

ONE HOPE CENTRE

[Unique Entity No. T04SS0143E]

[Registered under the Registrar of Societies]

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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Singapore

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STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the accompanying financial statements set out on pages 5 to 20 are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 December 2012 and of its results of financial activities, the 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

26 APR 2013

| | |
|--------------------|-----------------------------|
| President | Christopher Chuah Chee Kian |
| Vice President | Chai Shung Chee |
| Honorary Secretary | Lui Yuan Tze |
| Honorary Treasurer | Chua Buan Her |
| Member | James Lim Choon Liang |
| Member | Lee Chee Ming |
| Member | Suzann Sing Siew Eng |
| Member | Chan Boon Huat |

For and on behalf of the Management Committee,



Christopher Chuah Chee Kian
President



Chua Buan Her
Honorary Treasurer

Singapore, **26 APR 2013**

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Independent auditors' report to the members of:

ONE HOPE CENTRE

[UNIQUE ENTITY No. T04SS0143E]
[Registered under the Societies Act (Chapter 311) in the Republic of Singapore]

Report on the Financial Statements

We have audited the accompanying financial statements of **ONE HOPE CENTRE** (the "Society") set out on pages 5 to 20, which comprise the statement of financial position as at 31 December 2012, the statement of financial activities, the statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Fiducia LLP

Certified Public Accountants, Singapore

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(CONT'D)

Independent auditors' report to the members of:

ONE HOPE CENTRE

[UNIQUE ENTITY No. T04SS0143E]
[Registered under the Societies Act (Chapter 311) in the Republic of
Singapore]

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 December 2012, and the results, changes in funds and cash flows of the Society for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the regulations enacted under the Societies Act (Chapter 311) to be kept by the Society have been properly kept in accordance with those regulations.



Fiducia LLP
Public Accountants and
Certified Public Accountants

Singapore, 26 APR 2013

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

| | Note | 2012 S\$ | 2011 S\$ |
|-------------------------------|------|-----------------------|-----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and bank balances | 4 | 198,085 | 262,836 |
| Other receivables | 5 | 8,546 | 14,032 |
| | | <u>206,631</u> | <u>276,868</u> |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 59,300 | 67,587 |
| | | <u>265,931</u> | <u>344,455</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Other payables and accruals | 7 | 8,361 | 14,129 |
| | | <u>8,361</u> | <u>14,129</u> |
| NET ASSETS | | | |
| | | <u>257,570</u> | <u>330,326</u> |
| FUNDS | | | |
| Unrestricted | | | |
| Accumulated general fund | | <u>251,670</u> | <u>324,626</u> |
| Restricted | | | |
| Lifeboat fund | | 4,700 | 4,500 |
| Women's ministry fund | | 1,200 | 1,200 |
| | | <u>5,900</u> | <u>5,700</u> |
| | | <u>257,570</u> | <u>330,326</u> |

