

## **ONE HOPE CENTRE**

[UEN. T04SS0143E]

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

### **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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## **Fiducia LLP**

[UEN. T10LL0955L]

Public Accountants and  
Chartered Accountants of Singapore

71 Ubi Crescent  
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**STATEMENT BY THE MANAGEMENT COMMITTEE**

In the opinion of the Management Committee, the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of One Hope Centre (the "Society") as at 31 December 2018, and the results, changes in funds and cash flows of the Society for the year then ended.

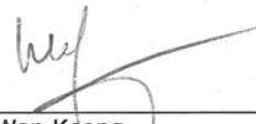
At the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

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

President	Chuah Chee Kian Christopher
Vice President	Lim Choon Liang James
Vice President	Chung Gay Leong David
Vice President	Leong Lai Hoong Vivien
Secretary	Lee Geok Chiau Grace
Treasurer	Lau Wan Keong
Member	Tan Ee Ching

For and on behalf of the Management Committee,

  
\_\_\_\_\_  
Christopher Chuah Chee Kian  
President

  
\_\_\_\_\_  
Lau Wan Keong  
Treasurer

Singapore, **23 MAY 2019**

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Independent auditor's report to the members of:

### **ONE HOPE CENTRE**

[UEN. T04SS0143E]

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

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

### *Opinion*

We have audited the accompanying financial statements of One Hope Centre (the "Society"), which comprise the statement of financial position of the Society as at 31 December 2018, the statement of financial activities, statement of changes in funds and statement of cash flows of the Society for the financial year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2018 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 the Management Committee but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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(CONT'D)

Independent auditor's report to the members of:

### **ONE HOPE CENTRE**

[UEN. T01SS0059B]

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

#### *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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

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## **Fiducia LLP**

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(CONT'D)

Independent auditor's report to the members of:

**ONE HOPE CENTRE**  
[UEN. T04SS0143E]

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

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

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

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

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

In our opinion, 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, **07 JUN 2019**

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

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	Unrestricted fund	Restricted funds			Total unrestricted and restricted funds S\$
		Accumulated general fund S\$	Lifeboat fund S\$	Women's ministry fund S\$	Care & share fund S\$	
<b>2018</b>						
<b>INCOME</b>						
<b>Income from generating funds</b>						
<u>Voluntary income</u>						
Donation from individuals	6	154,983	0	0	0	154,983
Donation from churches	6	49,300	0	0	0	49,300
Donation from organisation	6	205,364	0	0	0	205,364
Subscription fee	6	800	0	0	0	800
Share as One Grant		7,372	0	0	0	7,372
Community chest		50,000	0	0	0	50,000
		<u>467,819</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>467,819</u>
<b>Other income</b>						
Singtel grant		360	0	0	0	360
Special employment credit		6,250	0	0	0	6,250
Temporary employment credit		702	0	0	0	702
Wages credit scheme		3,390	0	0	0	3,390
		<u>10,702</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,702</u>
Total income		<u>478,521</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>478,521</u>

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Note	Unrestricted	Restricted funds			Total unrestricted and restricted funds S\$
		fund	Lifeboat	Women's ministry fund	Care & share	
		Accumulated general fund S\$	fund S\$	S\$	fund S\$	S\$
<b>2018 (CONT'D)</b>						
<b>EXPENDITURE</b>						
<b>Cost of charitable activities</b>						
Capability building expenses		0	0	0	346,900	346,900
Capacity building expenses		0	0	0	21,790	21,790
Honorarium		1,400	0	0	0	1,400
Love gifts and support		667	0	0	0	667
Monthly 1st Sat. fellowship		5,817	0	0	0	5,817
Printing and stationery		86	0	0	0	86
Rent		58,228	0	0	0	58,228
Refreshment and foods		73	0	0	0	73
Share as One expenses		7,372	0	0	0	7,372
Staff CPF & SDL		28,576	0	0	0	28,576
Staff insurance		2,483	0	0	0	2,483
Staff medical fee		1,650	0	0	0	1,650
Staff salary		214,528	0	0	0	214,528
Staff welfare		544	0	0	0	544
Utilities		3,982	0	0	0	3,982
Volunteers activities		541	0	0	0	541
		<u>325,947</u>	<u>0</u>	<u>0</u>	<u>368,690</u>	<u>694,637</u>
<b>Governance and administrative costs</b>						
Audit fee		4,494	0	0	0	4,494
Bank charges		100	0	0	0	100
Depreciation	9	691	0	0	18,198	18,889
Entertainment		408	0	0	0	408
General expenses		4,710	0	0	0	4,710
Insurance		619	0	0	0	619
Balance c/f		<u>11,022</u>	<u>0</u>	<u>0</u>	<u>18,918</u>	<u>29,220</u>

