919</b>	<b>673,102</b>
<b>Net Surplus for the year representing total comprehensive Surplus for the year</b>		<b>60,226</b>	<b>641,294</b>

The annexed notes form an integral part of the Audited Financial Statements.

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	<b>General Fund S\$</b>
<b>Balance at 1 July 2015</b>	170,204
Total Comprehensive Surplus	641,294
<b>Balance at 30 June 2016</b>	<u>811,498</u>
Total Comprehensive Surplus	60,226
<b>Balance at 30 June 2017</b>	<u><u>871,724</u></u>

The annexed notes form an integral part of the Audited Financial Statements.

	2017 S\$	2016 S\$
<b>Cash Flow from Operating Activities</b>		
Total Comprehensive Surplus for the year	60,226	641,294
Adjustment for:		
Depreciation and adjustments	11,233	8,681
Loss on disposal	397	-
Operating Cash Flows Before Working Capital Changes	71,856	649,975
<b>Changes in working capital</b>		
(Increase)/Decrease in Trade and Other Receivables	28,052	(11,718)
Increase/(Decrease) in Other Payables	8,541	17,613
<b>Net cash generated from operating activities</b>	108,449	655,870
<b>Cash Flow from Investing Activities</b>		
Purchase of plant and equipment	(18,310)	(18,360)
<b>Net cash used in investing activities</b>	(18,310)	(18,360)
Net Changes in Cash and Cash Equivalents	90,139	637,510
Cash and Cash Equivalents at the Beginning of year	806,545	169,035
<b>Cash and Cash Equivalents at the End of the year</b>	896,684	806,545

The annexed notes form an integral part of the Audited Financial Statements.

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

**1. General Information**

The financial statements of the Society incorporated in Singapore, for the financial year ended 30 June 2017 were authorized for issue in accordance with a resolution of the Committee of Council Members on the date of this set of financial statements.

The Society is registered as a charity under the Charities Act, Cap. 37 in Singapore since 11 September 2003. The Society's status as an Institute of Public Character ("IPC") was from 1 December 2015 to 28 February 2017 and renewed from 20 March 2017 to 19 March 2018.

The registered office and principal place of operations located at 2 Kallang Avenue, #06-14 CT Hub, Singapore 339407. The principal place of operations of the TriLove Student Care is located at North View Primary School, 210 Yishun Ave 6, Singapore 768960.

The principal activities of the Society are to promote and to provide social community services, counseling activities, promote education, granting relief and aid to the poor, sick, aged and needy.

**2. Significant Accounting Policies**

**(a) Basis of Preparation**

The financial statements have been prepared in accordance with the Societies Act ("the Act") and the Singapore Financial Reporting Standards ("FRS").

The financial statements of the Society are prepared in accordance with historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

The preparation of financial statements requires the Committee of Council Members to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The accounting policies have been consistently applied by the Society.

**(b) Related Party**

A party is considered to be related to the Society if:

- (a) The party, directly or indirectly through one or more intermediaries:
  - (i) controls, is controlled by, or is under common control with, the Society;
  - (ii) has an interest in the Society that gives it significant influence over the Society; or
  - (iii) has joint control over the Society;
- (b) The party is an associated Society;
- (c) The party is a jointly-controlled Society;
- (d) The party is a member of the key Committee of Council Members or its parent
- (e) The party is a close member of the family of any individual referred to in (a) or (d);
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

2. Significant Accounting Policies – Continued

(b) Related Party – Continued

**Key Council Members**

Key Council Members are those persons having the authority and responsibility for planning, directing and controlling the activities of the Society. The personnel of the Committee of Council Members are considered Key Council Members.

(c) Cash & Cash Equivalents

The above for the cash flow statement comprises of cash and bank balances and is subjected to an insignificant risk of change in value.

(d) Financial Instruments

Financial assets and financial liabilities are recognized when contracted for.

(e) Provisions

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Society will be required to settle that obligation. Provisions are measured at the Committee of Council Members' best estimate of the expenditure required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(f) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured. The specific recognition criteria of each revenue stream must also be met before the revenue is recognized.

*Fees*

Programme fees are recognised when the services are rendered.

*Donations and Grants*

Donation and grants are recognized as income when received.

(g) Employee Benefits

*Pension Obligations*

The Society contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore. The Society's contributions to CPF are charged to the Statement of Comprehensive Income in the period to which the contributions relate.