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

| | Note | Unrestricted | Restricted | | Total |
|--|------|------------------------------------|-------------------------|------------------------------------|---|
| | | Accumulated general fund S\$ | Lifeboat fund S\$ | Women's ministry fund S\$ | Unrestricted and restricted funds S\$ |
| 2012 | | | | | |
| INCOME | | | | | |
| <u>Voluntary income</u> | | | | | |
| Donations from non-voting members | | 157,395 | 0 | 0 | 157,395 |
| | | <u>157,395</u> | <u>0</u> | <u>0</u> | <u>157,395</u> |
| <u>Income from charitable activities</u> | | | | | |
| Sales of books | | 930 | 0 | 0 | 930 |
| Course fee received | | 16,830 | 0 | 0 | 16,830 |
| | | <u>17,760</u> | <u>0</u> | <u>0</u> | <u>17,760</u> |
| <u>Other income</u> | | | | | |
| Jobs credits | | 4,795 | 0 | 0 | 4,795 |
| Membership fee | | 700 | 0 | 0 | 700 |
| Other income | | 0 | 200 | 0 | 200 |
| | | <u>5,495</u> | <u>200</u> | <u>0</u> | <u>5,695</u> |
| Total income | | 180,650 | 200 | 0 | 180,850 |
| EXPENDITURE | | | | | |
| <u>Cost of charitable activities</u> | | | | | |
| Family day expenses | | 1,350 | 0 | 0 | 1,350 |
| Honorarium | | 1,380 | 0 | 0 | 1,380 |
| Love gifts | | 99 | 0 | 0 | 99 |
| Printing and stationery | | 3,936 | 0 | 0 | 3,936 |
| Rent | | 32,466 | 0 | 0 | 32,466 |
| Staff CPF | | 17,274 | 0 | 0 | 17,274 |
| Staff medical fee | | 440 | 0 | 0 | 440 |
| Staff salary | | 151,619 | 0 | 0 | 151,619 |
| Utilities | | 5,097 | 0 | 0 | 5,097 |
| | | <u>213,661</u> | <u>0</u> | <u>0</u> | <u>213,661</u> |
| <u>Governance and other administrative costs</u> | | | | | |
| Accounting fee | | 1,500 | 0 | 0 | 1,500 |
| Audit fee | | 2,500 | 0 | 0 | 2,500 |
| Bank charges | | 60 | 0 | 0 | 60 |
| Condolences expenses | | 398 | 0 | 0 | 398 |
| Depreciation | 6 | 9,933 | 0 | 0 | 9,933 |
| General expenses | | 707 | 0 | 0 | 707 |
| Insurance | | 5,603 | 0 | 0 | 5,603 |
| Leasing of photocopier | | 1,862 | 0 | 0 | 1,862 |
| Postage | | 156 | 0 | 0 | 156 |
| Refreshment | | 430 | 0 | 0 | 430 |
| Repair & maintenance | | 271 | 0 | 0 | 271 |
| Telecom charges | | 3,114 | 0 | 0 | 3,114 |
| Training expenses | | 10,397 | 0 | 0 | 10,397 |
| Transport | | 55 | 0 | 0 | 55 |
| Upkeep of motor vehicle | | 2,959 | 0 | 0 | 2,959 |
| | | <u>39,945</u> | <u>0</u> | <u>0</u> | <u>39,945</u> |
| Total expenditure | | <u>253,606</u> | <u>0</u> | <u>0</u> | <u>253,606</u> |
| Net (expenditure)/income | | (72,956) | 200 | 0 | (72,756) |
| Total fund brought forward | | <u>324,626</u> | <u>4,500</u> | <u>1,200</u> | <u>330,326</u> |
| Total fund brought forward | | 251,670 | 4,700 | 1,200 | 257,570 |