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Note	Unrestricted fund	Restricted funds			Total unrestricted and restricted funds S\$
		Accumulated general fund S\$	Lifeboat fund S\$	Women's ministry fund S\$	Care & share fund S\$	
<b>2018 (CONT'D)</b>						
<b>EXPENDITURE (CONT'D)</b>						
<b>Governance and administrative costs (cont'd)</b>						
Balance b/f		11,022	0	0	18,918	11,022
IT maintenance		125	0	0	0	125
Printing, postage and stationery		2,742	0	0	0	2,742
Refreshments and foods		921	0	0	0	921
Telecom charges		2,777	0	0	0	2,777
Transport		94	0	0	0	94
		<u>17,681</u>	<u>0</u>	<u>0</u>	<u>18,918</u>	<u>36,599</u>
Total expenditure		<u>343,628</u>	<u>0</u>	<u>0</u>	<u>386,888</u>	<u>730,516</u>
<b>Net income/ (expenditure) for the year</b>		<u>134,893</u>	<u>0</u>	<u>0</u>	<u>(386,888)</u>	<u>(251,995)</u>



**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Note	Unrestricted fund	Restricted funds			Total unrestricted and restricted funds S\$
		Accumulated general fund S\$	Lifeboat fund S\$	Women's ministry fund S\$	Care & share fund S\$	
<b>2017</b>						
<b>INCOME</b>						
<b>Income from generating funds</b>						
<i>Voluntary income</i>						
Donation from individuals	6	67,878	0	0	0	67,878
Donation from churches	6	33,345	0	0	0	33,345
Donation from organisation	6	21,200	0	0	0	21,200
Fundraising and anniversary dinner	6	351,183	0	0	0	351,183
Care & share grant		0	0	0	335,989	335,989
Lifeboat fund	6	0	500	0	0	500
Tote Board		50,000	0	0	0	50,000
		<u>523,606</u>	<u>500</u>	<u>0</u>	<u>335,989</u>	<u>860,095</u>
<b>Other income</b>						
Singtel grant		360	0	0	0	360
Special employment credit		11,790	0	0	0	11,790
Wages credit scheme		2,516	0	0	0	2,516
		<u>14,666</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,666</u>
Total income		<u>538,272</u>	<u>500</u>	<u>0</u>	<u>335,989</u>	<u>874,761</u>
<b>EXPENDITURE</b>						
<b>Cost of charitable activities</b>						
Capability building expenses		0	0	0	70,946	70,946
Capacity building expenses		0	0	0	3,295	3,295
Fundraising dinner expenses		53,827	0	0	0	53,827
Honorarium		1,600	0	0	0	1,600
Lifeboat fund expense		0	800	0	0	800
Balance c/f		<u>55,427</u>	<u>800</u>	<u>0</u>	<u>74,241</u>	<u>130,468</u>

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Note	Unrestricted fund	Restricted funds			Total unrestricted and restricted funds S\$
		Accumulated general fund S\$	Lifeboat fund S\$	Women's ministry fund S\$	Care & share fund S\$	
<b>2017 (CONT'D)</b>						
<b>EXPENDITURE (CONT'D)</b>						
<b>Cost of charitable activities (cont'd)</b>						
Balance b/f		55,427	800	0	74,241	130,468
Monthly 1st Sat. fellowship		3,643	0	0	0	3,643
Printing and stationery		130	0	0	0	130
Rent		58,228	0	0	0	58,228
Refreshment and foods		554	0	0	0	554
Staff CPF & SDL		34,127	0	0	0	34,127
Staff insurance		12,973	0	0	0	12,973
Staff medical fee		3,071	0	0	0	3,071
Staff salary		278,429	0	0	0	278,429
Staff AWS		0	0	0	0	0
Staff training		107	0	0	0	107
Staff welfare		2,000	0	0	0	2,000
Upstream programmes		0	0	0	21,132	21,132
Utilities		3,461	0	0	0	3,461
Volunteers activities		4,704	0	0	0	4,704
		<u>456,854</u>	<u>800</u>	<u>0</u>	<u>95,373</u>	<u>553,027</u>
<b>Governance and administrative costs</b>						
Accounting fee		3,650	0	0	0	3,650
Audit fee		4,918	0	0	0	4,918
Bank charges		163	0	0	0	163
Depreciation	9	984	0	0	18,198	19,182
General expenses		3,727	0	0	0	3,727
Insurance		653	0	0	0	653
Balance c/f		<u>14,095</u>	<u>0</u>	<u>0</u>	<u>18,198</u>	<u>32,293</u>