*Employee Leave Entitlements*

Employee entitlements to annual leave are recognized when they accrue to employees. Accrual is made for unconsumed leave as a result of services rendered by employees up to the Statement of Financial Position date.

(h) Financial Assets

Financial assets include hedging instruments, if any, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loan and receivables and available-for sale financial assets.

2. Significant Accounting Policies – Continued

(h) Financial Assets – Continued

Financial assets are assigned to the different categories by the Committee of Council Members on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of the financial assets at fair value through Statement of Comprehensive Income is not revocable.

All financial assets are recognized on their trade date – the date on which the Society commit to purchase or sell the asset. All financial assets that are not classified as fair value through profit or loss are initially recognized at fair value, plus transaction costs.

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at each Statement of Financial Position date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Non-compounding interest and other cash flows resulting from holding financial assets are recognized in Statement of Comprehensive Income when received, regardless of how the related carrying amount of the financial assets is measured.

*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 arise when the Society provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date, which are then classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in Statement of Comprehensive Income. Any reversal shall not result in a carrying amount that exceeds what the amortized cost would have been had any impairment loss not been recognized at the date of the impairment is reversed. Any reversal is recognized in the Statement of Comprehensive Income.

Receivables are provided against when there is objective evidence that the Society will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of provision for impairment is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Loans and receivables include trade and non-trade balances with third parties.

Trade Receivables that are factored out to banks and other financial institutions with recourse to the Society are not de-recognized until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(i) Financial Liabilities

The Society's financial liabilities include trade and other payables.

Financial liabilities are recognized when the Society becomes a party to the contractual agreements of the instrument. All interest related charges is recognized as an expense in "finance costs" in the Statement of Comprehensive Income.

Borrowings are recognized initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortized cost which is the initial fair value less any principal repayments.

**2. Significant Accounting Policies – Continued**

**(i) Financial Liabilities – Continued**

Any difference between the proceeds (net of transaction costs) and the redemption value is taken to Statement of Comprehensive Income over the period of borrowings using effective interest method.

Borrowings which are due to be settled within twelve months after the Statement of Financial Position date are in current borrowings in the Statement of Financial Position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the Statement of Financial Position date. Borrowings to be settled within the Society's normal operating cycle are considered as current. Other borrowings due to be settled more than twelve months after the Statement of Financial Position date are included in the non-current borrowings in the Statement of Financial Position.

Funds instruments issued by the Society, if any, are recorded at the proceeds received, net of direct issue costs. Trade and other payables are initially measured at fair value, and subsequently measured at amortized cost, using the effective interest method.

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Comprehensive Income.

**(j) Functional Currency and Foreign Currency Transaction**

*Functional Currency*

Items included in the financial statements in the Society are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that Society ("the functional currency"). The financial statements of the Society are presented in Singapore Dollars ("SGD"), which is the functional currency.

*Foreign Currency Transaction*

Transactions in foreign currencies are measured in S\$ and recorded at exchange rates approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at Statement of Financial Position date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates. All resultant exchange differences are recognized in the Statement of Comprehensive Income.

**(k) Impairment of Assets**

The carrying amounts of the Society's assets subject to impairment are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2. Significant Accounting Policies – Continued

(k) Impairment of Assets – Continued

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Any impairment loss is charged to the Statement of Comprehensive Income unless it reverses a previous revaluation in which case it is charged to Funds.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognized for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

A reversal of an impairment loss on a revalued asset is credited directly to funds under the heading "revaluation surplus". However, to the extent that an impairment loss on the same revalued asset was previously recognized as an expense in the Statement of Comprehensive Income, a reversal of that impairment loss is recognized as income in the Statement of Comprehensive Income.

(l) Fund

Fund consists only of accumulated fund which is used to fund the operations of the Society.

(m) Plant & Equipment

The cost of plant & equipment comprises its purchase price and any directly attributable costs of bringing the plant & equipment to working condition for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of plant & equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to the plant & equipment that has already been recognized is added to the carrying amount of the plant & equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing plant & equipment, will flow to the Society. All other subsequent expenditure is recognized as an expense in the year in which it is incurred.

When plant & equipment are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the Statement of Comprehensive Income.