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012
(CONT'D)**

| | Unrestricted | Restricted | | Total Unrestricted and restricted funds S\$ |
|--|--|-----------------------------|--|--|
| | Accumulated general fund S\$ | Lifeboat fund S\$ | Women's ministry fund S\$ | |
| Note | | | | |
| 2011 | | | | |
| INCOME | | | | |
| <u>Voluntary income</u> | | | | |
| Donations from members | 8,300 | 0 | 0 | 8,300 |
| Donations from non-voting members | 234,081 | 0 | 0 | 234,081 |
| | 242,381 | 0 | 0 | 242,381 |
| <u>Income from charitable activities</u> | | | | |
| Sales of books | 27,585 | 0 | 0 | 27,585 |
| Love your Neighbour-tables | 34,800 | 0 | 0 | 34,800 |
| Love your Neighbour-donation | 37,083 | 0 | 0 | 37,083 |
| Love your Neighbour-advertisement | 9,800 | 0 | 0 | 9,800 |
| Love your Neighbour-auction | 36,500 | 0 | 0 | 36,500 |
| Songs of Hope-sales of tickets | 14,590 | 0 | 0 | 14,590 |
| Songs of Hope-donation | 19,977 | 0 | 0 | 19,977 |
| Songs of Hope-well wishes | 4,200 | 0 | 0 | 4,200 |
| Songs of Hope-advertisement | 15,000 | 0 | 0 | 15,000 |
| | 199,535 | 0 | 0 | 199,535 |
| <u>Other income</u> | | | | |
| Membership fee | 700 | 0 | 0 | 700 |
| Other income | 270 | 4,500 | 0 | 4,770 |
| | 970 | 4,500 | 0 | 5,470 |
| Total income | 442,886 | 4,500 | 0 | 447,386 |
| EXPENDITURE | | | | |
| <u>Cost of charitable activities</u> | | | | |
| Love gift | 511 | 0 | 0 | 511 |
| Love Neighbour-dinner | 15,408 | 0 | 0 | 15,408 |
| Love Neighbour-food tasting | 342 | 0 | 0 | 342 |
| Love Neighbour-love gifts | 2,350 | 0 | 0 | 2,350 |
| Love Neighbour-printing | 2,550 | 0 | 0 | 2,550 |
| Love Neighbour-sundry | 1,782 | 0 | 0 | 1,782 |
| Love Neighbour-video | 2,500 | 0 | 0 | 2,500 |
| Printing and stationery | 13,977 | 0 | 0 | 13,977 |
| Rent | 32,466 | 0 | 0 | 32,466 |
| Songs of Hope-love gifts | 600 | 0 | 0 | 600 |
| Songs of Hope-music | 862 | 0 | 0 | 862 |
| Songs of Hope-plaques & gifts | 835 | 0 | 0 | 835 |
| Songs of Hope-printing | 3,200 | 0 | 0 | 3,200 |
| Songs of Hope-refreshment | 350 | 0 | 0 | 350 |
| Songs of Hope-rental of equipment | 7,253 | 0 | 0 | 7,253 |
| Songs of Hope-rental of hall | 3,488 | 0 | 0 | 3,488 |
| Staff CPF | 11,186 | 0 | 0 | 11,186 |
| Staff insurance | 2,961 | 0 | 0 | 2,961 |
| Staff medical fee | 305 | 0 | 0 | 305 |
| Staff salary | 119,471 | 0 | 0 | 119,471 |
| Utilities | 4,658 | 0 | 0 | 4,658 |
| | 227,055 | 0 | 0 | 227,055 |

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012
(CONT'D)**

| | Note | Unrestricted | Restricted | | Total |
|--|------|------------------------------------|-------------------------|------------------------------------|---|
| | | Accumulated general fund S\$ | Lifeboat fund S\$ | Women's ministry fund S\$ | Unrestricted and restricted funds S\$ |
| 2011 | | | | | |
| EXPENDITURE (CONT'D) | | | | | |
| <u>Governance and other administrative costs</u> | | | | | |
| Accounting fee | | 1,500 | 0 | 0 | 1,500 |
| Audit fee | | 2,500 | 0 | 0 | 2,500 |
| Bank charges | | 110 | 0 | 0 | 110 |
| Cleaning expenses | | 80 | 0 | 0 | 80 |
| Depreciation | 6 | 9,604 | 0 | 0 | 9,604 |
| General expenses | | 1,709 | 0 | 0 | 1,709 |
| Leasing of photocopier | | 1,862 | 0 | 0 | 1,862 |
| Postage | | 73 | 0 | 0 | 73 |
| Refreshment | | 1,478 | 0 | 0 | 1,478 |
| Repair & maintenance | | 64 | 0 | 0 | 64 |
| Telecom charges | | 3,391 | 0 | 0 | 3,391 |
| Training expenses | | 0 | 0 | 0 | 0 |
| Transport | | 0 | 0 | 0 | 0 |
| Travelling expenses | | 0 | 0 | 0 | 0 |
| Uniform | | 450 | 0 | 0 | 450 |
| Upkeep of motor vehicle | | 3,757 | 0 | 0 | 3,757 |
| | | <u>26,578</u> | <u>0</u> | <u>0</u> | <u>26,578</u> |
| Total expenditure | | <u>253,633</u> | <u>0</u> | <u>0</u> | <u>253,633</u> |
| Net income | | 189,253 | 4,500 | 0 | 193,753 |
| Total fund brought forward | | <u>135,373</u> | <u>0</u> | <u>1,200</u> | <u>136,573</u> |
| Total fund brought forward | | <u>324,626</u> | <u>4,500</u> | <u>1,200</u> | <u>330,326</u> |

