

LUPUS ASSOCIATION (SINGAPORE)
[Unique Entity No. S91SS0026L]
[Registered under the Registrar of Societies]

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2011**

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Singapore

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STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the financial statements as set out on pages 5 to 18 are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 December 2011 and 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, authorized the issue of these financial statements.

01 JUN 2012

President	Irene Lim Suan Kim
Vice President	Leong Keng Hong
Honorary Secretary	Serene Mai
Honorary Treasurer	Jennie Sokolik (Resigned 18 April 2012)
Honorary Assistant Treasurer	Faith Chia
Welfare Officer	Nancy Chin Choy Hoong
Committee Member	Bernard Thong Yu Hor
Committee Member	Aisha Lateef
Committee Member	Andrea Low Hsiu Ling
Committee Member	Chan Suan Liang

For and on behalf of the Management Committee,



Irene Lim Suan Kim
President



Faith Chia
Honorary Assistant Treasurer

Singapore, 01 JUN 2012

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Independent auditors' report to the members of:

LUPUS ASSOCIATION (SINGAPORE)
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We have audited the accompanying financial statements of **Lupus Association (Singapore)** (the "Society") set out on pages 5 to 18, which comprise the statement of financial position as at 31 December 2011, the statement of financial activities, the statement of changes in funds and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

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 statement of financial activities and statement of financial position 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 as to 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.

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(CONT'D)

Independent auditors' report to the members of:

LUPUS ASSOCIATION (SINGAPORE)

[Unique Entity No. S91SS0026L]
[Registered under the Registrar of Societies]

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 Association as at 31 December 2011, 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
Certified Public Accountants

Singapore,

01 JUN 2012

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	2011			2010		
	General Fund	Health Endowment Fund	Total Funds	General Fund	Health Endowment Fund	Total Funds
	S\$	S\$	S\$	S\$	S\$	S\$
INCOMING RESOURCES						
Voluntary income						
Donations – Tax exempt	0	32,688	32,688	0	133,971	133,971
Donations – Non-tax exempt	9,374	0	9,374	294	0	294
	<u>9,374</u>	<u>32,688</u>	<u>42,062</u>	<u>294</u>	<u>133,971</u>	<u>134,265</u>
Funds generating activities						
Membership fees	860	0	860	1,190	0	1,190
Sales of hand-made items	534	0	534	120	0	120
Sales of books/VCDs	0	0	0	48	0	48
Program fees – Educational talks	1,420	0	1,420	1,240	0	1,240
	<u>2,814</u>	<u>0</u>	<u>2,814</u>	<u>2,598</u>	<u>0</u>	<u>2,598</u>
Other incoming resources						
Fixed deposit interest	32	0	32	40	0	40
Other income	158	0	158	0	0	0
	<u>190</u>	<u>0</u>	<u>190</u>	<u>40</u>	<u>0</u>	<u>40</u>
TOTAL INCOMING RESOURCES	12,378	32,688	45,066	2,932	133,971	136,903
LESS: RESOURCES EXPENDED						
Governance and administrative costs						
Accounting fees	3,400	0	3,400	3,000	0	3,000
Audit fees	1,500	0	1,500	1,500	0	1,500
Bank charges	30	30	60	60	222	282
General expenses	542	94	636	598	69	667
Professional services	1,050	0	1,050	0	0	0
	<u>6,522</u>	<u>124</u>	<u>6,646</u>	<u>5,158</u>	<u>291</u>	<u>5,449</u>
Staffing costs						
Casual labour	100	0	100	0	0	0
CPF and SDL contributions	0	621	621	0	1,123	1,123
Salaries and bonuses	0	13,546	13,546	0	14,519	14,519
Staff medical	0	21	21	0	27	27
	<u>100</u>	<u>14,188</u>	<u>14,288</u>	<u>0</u>	<u>15,669</u>	<u>15,669</u>
Cost of charitable expenses						
Courier and postage	1,791	0	1,791	1,208	0	1,208
Depreciation	1,139	0	1,139	1,582	0	1,582
Gifts & condolences to members	525	1,029	1,554	0	2,825	2,825
Members educational materials	0	8,515	8,515	0	2,710	2,710
Members educational talks	0	8,320	8,320	0	7,181	7,181
Members' medical subsidy	0	33,320	33,320	0	59,072	59,072
Members' welfare	0	1,050	1,050	0	28,345	28,345
Printing and stationery	2,155	0	2,155	1,575	0	1,575
Publicity	647	0	647	0	0	0
Refreshment	145	0	145	100	0	100
Repairs and maintenance	158	0	158	116	0	116
Telephone and internet	960	0	960	1,336	0	1,336
Training fees	107	54	161	0	0	0
Transport claims	163	0	163	556	0	556
	<u>7,790</u>	<u>52,288</u>	<u>60,078</u>	<u>6,473</u>	<u>100,133</u>	<u>106,606</u>
TOTAL RESOURCES EXPENDED	14,412	66,600	81,012	11,631	116,093	127,724

**STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
(CONT'D)**

	2011			2010		
	General fund	Health Endowment fund	Total funds	General fund	Health Endowment fund	Total funds
	S\$	S\$	S\$	S\$	S\$	S\$
NET (DEFICIT)/INCOME	(2,034)	(33,912)	(35,946)	(8,699)	17,878	9,179
FUNDS BROUGHT FORWARD	21,795	168,271	190,066	30,494	150,393	180,887
FUNDS CARRIED FORWARD	19,761	134,359	154,120	21,795	168,271	190,066

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	2011 S\$	2010 S\$
ASSETS			
Current assets			
Cash and cash equivalents	4	157,532	181,069
Trade and other receivables	5	54	6,301
		<u>157,586</u>	<u>187,370</u>
Non-current assets			
Plant and equipment	6	<u>3,320</u>	<u>4,459</u>
Total assets		<u>160,906</u>	<u>191,829</u>
LIABILITIES			
Current liabilities			
Trade and other payables	7	<u>6,786</u>	<u>1,763</u>
NET ASSETS		<u>154,120</u>	<u>190,066</u>
UNRESTRICTED INCOME FUNDS			
General fund		19,761	21,795
Health endowment fund – General		47,711	48,303
Health endowment fund – Members’ medical subsidy		86,648	119,968
		<u>154,120</u>	<u>190,066</u>

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	General Fund	Health Endowment Fund - General	Health Endowment Fund - Members' medical subsidy	Total
	S\$	S\$	S\$	S\$
2011				
Balance at beginning of financial year	21,795	48,303	119,968	190,066
Net loss for the year	(2,034)	(592)	(33,320)	(35,946)
Balance at end of financial year	<u>19,761</u>	<u>47,711</u>	<u>86,648</u>	<u>154,120</u>
2010				
Balance at beginning of financial year	30,494	127,672	22,721	180,887
Net (loss)/income for the year	(8,699)	(23,524)	41,402	9,179
Internal fund transfer	0	(55,845)	55,845	0
Balance at end of financial year	<u>21,795</u>	<u>48,303</u>	<u>119,968</u>	<u>190,066</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 S\$	2010 S\$
Cash flows from operating activities			
Net total (loss)/profit before tax		(35,946)	9,179
Adjustments for:			
- Depreciation	6	1,139	1,582
- Interest received from fixed deposit		(32)	(40)
Operating cash flow before working capital changes		<u>(34,839)</u>	<u>10,721</u>
Changes in working capital			
- Trade and other receivables		6,247	(4,224)
- Trade and other payables		5,023	(7,930)
Cash expended by operations		<u>(23,569)</u>	<u>(1,433)</u>
Net cash used in operating activities		<u>(23,569)</u>	<u>(1,433)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		0	(3,881)
Interest received		32	40
Net cash provided by/(used in) investing activities		<u>32</u>	<u>(3,841)</u>
Net decrease in cash and cash equivalents		<u>(23,537)</u>	<u>(5,274)</u>
Cash and cash equivalents at beginning of financial year		181,069	186,343
Cash and cash equivalents at end of financial year		<u>157,532</u>	<u>181,069</u>
Cash and cash equivalents comprise:			
Fixed deposit		15,916	15,881
Cash at bank		141,343	164,915
Cash on hand		273	273
		<u>157,532</u>	<u>181,069</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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