Plant & equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight line method so as to write off the cost of the plant & equipment over their estimated useful lives. The estimated useful lives are as follows:

	<u>Years</u>
Office Equipment	5
Computer	3-5
Furniture and Fittings	5
Air-Conditioner	5
Renovation	5



## 2. Significant Accounting Policies – Continued

### (m) Plant & Equipment – Continued

The residual values, if any and useful lives of plant & equipment are reviewed and adjusted as appropriate at each Statement of Financial Position date. The useful lives and depreciation method are reviewed at each financial year end to ensure that the method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefit embodied in the items of plant & equipment. Fully depreciated plant & equipment are retained in the financial statements until they are no longer in use.

### (n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

Assets held under finance leases are recognized as assets of the Society at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to Statement of Comprehensive Income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Society's general policy on borrowing costs.

Contingent rentals are recognized as expenses in the periods in which they are incurred. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

## 3. Critical Accounting Estimates, Assumptions and Judgments

Estimates, assumptions and judgments 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 Accounting Estimates and Assumptions

#### Impairment of Loans and Receivables

The Committee of Council Members reviews its loans and receivables for objective evidence of impairment annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, the Committee of Council Members has made judgments as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the Committee of Council Members has made judgments as to whether an impairment loss should be recorded as an expense. In determining this, Committee of Council Members has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

3. **Critical Accounting Estimates, Assumptions and Judgments – Continued**

**Depreciation of Plant and Equipment**

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Committee of Council Members estimates the useful lives of these plant and equipment to be within 3 to 5 years. Changes in the expected level of usage and technological developments could impact the useful economic lives and the residual values, if any, of these assets, therefore future depreciation charges could be revised.

**Impairment of Plant and Equipment**

The Committee of Council Members determines whether plant and equipment are impaired at least on an annual basis. This requires an estimation of the expected future cash flows from the plant and equipment.

4. **New Accounting Standards and Interpretations Not Yet Adopted**

New FRS, amendments to FRS and interpretations that are not yet effective for the financial year beginning on or after 1 July 2016 have not been applied in preparing these financial statements. The Committee of Council Members expects that the adoption of the standards will have no material impact on the financial statements in the period of initial application.

At the date of authorization of these financial statements, the following FRSs, INT FRSs and amendments to FRS, were issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 7 Statement of Cash Flows (Disclosure initiative) and FRS 12 Income taxes (Recognition of deferred tax assets for unrealised losses)	1 Jan 2017
FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 109 Financial Instruments	1 Jan 2018
FRS 116 Leases	1 Jan 2019
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

## 5. New Accounting Standards and Interpretations Adopted

The Society has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations, which becomes effective for the financial periods beginning on or after 1 July 2016. Changes to the Society's accounting policies, if any, have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption 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.

The following are FRSs, INT FRSs and amendments to FRS:  
FRS 114 Regulatory Deferral

Amendments to:

- FRS 27 Separate financial statements (Equity method in separate financial statements)
- FRS 16 Property plant and equipment and FRS 38 Intangible assets (Clarification of acceptable methods of depreciation and amortisation)
- FRS 16 Property plant and equipment and FRS 41 Agriculture (Agriculture: Bearer plants)
- FRS 111 Joint arrangements (Accounting for acquisitions of interests in joint operations)
- FRS 1 Presentation of financial statements (Disclosure initiative)
- FRS 110 Consolidated financial statements, FRS 112 Disclosure of interests in other entities and FRS 28 Investments in associates and joint ventures (Investment entities: Applying the consolidation exception) (Editorial corrections in June 2015)

Annual improvements 2014

- FRS 105 Non-current assets held for sale and discontinued operations (Methods of disposal)
- FRS 107 Financial instruments: Disclosures (Servicing contracts and interim financial statements)
- FRS 19 Employee benefits (Determining the discount rates for post-employment benefit obligations)