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

| | Balance at beginning of financial year S\$ | Net (expenditure)/ income for the year S\$ | Balance at end of financial year S\$ |
|--------------------------|--|--|--|
| 2012 | | | |
| Unrestricted fund | | | |
| Accumulated general fund | 324,626 | (72,956) | 251,670 |
| Restricted funds | | | |
| - Lifeboat fund | 4,500 | 200 | 4,700 |
| - Women's Ministry Fund | 1,200 | 0 | 1,200 |
| | 5,700 | 200 | 5,900 |
| | 330,326 | (72,756) | 257,570 |
| | | | |
| | Balance at beginning of financial year S\$ | Net income for the year S\$ | Balance at end of financial year S\$ |
| 2011 | | | |
| Unrestricted fund | | | |
| Accumulated general fund | 135,373 | 189,253 | 324,626 |
| Restricted funds | | | |
| - Lifeboat fund | 0 | 4,500 | 4,500 |
| - Women's Ministry Fund | 1,200 | 0 | 1,200 |
| | 1,200 | 4,500 | 5,700 |
| | 136,573 | 193,753 | 330,326 |

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

| | Note | 2012 S\$ | 2011 S\$ |
|---|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net (expenditure)/income | | (72,756) | 193,753 |
| Adjustments for: | | | |
| - Income tax | | 0 | 0 |
| - Depreciation of property, plant and equipment | 6 | <u>9,933</u> | <u>9,604</u> |
| Operating cash flow before working capital changes | | <u>(62,823)</u> | <u>203,357</u> |
| Changes in working capital | | | |
| - Other receivables | | 5,486 | (8,189) |
| - Other payables and accruals | | <u>(5,768)</u> | <u>8,262</u> |
| Cash (expended by) / generated from operations | | <u>(63,105)</u> | <u>203,430</u> |
| Income tax paid | | <u>0</u> | <u>0</u> |
| Net cash (used in) / provided by operating activities | | <u>(63,105)</u> | <u>203,430</u> |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | 6 | <u>(1,646)</u> | <u>0</u> |
| Net cash used in investing activities | | <u>(1,646)</u> | <u>0</u> |
| Net (decrease) / increase in cash and cash equivalents | | | |
| | | (64,751) | 203,430 |
| Cash and cash equivalents at beginning of financial year | | <u>262,836</u> | <u>59,406</u> |
| Cash and cash equivalents at end of financial year | 4 | <u><u>198,085</u></u> | <u><u>262,836</u></u> |
| Cash and bank balances comprise: | | | |
| Cash on hand | | 383 | 42 |
| Cash at bank | | <u>197,702</u> | <u>262,794</u> |
| | 4 | <u><u>198,085</u></u> | <u><u>262,836</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 2012

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") was registered on 07 August 2004 under the Societies Act (Chapter 311). The Society is a charity registered under the Charities Act since 12 November 2010.

The Society's registered address and principal place of business is at 8 New Industrial Road #04-04B, LHK 3 Building, Singapore 536200.

One Hope Centre is a voluntary welfare organization, 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.
- 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 Singapore Financial Reporting Standard ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

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.

Interpretations and amendments to published standards effective in 2010

The Society has adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. Changes to the Society's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The following are the FRS and INT FRS that are relevant to the Society:

| FRS | Effective Date | Title |
|------------|-----------------------|---|
| FRS 1 | 1.1.2009 | Presentation of financial statements |
| FRS 7 | 1.1.2009 | Cash flow statements |
| FRS 8 | 1.1.2009 | Accounting policies, changes in accounting estimates and errors |
| FRS 10 | 1.1.2007 | Events after the balance sheet date |
| FRS 16 | 1.1.2009 | Property, plant and equipment |
| FRS 17 | 1.1.2007 | Leases |

2. Significant accounting policies (Cont'd)

| <u>FRS</u> | <u>Effective Date</u> | <u>Title</u> |
|-------------------|------------------------------|--|
| FRS 18 | 1.1.2005 | Revenue |
| FRS 19 | 1.1.2009 | Employee benefits |
| FRS 32 | 1.2.2007 | Financial instruments : Presentation |
| FRS 32 | 1.2.2009 | Financial instruments : Presentation (Amendments) |
| FRS 36 | 1.1.2009 | Impairment of assets |
| FRS 37 | 1.1.2006 | Provisions, contingent liabilities and contingent assets |
| FRS 39 | 1.1.2005 | Financial instruments: recognition and measurement |
| FRS 107 | 1.1.2009 | Financial instruments: Disclosures |

The adoption of the above revised FRS did not result in any substantial changes to the Company's accounting policies.