1. General information

Lupus Association (Singapore) ("the Society") is registered and domiciled in Singapore. The address of its registered office is at Tan Tock Seng Hospital, 11 Jalan Tan Tock Seng, Singapore 308433. The objective of the Society is to promote and support medical research on Lupus illnesses and to develop community awareness of Lupus and related illnesses.

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

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard ("FRS") and the disclosure requirements of the Societies Act, Charities Act and Recommended Accounting Practice 6. 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 18	1.1.2005	Revenue
FRS 19	1.1.2009	Employee benefits
FRS 20	1.1.2005	Accounting for government grants and disclosure of government assistance
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 Society's accounting policies.

2. Significant accounting policies (Cont'd)

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 recognized as follows:

2.2.1 Donations

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

2.2.2 Interest income

Interest income on bank current accounts and fixed deposits placed with banks are recognized on a time-proportion basis using the effective interest method.

2.2.3 Other income

Other income is recognized upon receipt.

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.

2.3.2 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:

	<u>Useful lives</u>
Computers	5 years
Furniture and fittings	5 years
Office equipment	5 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. Significant accounting policies (Cont'd)

2.3 Property, plant and equipment (Cont'd)

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.

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 of financial assets and liabilities

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

2.6 Financial assets

2.6.1 Classification

The Society classifies its financial assets as 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 statement of financial position date.

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

2.6.2 Recognition and derecognition

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

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

2.6.3 Measurement

Financial assets are initially recognised at fair value plus transaction costs. Receivables are subsequently carried at amortised cost using effective interest method.

2.6.4. Impairment

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

An allowance for impairment of receivables is recognised when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, 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. The amount of the allowance for impairment is recognised in the statement of financial activities within "Administrative expenses".

2.7 Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost, using the effective interest method.

2.8 Trade and other receivables

Trade and other receivables are initially recognized at fair value, and subsequently carried at amortized cost, using the effective interest method.

2.9 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.

2.10 Employee compensation

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.

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 statement of financial position date.

2. Significant accounting policies (Cont'd)

2.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions.

3. Critical accounting estimates, assumptions and judgments

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

Critical judgements in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of 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.

Allowance for impairment of receivables

The Society reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluate the risks of collection according to the credit standing and collection history of individual customer. If there are indications that the financial position of a customer has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

4. Cash and cash equivalents

	2011 S\$	2010 S\$
Fixed deposits	15,916	15,881
Cash at bank	141,343	164,915
Cash on hand	273	273
	<u>157,532</u>	<u>181,069</u>

Fixed deposits had maturity of 6 months (2010: 6 months) and have effective interest rates of 0.20% (2010: 0.25%). At the date of statement of financial position, the carrying amounts of cash and cash equivalents approximated their fair values.

5. Trade and other receivables

	2011 S\$	2010 S\$
Other receivables:		
- Prepayments	40	49
- Deposits	0	6,235
- Interest receivables	14	17
	<u>54</u>	<u>6,301</u>

At the date of statement of financial position, the carrying amounts of other receivables, deposits and prepayment approximated their fair value.