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Note	Unrestricted fund	Restricted funds			Total unrestricted and restricted funds S\$
		Accumulated general fund S\$	Lifeboat fund S\$	Women's ministry fund S\$	Care & share fund S\$	
<b>2017 (CONT'D)</b>						
<b>EXPENDITURE (CONT'D)</b>						
<b>Governance and administrative costs (cont'd)</b>						
Balance b/f		14,095	0	0	18,198	32,293
IT maintenance		140	0	0	0	140
Printing, postage and stationery		1,699	0	0	0	1,699
Property, plant and equipment written off		0	0	0	0	0
Refreshment and foods		604	0	0	0	604
Repair & maintenance		1,417	0	0	0	1,417
Telecom charges		2,648	0	0	0	2,648
Transport		608	0	0	0	608
Website hosting		139	0	0	0	139
		<u>21,350</u>	<u>0</u>	<u>0</u>	<u>18,198</u>	<u>39,548</u>
Total expenditure		<u>478,204</u>	<u>800</u>	<u>0</u>	<u>113,571</u>	<u>592,575</u>
<b>Net income/ (expenditure) for the year</b>		<u>60,068</u>	<u>(300)</u>	<u>0</u>	<u>222,418</u>	<u>282,186</u>

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

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	Note	2018				2017	
		Unrestricted fund	Restricted funds			Total unrestricted and restricted funds	Total unrestricted and restricted funds
		Accumulated general fund S\$	Lifeboat fund S\$	Women's ministry fund S\$	Care & share fund S\$	S\$	S\$
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	7	457,917	450	1,200	67,785	527,352	759,002
Other receivables	8	16,924	0	0	0	16,924	12,125
		<u>474,841</u>	<u>450</u>	<u>1,200</u>	<u>67,785</u>	<u>544,276</u>	<u>771,127</u>
<b>Non-current assets</b>							
Property, plant and equipment	9	861	0	0	122,888	123,749	142,638
<b>Total assets</b>		<u>475,702</u>	<u>450</u>	<u>1,200</u>	<u>190,673</u>	<u>668,025</u>	<u>913,765</u>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Accruals		13,970	0	0	2,400	16,370	10,115
<b>Total liabilities</b>		<u>16,370</u>	<u>0</u>	<u>0</u>	<u>2,400</u>	<u>16,370</u>	<u>10,115</u>
<b>NET ASSETS</b>		<u>461,732</u>	<u>450</u>	<u>1,200</u>	<u>188,273</u>	<u>651,655</u>	<u>903,650</u>
<b>FUNDS</b>	11	<u>461,732</u>	<u>450</u>	<u>1,200</u>	<u>188,273</u>	<u>651,655</u>	<u>903,650</u>

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

**STATEMENT OF CHANGES IN FUNDS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Balance at beginning of year S\$	Net income / (expenditure) for the year S\$	Transfers from/ (to) S\$	Balance at end of year S\$
<b>2018</b>				
<b>Unrestricted fund</b>				
Accumulated general fund	326,839	134,893	0	461,732
<b>Restricted funds</b>				
Lifeboat fund	450	0	0	450
Women's ministry fund	1,200	0	0	1,200
Care & share fund	575,161	(386,888)	0	188,273
	<u>576,811</u>	<u>(386,888)</u>	<u>0</u>	<u>189,923</u>
<b>Total funds</b>	<u>903,650</u>	<u>(251,995)</u>	<u>0</u>	<u>651,655</u>
<b>2017</b>				
<b>Unrestricted fund</b>				
Accumulated general fund	57,269	60,068	209,502	326,839
<b>Restricted funds</b>				
Lifeboat fund	750	(300)	0	450
Women's ministry fund	1,200	0	0	1,200
Care & share fund	562,245	222,418	(209,502)	575,161
	<u>564,195</u>	<u>222,118</u>	<u>(209,502)</u>	<u>576,811</u>
<b>Total funds</b>	<u>621,464</u>	<u>282,186</u>	<u>0</u>	<u>903,650</u>