2.2 Revenue recognition

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

2.2.1 Government grants

Government grants are recognized 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 recognized as income in the year made. The timing of income recognition for restricted donations is the same as for unrestricted donations.

2.2.3 Jobs credit scheme

The Jobs Credit scheme is government's cash grants paid to employers to help them preserve jobs. The grant is recognised on receipt basis.

2.3 Property, plant and equipment

2.3.1 Measurement

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

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

2. Significant accounting policies (Cont'd)

2.3.2 Depreciation

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

| | Useful lives |
|----------------------|--------------|
| Computers | 5 years |
| Motor Vehicle | 10 years |
| Furniture & fittings | 10 years |
| Renovation | 10 years |

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

2.3.3 Subsequent expenditure

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

2.3.4 Disposal

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

2.4 Impairment of non-financial assets

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

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

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

2. Significant accounting policies (Cont'd)

2.4 Impairment of non-financial assets (Cont'd)

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

2.5 Fair value estimation financial assets and liabilities

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

2.6 Other payables and accruals

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

2.7 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.

2.8 Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

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

2.9 Currency translation

Transactions denominated in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at the closing rate at the statement of financial position date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.10 Financial assets

2.10.1 Classification

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

Loans and receivables

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

2.10.2 Recognition and derecognition

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

2.10.3 Measurement

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

Loans and receivables are subsequently carried at amortized cost using effective interest method. Financial assets, available-for-sale, are subsequently carried at fair value.

2.10.4 Impairment

The Society assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

An allowance for impairment of loans and receivables including trade and other receivables, is recognized when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. Significant accounting policies (Cont'd)

2.11 Employee compensation

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. Employee entitlements to annual leave are recognized 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 statement of financial position date.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institution. Cash and cash equivalents are classified within "cash and bank balances" on the statement of financial position.

2.13 Related parties

Related parties are entities with one or more common management committee members, or in which a committee member has a direct or indirect financial interest. Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial and operating decisions.

3. Critical accounting estimates, assumptions and judgements

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

3.1 Critical judgements in applying the entity's accounting policies

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

Estimated useful lives of property, plant and equipment

The Society reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.

4. Cash and bank balances

| | 2012 S\$ | 2011 S\$ |
|--------------|----------------|----------------|
| Cash in hand | 383 | 42 |
| Cash at bank | <u>197,702</u> | <u>262,794</u> |
| | <u>198,085</u> | <u>262,836</u> |

At the statement of financial position date, the carrying amounts of cash and bank balances approximated their fair values.

5. Other receivables

| | 2012 S\$ | 2011 S\$ |
|------------|--------------|---------------|
| Deposits | 5,467 | 5,467 |
| Prepayment | 2,609 | 3,235 |
| Other | 470 | 5,330 |
| | <u>8,546</u> | <u>14,032</u> |

At the statement of financial position date, the carrying amounts of other receivables approximated their fair values.