## 6. Plant and Equipment

	Computer S\$	Office Equipment S\$	Air Conditioner S\$	Furniture & Fittings S\$	Renovation S\$	Total S\$
<b>COST</b>						
Balance at 1 July 2015	8,805	1,206	3,424	18,436	1,049	32,920
Additions	13,549	811	3,400	600	-	18,360
Balance at 30 June 2016	22,354	2,017	6,824	19,036	1,049	51,280
Additions	12,590	2,969	-	2,751	-	18,310
Disposal	(6,198)	-	-	-	-	(6,198)
Balance at 30 June 2017	28,746	4,986	6,824	21,787	1,049	63,392
<b>ACCUMULATED DEPRECIATION</b>						
Balance at 1 July 2015	6,027	685	685	4,915	210	12,522
Charge for the year	3,292	390	1,082	3,707	210	8,681
Balance at 30 June 2016	9,319	1,075	1,767	8,622	420	21,203
Charge for the year	5,491	498	1,364	3,670	210	11,233
Disposal	(5,802)	-	-	-	-	(5,802)
Balance at 30 June 2017	9,008	1,573	3,131	12,292	630	26,634
<b>NBV at 30 June 2016</b>	<b>13,035</b>	<b>942</b>	<b>5,057</b>	<b>10,414</b>	<b>629</b>	<b>30,077</b>
<b>NBV at 30 June 2017</b>	<b>19,738</b>	<b>3,413</b>	<b>3,693</b>	<b>9,495</b>	<b>419</b>	<b>36,758</b>

**7. Trade and Other Receivables**

	<b>2017</b> <b>S\$</b>	<b>2016</b> <b>S\$</b>
Trade receivables	150	12,168
Prepayment	3,420	17,344
Deposits paid	-	200
Other Receivables	2,180	4,091
	<u>5,750</u>	<u>33,803</u>

Trade receivables are non-interest bearing and are generally on 30 days term. They are recognised at their original invoice amounts which represent their fair value on initial recognition. Trade receivables and other receivables are denominated in Singapore Dollars.

The Society has trade receivables amounting to \$150 (2016: \$6,400) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	<b>2017</b> <b>S\$</b>	<b>2016</b> <b>S\$</b>
Trade receivables past due but not impaired:		
Less than 30 days	150	5,000
Over 30 days	-	1,400
	<u>150</u>	<u>6,400</u>

**8. Cash and Cash Equivalents**

	<b>2017</b> <b>S\$</b>	<b>2016</b> <b>S\$</b>
Cash in Hand	2,500	2,596
Cash at Bank	894,184	803,949
	<u>896,684</u>	<u>806,545</u>

Cash and cash equivalents are denominated in Singapore Dollars.

**9. Other Payables**

	<b>2017</b> <b>S\$</b>	<b>2016</b> <b>S\$</b>
Deposits Received	30,960	30,543
Other Creditors	3,805	330
Accrued Operating Expenses	32,703	28,054
	<u>67,468</u>	<u>58,927</u>

**10. Income Tax**

The Society has been registered as a Charity under the Charities Act since 1 September 2003 and is exempted from income tax under Section 13 (1) (zm) of the Income Tax Act Cap. 134. Accordingly, no provision for income tax has been made in the financial statements.

**11. Donations and Fund Raising Projects**

The Society has been approved as an Institution of a Public Character (IPC) under the Charities Act from 1 December 2015 to 28 February 2017 and renewed from 20 March 2017 to 19 March 2018.

Fund raising projects and donations have been administered in accordance with the applicable requirements.

12. Surplus/(Deficit) from Tri-Love Student Care Centre (TLSC)

	2017 S\$	2016 S\$
Fees received	517,466	468,888
Less: Programme fee waiver	-	-
Donations	300	250
Miscellaneous Income	480	2,495
	<u>518,246</u>	<u>471,633</u>
Less: Expenses		
Bonus	27,795	14,725
Child Development	7,830	18,154
Central Provident Fund	61,760	42,237
Food	74,783	56,650
Foreign Worker Levy	3,600	1,048
General Expenses	5,720	2,498
Household Supplies	2,797	2,315
Insurance	1,526	1,454
Maintenance of Equipment	782	1,115
Maintenance of premises	2,647	913
Medical Expenses	2,613	1,284
Postage	30	21
Printing & Stationery	2,382	4,008
Rental of Premises	15,042	14,182
Rental of Equipment	1,143	1,143
Salaries	404,466	282,509
Staff Welfare	3,575	1,606
Telecommunication	2,550	1,133
Training	5,092	6,648
Transport	1,300	1,262
Utilities	4,297	4,258
	<u>631,730</u>	<u>459,163</u>
(Deficit)/Surplus for the year	<u>(113,484)</u>	<u>12,470</u>

**13. Employee Benefits Expenses**

	<b>2017</b>	<b>2016</b>
	<b>S\$</b>	<b>S\$</b>
Salaries & Bonuses	832,710	592,809
Central Provident fund contribution	125,690	65,508
Staff Insurance & Welfare	19,756	2,710
	<u>978,156</u>	<u>661,027</u>