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

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

	Note	2018 S\$	2017 S\$
<b>Cash flows from operating activities</b>			
Net (expenditure)/income for the year		(251,995)	282,186
Adjustments for:			
- Depreciation of property, plant and equipment	9	18,889	19,182
- Property, plant and equipment written off		0	0
Operating cash flow before working capital changes		<u>(233,106)</u>	<u>301,368</u>
Changes in operating assets and liabilities			
- Other receivables		(4,799)	465
- Accruals		<u>6,255</u>	<u>(19,952)</u>
<b>Net cash (used in)/generated from operating activities</b>		<u>(231,650)</u>	<u>281,881</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(231,650)	281,881
Cash and cash equivalents at beginning of financial year		<u>759,002</u>	<u>477,121</u>
<b>Cash and cash equivalents at end of financial year</b>	7	<u><u>527,352</u></u>	<u><u>759,002</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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

### **1. General information**

One Hope Centre (the "Society") is registered and domiciled in Singapore. The Society's registered office and principal place of business is at 8 New Industrial Road, #04-04B, LHK 3 Building, Singapore 536200.

The Society was registered on 07 August 2004 under the Societies Act (Chapter 311) and was registered as charity under the Charities Act, Chapter 37 on 12 November 2010. The Society has been accorded as Institutions of a Public Character ("IPC") status until 31 July 2019.

One Hope Centre is a voluntary welfare organisation, which seeks to assist members of the public who as a result of gambling are:

- Facing difficulties managing their finances due to their inability to pay creditors;
- Harassed by unlicensed moneylenders due to their inability to meet regular payments; or
- Finding difficulties making ends meet due to loss of employment and having to settle for a lesser paying job.

### **2. Significant accounting policies**

#### **2.1 Basis of preparation**

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

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

##### **2.1.1 Interpretations and amendments published standards effective in 2018**

In the current financial year, the Society has adopted all the new and revised FRS and interpretations of FRS ("INT FRS") that are relevant to its operations and effective on 1 January 2018. The adoption of the standard did not have any material effect on the financial statements.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Society's accounting policies and had not material effect on the amounts reported for the current or prior financial years.

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

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

#### 2.1.1 Interpretations and amendments published standards effective in 2018 (Cont'd)

##### FRS 115 Revenue from contracts with customers

The Society has adopted the new standard on the required effective date using the full retrospective method and apply all the practical expenditures available for full retrospective approach under FRS 115.

The accounting policies for revenue from contracts with customers under FRS 115 are disclosed in Note 2.2. The Society is collecting donations from public and funding from grants. The adoption of the standard did not have any material effect on the financial statements as there are no multiple performance obligation in generating income and income was recognised upon receipt.

#### 2.1.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
FRS 116 Leases	1 January 2019
SFRS(I) INT 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for FRS 116, the Management Committee expect that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the FRS 116 is described below.

##### FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases which do not contain any purchase options. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Society is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Society expects the adoption of the new standard to result in an increase in total assets and total liabilities, earnings before interest, taxes and depreciation (EBITD).



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

### **2.2 Income recognition**

Income is measured based on the consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Income is recognised when the Society satisfies a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation.

#### **2.2.1 Government grants**

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

#### **2.2.2 Donations**

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

#### **2.2.1 Other income**

Other income is recognised when received.

### **2.3 Expenditure recognition**

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

#### **2.3.1 Cost of charitable activities**

Cost of charitable activities comprises all directly attributable costs incurred in the pursuit of the charitable objects of the Society and an apportionment of overhead and shared costs.

#### **2.3.2 Governance and administrative costs**

Governance costs include the cost of governance arrangement, which related 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**

#### **Measurement**

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

The cost of an item of property, plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

#### Depreciation

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

	Useful lives
Office equipment	5 years
Furniture and fittings	10 years
Renovation	10 years

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

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

#### 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.

#### Disposal

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

### **2.5 Impairment of non-financial assets**

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

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

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

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

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

### **2.6 Financial assets**

2.6.1 The accounting for financial assets before 1 January 2018 under FRS 39 are as follows:

#### **Loans and receivables**

Cash and cash equivalents  
Other receivables

Cash and cash equivalents and other receivables are initially recognised at fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Society assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets are reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.6.2 The accounting for financial assets from 1 January 2018 under FRS 109 are as follows:

The Society classified its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVPL).