6. Property, plant and equipment

| | Balance at beginning of year S\$ | Additions S\$ | (Disposals) S\$ | Balance at end of year S\$ |
|---------------------------------|---|-------------------------------|------------------------------|-------------------------------------|
| 2012 | | | | |
| Cost | | | | |
| Computers | 7,879 | 1,646 | 0 | 9,525 |
| Motor vehicle | 33,258 | 0 | 0 | 33,258 |
| Furniture & fittings | 7,680 | 0 | 0 | 7,680 |
| Renovation | 39,344 | 0 | 0 | 39,344 |
| | <u>88,161</u> | <u>0</u> | <u>0</u> | <u>89,807</u> |
| Accumulated depreciation | | | | |
| | Balance at beginning of year S\$ | Depreciation charge S\$ | (Written back/off) S\$ | Balance at end of year S\$ |
| Computers | 4,518 | 1,905 | 0 | 6,423 |
| Motor vehicle | 6,652 | 3,326 | 0 | 9,978 |
| Furniture & fittings | 1,536 | 768 | 0 | 2,304 |
| Renovation | 7,868 | 3,934 | 0 | 11,802 |
| | <u>20,574</u> | <u>9,933</u> | <u>0</u> | <u>30,507</u> |
| Net book value | Balance at beginning of year S\$ | | | Balance at end of year S\$ |
| Computers | 3,361 | | | 3,102 |
| Motor vehicle | 26,606 | | | 23,280 |
| Furniture & fittings | 6,144 | | | 5,376 |
| Renovation | 31,476 | | | 27,542 |
| | <u>67,587</u> | | | <u>59,300</u> |

6. Property, plant and equipment (Cont'd)

| | Balance at beginning of year S\$ | Additions S\$ | (Disposals) S\$ | Balance ay end of year S\$ |
|-------------------------------------|---|-----------------------------------|----------------------------------|-------------------------------------|
| 2011 | | | | |
| Cost | | | | |
| Computers | 7,879 | 0 | 0 | 7,879 |
| Motor vehicle | 33,258 | 0 | 0 | 33,258 |
| Furniture & fittings | 7,680 | 0 | 0 | 7,680 |
| Renovation | 39,344 | 0 | 0 | 39,344 |
| | <u>88,161</u> | <u>0</u> | <u>0</u> | <u>88,161</u> |
| Accumulated depreciation | | | | |
| | Balance at beginning of year S\$ | Depreciation charge S\$ | (Written back/off) S\$ | Balance at end of year S\$ |
| Computers | 2,942 | 1,576 | 0 | 4,518 |
| Motor vehicle | 3,326 | 3,326 | 0 | 6,652 |
| Furniture & fittings | 768 | 768 | 0 | 1,536 |
| Renovation | 3,934 | 3,934 | 0 | 7,868 |
| | <u>10,970</u> | <u>9,604</u> | <u>0</u> | <u>20,574</u> |
| Net book value | | | | |
| | Balance at beginning of year S\$ | | | Balance at end of year S\$ |
| Computers | 4,937 | | | 3,361 |
| Motor vehicle | 29,932 | | | 26,606 |
| Furniture & fittings | 6,912 | | | 6,144 |
| Renovation | 35,410 | | | 31,476 |
| | <u>77,191</u> | | | <u>67,587</u> |

7. Other payables and accruals

| | 2012 S\$ | 2011 S\$ |
|----------|--------------|---------------|
| Accruals | <u>8,361</u> | <u>14,129</u> |

At the statement of financial position date, the carrying amounts of other payables and accruals approximated their fair values.

8. Income tax expense

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

9. Staff costs

None of the staff received annual remuneration of \$100,000 and above during the year.

10. Key management personnel compensation

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

| | 2012 S\$ | 2011 S\$ |
|--|-------------|-------------|
| Number of key management in remuneration bands | | |
| S\$100,000 to S\$150,000 | <u>0</u> | <u>0</u> |

11. Operating lease agreement

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

| | 2012 S\$ | 2011 S\$ |
|---|---------------|---------------|
| Not later than one year | 34,328 | 15,389 |
| Later than one year but not later than five years | <u>15,234</u> | <u>3,568</u> |
| | <u>49,562</u> | <u>18,957</u> |

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

12. Financial risk management

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

(i) Liquidity risk

The Society manages its liquidity risk by monitoring and maintaining a level of cash and bank balances deemed adequate by the management committee to fund the Society's operations.

(ii) Credit risk

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

(iii) Interest rate risk

The Society's policy is to obtain the most favourable interest rates available in the market. Surplus funds are placed with reputable banks.

(iv) Foreign currency risk

The Society does not engage in trading of or speculation in foreign currencies and does not have any financial instruments that are exposed to significant foreign currency risks.

The responsibility for managing the above risks is vested in the Management Committee.

Fair values

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

12. Authorisation of financial statements

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

26 APR 2013