**14. Programme Expenses**

	<b>2017</b>	<b>2016</b>
	<b>S\$</b>	<b>S\$</b>
Volunteer Programme	16,589	2,901
Step Up Programme	46,690	45,876
School Family Education Programme	-	123,215
Study Guidance Programme	12,572	887
Community Project	132,923	69,067
Family Life Education	121,144	74,903
Others	2,237	27,031
	<u>332,155</u>	<u>343,880</u>

**15. Operating Lease Commitment**

At the end of the reporting period, commitments for future minimum lease payment in respect of rental of office under non-cancellable operating lease are as follows:

	<b>2017</b>	<b>2016</b>
	<b>S\$</b>	<b>S\$</b>
Within one year	<u>60,000</u>	<u>60,000</u>

The above operating lease does not contain any escalation clauses and does not provide for contingent rents.

**16. Related Party Transactions**

	<b>2017</b>	<b>2016</b>
	<b>S\$</b>	<b>S\$</b>
Key management remuneration during the financial year was as follows:		
Salaries, Bonus & Other Short-term remuneration paid to Key Management Personnel	53,737	21,610
CPF contributed for Key Management Personnel	5,077	2,300
Significant transactions between the related parties at terms agreed between them are as follows:		
Rental expense paid by the Society to a related party	<u>77,040</u>	<u>71,690</u>

The amount above includes the remuneration of an Executive Director appointed by the Committee of Council Members on a fixed remuneration, whose job scope includes expanding and improving the services of the Society. The Executive Director's said employment and remuneration package is reviewable and renewable on a yearly basis.

**17. Financial Instruments**

**(a) Fair Values**

The carrying amount of the financial assets and financial liabilities approximate their fair values. The Society does not anticipate that the carrying amounts recorded at Statement of Financial Position date would be significantly different from the values that would eventually be received or settled.

**(b) Classification of Financial Instruments**

The following tables set out the classification of financial instruments at the end of the reporting period:

	Loans and Receivables S\$	Liabilities at Amortized Cost S\$	Non- Financial Assets S\$	Total S\$
<b>2017</b>				
<b>Assets</b>				
Plant and Equipment	-	-	36,758	36,758
Trade and Other Receivables	2,330	-	3,420	5,750
Cash and Cash Equivalents	896,684	-	-	896,684
<b>Liabilities</b>				
Other Payables	-	67,468	-	67,468
<b>2016</b>				
<b>Assets</b>				
Plant and Equipment	-	-	30,077	30,077
Trade and Other Receivables	16,259	-	17,544	33,803
Cash and Cash Equivalents	806,545	-	-	806,545
<b>Liabilities</b>				
Other Payables	-	58,927	-	58,927

**18. Financial Risk Management**

*Credit risk*

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a loss to the Society. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

As at the year ends, trade receivables overdue but not impaired are disclosed in Note 7.

*Liquidity risk*

Liquidity risk arises in the general funding of the Society's business activities. It includes the risks of not being able to fund the business activities at settlement dates and liquidate assets in a timely manner at a reasonable price. The Society manages its liquidity risk by placing its cash and cash equivalents with reputable banks and financing its business activities through the use of funds from the stakeholders.

The table below analyses the maturity profile of the Society's financial liabilities based on contractual undiscounted cash flows.

	<b>On Demand or within 1 year S\$</b>
<b><u>2017</u></b>	
Other Payables	67,468
<b><u>2016</u></b>	
Other Payables	58,927

**19. Capital Risk Management**

The Society's objectives when managing capital are to safeguard the Society's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize stakeholder value. In order to maintain or achieve an optimal capital structure, the Society may obtain funds, obtain new borrowings or sell assets to reduce borrowings.

The Society is not subject to externally imposed capital requirements. The Council monitors capital based on a gearing ratio. There has been no change in the objectives, policies and processes during the financial year.

The gearing ratio is calculated as debt divided by total capital. Debt comprises of other payables. Total capital is calculated as total funds plus debt.

	<b>2017 S\$</b>	<b>2016 S\$</b>
Debt	67,468	58,927
Total Funds	871,724	811,498
Total Capital	939,192	870,425
Gearing Ratio	7.18%	6.77%