The classification of debt instruments depends on the Society's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Society reclassifies debt instruments when and only when its business model for managing those assets changes.

#### **At initial recognition**

At initial recognition, the Society measures a financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

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

2.6.1 The accounting for financial assets from 1 January 2018 under FRS 109 are as follows (cont'd):

#### At subsequent measurement

##### Debt instrument

Debt instruments of the Society mainly comprise of cash and cash equivalents and other receivables.

There are three prescribed subsequent measurement categories, depending on the Society's business model in managing the assets and the cash flow characteristic of the assets. The Society managed these group of financial assets by collecting the contractual cash flow and these cash flows represented solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Society assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For cash and cash equivalents and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

### **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 changes in value.

### **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" on the statement of financial position.

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expired. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or 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**

Accruals are recognised at the best estimate of amount payable.

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

### **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 Operating leases as lessee**

Finance leases which transfer to the Society substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Society will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

### **2.12 Employee compensation**

#### **2.12.1 Defined contribution plans**

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

#### **2.12.2 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 reporting date.

### **2.13 Funds**

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

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

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

### **2.14 Contingencies**

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

## **3. Significant accounting judgements and estimates**

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

### **3.1 Judgements made in applying accounting policies**

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

### **3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

#### *Useful lives of property, plant and equipment*

The useful life of an item of property, plant and equipment are estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Society's property, plant and equipment as at 31 December 2018 were disclosed in Note 9.

## **4. Income tax**

The Society is a charity registered under the Charities Act since 12 November 2010. Consequently, the income of the Society is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap. 134.

**5. Revenue from contracts with customers**

Disaggregation of revenue from contracts with customers

	Note	2018 S\$	2017 S\$
<b>Revenue from:</b>			
Donations		409,647	473,606
Grant income	7	57,372	0
Subscription fee		800	0
		<u>467,819</u>	<u>473,606</u>
Timing of transfer of services			
- At a point in time		467,019	473,606
- Over time		800	0
		<u>467,819</u>	<u>473,606</u>

There are no contract liabilities balances.

**6. Donations**

	2018 S\$	2017 S\$
Tax deductible donations	356,660	417,744
Non-tax deductible donations	60,359	56,362
	<u>417,019</u>	<u>474,106</u>

The donations were allocated as follows:

• Donation from individuals	154,983	67,878
• Donation from churches	49,300	33,345
• Donation from organisation	205,364	21,200
• Fundraising and anniversary dinner	7,372	351,183
• Lifeboat Fund	0	500
	<u>417,019</u>	<u>474,106</u>

**7. Cash and cash equivalents**

	2018 S\$	2017 S\$
Cash on hand	18	20
Cash at banks	527,334	758,982
	<u>527,352</u>	<u>759,002</u>

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

**8. Other receivables**

	2018 S\$	2017 S\$
Deposits	7,467	7,467
Prepayments	2,085	4,658
Other receivables	7,372	0
	<u>16,924</u>	<u>12,125</u>

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

**9. Property, plant and equipment**

	Office equipment S\$	Furniture and fittings S\$	Renovation S\$	Total S\$
<b>Cost</b>				
At 1 January 2017	5,838	46,638	135,262	187,738
Additions	0	0	0	0
Disposals	(883)	0	0	(883)
At 31 December 2017	4,955	46,638	135,262	186,856
Additions	0	0	0	0
At 31 December 2018	4,955	46,639	135,262	186,856
<b>Accumulated depreciation</b>				
At 1 January 2017	3,751	6,842	15,324	25,918
Depreciation charge	992	4,663	13,528	19,182
Disposals	(883)	0	0	(883)
At 31 December 2017	3,860	11,505	28,852	44,217
Depreciation charge	669	4,663	13,527	18,889
At 31 December 2018	4,559	16,169	42,379	63,107
<b>Carrying amount</b>				
31 December 2017	1,095	35,133	106,410	142,638
31 December 2018	396	30,470	92,833	123,749



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**10. Unrestricted fund**

Accumulated general fund are expendable at the discretion of the Management in furtherance of the Society's objects and purposes.

**11. Restricted funds**

Lifeboat fund

The Lifeboat fund was established to help the families of gambling clients to tide over financial hardship faced by the households.

Women's ministry fund

The Women's ministry fund was established to help abused women with financial difficulties in the early years of OHC's work of reaching out to the street women.