6. Plant and equipment

	Balance at beginning of the year S\$	Additions S\$	(Disposals) S\$	Balance at end of the year S\$
2011				
At cost				
Computer	2,705	0	0	2,705
Furniture and fittings	2,201	0	0	2,201
Office equipment	6,805	0	0	6,805
	<u>11,711</u>	<u>0</u>	<u>0</u>	<u>11,711</u>
	Balance at beginning of the year S\$	Depreciation charge S\$	(Written back/off) S\$	Balance at end of the year S\$
Accumulated depreciation				
Computer	960	428	0	1,388
Furniture and fittings	2,201	0	0	2,201
Office equipment	4,091	711	0	4,802
	<u>7,252</u>	<u>1,139</u>	<u>0</u>	<u>8,391</u>
	Balance at beginning of the year S\$			Balance at end of the year S\$
Net book value				
Computer	1,745			1,317
Furniture and fittings	0			0
Office equipment	2,714			2,003
	<u>4,459</u>			<u>3,320</u>

6. Plant and equipment (Cont'd)

	Balance at beginning of the year S\$	Additions S\$	(Disposals) S\$	Balance at end of the year S\$
2010				
At cost				
Computer	750	1,955	0	2,705
Furniture and fittings	2,201	0	0	2,201
Office equipment	12,956	1,926	(8,077)	6,805
	<u>15,907</u>	<u>3,881</u>	<u>(8,077)</u>	<u>11,711</u>
	Balance at beginning of the year S\$	Depreciation charge S\$	(Written back/off) S\$	Balance at end of the year S\$
Accumulated depreciation				
Computer	563	397	0	960
Furniture and fittings	1,907	294	0	2,201
Office equipment	11,277	891	(8,077)	4,091
	<u>13,747</u>	<u>1,582</u>	<u>(8,077)</u>	<u>7,252</u>
	Balance at beginning of the year S\$			Balance at end of the year S\$
Net book value				
Computer	187			1,745
Furniture and fittings	294			0
Office equipment	1,679			2,714
	<u>2,160</u>			<u>4,459</u>

7. Trade and other payables

	2011 S\$	2010 S\$
Other payables:		
- Subscription received in advance	190	0
- Accrued expenses	6,596	1,763
	<u>6,786</u>	<u>1,763</u>

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

8. Unrestricted funds

The General Fund represents accumulated surplus and is for the purpose of meeting operating expenses incurred by the Society.

9. Income tax

The Society is a charity registered under the Charities Act since 31 July 1992. Consequently, the income of the Society is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap. 134.

10. Financial risk management

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

The Society has limited exposure to the following risk through its charitable activities:

Interest rate risk

Changes in interest rates do not have a material impact on the Society as it does not have any interest-bearing liabilities.

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

Credit risk

The society has minimal exposure to credit risk due to the nature of its activities.

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 activities. It places its cash with creditworthy institutions.

Fair values

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.

11. Reserve position and policy

The Society's reserve position (excluding non-current assets) for financial year ended 31 December 2011 is as follows:

	2011	2010	Increase/ (Decrease)
	S\$	S\$	%
A Unrestricted Funds			
Accumulated General Funds	19,761	21,795	(9%)
B Restricted or Designated Funds			
Designated Funds	0	0	0
Restricted Funds	0	0	0
C Endowment Funds	134,359	168,271	(20%)
D Total Funds	154,120	190,066	(19%)
E Total Annual Operating Expenditure	81,012	127,724	(37%)
Ratio of Funds to Annual Operating			
F Expenditure (A/E)	0.24	0.17	(43%)

11. Reserve position and policy (Cont'd)

Reference:

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

The Society's Reserve Policy is as follows:

The Society's reserve policy requires it to build an operating reserve of three years to ensure that services can continue to function during lean years. Fund raising income usually reduces during the periods when the economy is not doing well but it is also during these periods that beneficiaries need help the most.

The Society will not keep a reserve fund that is more than three years of its operating budget. The Society's overall approach to management of reverses remains unchanged from 2008.

12. Comparative figures

The financial statement for the financial year ended 31.12.2010 was audited by a firm of auditors other than Messrs Fiducia LLP. The audit opinion issued for the financial statement for the financial year ended 31.12.2010 was unqualified.

Certain prior year comparative figures have been adjusted to conform to current year's presentation.

13. Authorization of financial statements

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

01 JUN 2012