Care & share fund

The Care & Share Fund is a matching grant of one dollar for every donation raised by the Society provided by the Government in celebration of SGD50 to build capabilities and capabilities of the social service sector.

In the previous year, NCSS approved for the use of Care & share fund for certain capital and operating expenditure incurred amounting to S\$8,030 for FY14 to FY16. Management has therefore transferred such prior years' expenditure from the other funds to the Care & share fund. In addition to this, expenditure of S\$201,472 was claimed under the Critical existing needs for Care & share fund for the year ended 31 December 2017.

There was no grant received during the year.

**12. Related party transactions and balances**

There was no transaction between the Society and related party for the financial years ended 31 December 2018 and 31 December 2017.

During the current and previous year, none of the Management Committee members and key management personnel received any remuneration from the Society.

**13. Operating lease commitments**

The Society leases office premise and office equipment from non-related parties under non-cancellable operating lease agreements. These leases have renewal rights.

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

	2018 S\$	2017 S\$
Not later than one year	23,665	21,867
Later than one year but not later than five years	0	3,403
	<u>23,665</u>	<u>25,270</u>

**14. Employees' remuneration**

None of the Society's employees were remunerated more than or equal to S\$100,000 during the financial years ended 31 December 2018 and 31 December 2017.

**15. Financial instruments by category**

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised costs are as follows:

	2018 S\$
Financial assets, at amortised cost	534,819
Financial liabilities, at amortised cost	<u>(11,876)</u>
	2017 S\$
Loans and receivables	766,469
Financial liabilities, at amortised cost	<u>(10,115)</u>

**16. Management of conflict of interest**

During the current and previous financial year, none of the Management Committee members received any remuneration from the Society.

The Society's Management 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 Society's Management Committee may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

**17. Financial risk management**

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

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

Interest rate risk

The Society's income and operating cash flows are not substantially affected by changes in market interest rates, as they do not have significant interest-bearing assets or liabilities as at the reporting date.

Credit risk

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

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

## 17. Financial risk management (cont'd)

### Liquidity risk

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

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

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

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
<b>2018</b>			
<b>Financial assets</b>			
Cash and cash equivalents	527,352	0	527,352
Other receivables (excluding prepayments)	<u>7,467</u>	<u>0</u>	<u>7,467</u>
	<u>534,819</u>	<u>0</u>	<u>534,819</u>
<b>Financial liabilities</b>			
Accruals	<u>(16,370)</u>	<u>0</u>	<u>(16,370)</u>
Net financial assets	<u>518,449</u>	<u>0</u>	<u>518,449</u>

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
<b>2017</b>			
<b>Financial assets</b>			
Cash and cash equivalents	759,002	0	759,002
Other receivables (excluding prepayments)	<u>7,467</u>	<u>0</u>	<u>7,467</u>
	<u>766,469</u>	<u>0</u>	<u>766,469</u>
<b>Financial liabilities</b>			
Accruals	<u>(10,115)</u>	<u>0</u>	<u>(10,115)</u>
Net financial assets	<u>756,354</u>	<u>0</u>	<u>756,354</u>

## 18. Fair values

As at 31 December 2018, the carrying amounts of the financial assets and liabilities recorded in the financial statements of the Society approximate their fair values due to their short-term nature.

**19. Reserve position and policy**

The Society's reserve position for financial year ended 31 December 2018 is as follows:

		2018	2017	Increase/ (decrease)
		S\$	S\$	%
A	Unrestricted Fund			
	Accumulated General Fund	461,732	326,839	41.27
B	Restricted Funds			
	Lifeboat Fund	450	450	0.00
	Women's Ministry Fund	1,200	1,200	0.00
	Care & Share Fund	188,273	575,161	(67.27)
C	Endowment Fund	N/A	N/A	N/A
D	Total Unrestricted and Restricted Funds	651,655	903,650	(27.89)
E	Total Annual Operating Expenditure	730,516	592,575	23.28
F	Ratio of Funds to Annual Operating Expenditure (A/E)	0.63	0.55	

Reference:

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

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

E. Total Annual Operating Expenditure includes Cost of Charitable Activities and Governance and Administration costs.

The Society's reserve policy is as follows:

The reserve of the Society provide financial stability and the means for the development of the Society's activities. The Management Committee intends to maintain the reserves at a level sufficient for its operating needs. The Society reviews the level of reserves regularly for the Society's continuing obligations.

**20. Authorisation of financial statements**

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Management Committee on **07 JUN 2019**