

**LUPUS ASSOCIATION (SINGAPORE)**

[Unique Entity No. S91SS0026L]

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

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

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**Fiducia LLP**

(UEN. T10LL0955L)

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**STATEMENT BY THE MANAGEMENT COMMITTEE**

In the opinion of the Management Committee, the financial statements as set out on pages 6 to 21, are drawn up so as to present fairly, in all material respects, the state of affairs of **Lupus Association (Singapore)** (the "Society") as at 31 December 2016 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.

Irene Lim Suan Kim	President
Leong Keng Hong	Vice President
Agnes Xue Lishan	Honorary Secretary
Tan Sze Chin	Assistant Honorary Secretary
Linda Woo	Honorary Treasurer
Chan Suan Liang	Assistant Honorary Treasurer
Nancy Chin Choy Hoong	Welfare Officer
Aisha Lateef	Council Member
Poh Yih Jia	Council Member
Grace Chan	Council Member
Corrine Kang	Co-opted Member
David Au	Co-opted Member
Jo Lee	Co-opted Member
Lee Ming Li	Co-opted Member
Charmaine Lee	Co-opted Member

For and on behalf of the Management Committee,



Irene Lim Suan Kim  
President



Linda Woo  
Honorary Treasurer

Singapore,

03 MAY 2017

## Fiducia LLP

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Independent auditor's report to the members of:

### **LUPUS ASSOCIATION (SINGAPORE)**

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

### **Opinion**

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

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of 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 2016, and the results, changes in funds and cash flows of the Society for the financial year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

Management is responsible for the other information. The other information comprises the statement by management committee set out on page 2 but does not include the financial statements and our auditor's report thereon.

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

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

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(CONT'D)

Independent auditor's report to the members of:

### **LUPUS ASSOCIATION (SINGAPORE)**

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## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and FRSS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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(CONT'D)

Independent auditors' report to the members of:

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

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

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

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

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

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial 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, 03 MAY 2017

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

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

	<b>UNRESTRICTED FUNDS</b>			<b>UNRESTRICTED FUNDS</b>		
	<b>2016</b>			<b>2015</b>		
	General Fund	Health Endowment Fund	Total Funds	General Fund	Health Endowment Fund	Total Funds
	S\$	S\$	S\$	S\$	S\$	S\$
<b>INCOME</b>						
<b>Income from generating funds</b>						
<b>Voluntary income</b>						
Donations – Tax exempt	0	11,915	11,915	0	12,200	12,200
Donations – Non-tax exempt	0	16,649	16,649	0	19,350	19,350
<b>Walk for Lupus</b>						
Donations – Tax exempt	0	5,425	5,425	0	0	0
Donations – Non-tax exempt	0	590	590	0	0	0
	0	34,579	34,579	0	31,550	31,550
<b>Income from charitable activities</b>						
Membership fees	765	0	765	410	0	410
Sales of items	3,669	0	3,669	0	0	0
Program fees	55	0	55	1,130	0	1,130
Walk for Lupus	0	820	820	0	0	0
	4,489	820	5,309	1,540	0	1,540
<b>Other income</b>						
Other income	216	0	216	2,384	0	2,384
<b>TOTAL INCOME</b>	<b>4,705</b>	<b>35,399</b>	<b>40,104</b>	<b>3,924</b>	<b>31,550</b>	<b>35,474</b>
<b>EXPENDITURES</b>						
<b>Cost of generating funds</b>						
Contractual fee	0	1,100	1,100	0	0	0
Publicity	0	12	12	0	0	0
Refreshment	0	675	675	0	0	0
Transport claims	0	50	50	0	0	0
	0	1,837	1,837	0	0	0
<b>Cost of charitable expenses</b>						
Courier and postage	1,616	0	1,616	1,501	0	1,501
Depreciation	383	0	383	1,284	0	1,284
Gifts & condolences to members	284	0	284	2,355	0	2,355
Special expensive treatment	0	50,003	50,003	0	17,177	17,177
Maintenance- office equipment	0	0	0	992	0	992
Members educational talks	0	10,681	10,681	0	7,588	7,588
Office supplies	132	0	132	95	0	95
Printing and stationery	23,806	0	23,806	7,094	0	7,094
Refreshment	69	0	69	268	0	268
Telephone and internet	890	0	890	701	0	701
Transport claims	12	0	12	50	0	50
	27,192	60,684	87,876	14,340	24,765	39,105
<b>Staffing costs</b>						
CPF and SDL contributions	2,717	0	2,717	2,662	0	2,662
Salaries and bonuses	15,750	0	15,750	15,448	0	15,448
Staff welfare	50	0	50	0	0	0
Medical Expenses	50	0	50	17	0	17
	18,567	0	18,567	18,127	0	18,127

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**  
**(CONT'D)**

	<b>UNRESTRICTED FUNDS</b>			<b>UNRESTRICTED FUNDS</b>		
	<b>2016</b>			<b>2015</b>		
	General fund	Health Endowment fund	Total funds	General fund	Health Endowment fund	Total funds
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Governance and administrative cost</b>						
Accounting fees	5,400	0	5,400	5,400	0	5,400
Audit fees – current year	3,001	0	3,001	1,600	0	1,600
Bank charges	177	0	177	194	0	194
	<u>8,578</u>	<u>0</u>	<u>8,578</u>	<u>7,194</u>	<u>0</u>	<u>7,194</u>
<b>TOTAL EXPENDITURES</b>	<b>54,337</b>	<b>62,521</b>	<b>116,858</b>	<b>39,661</b>	<b>24,765</b>	<b>64,426</b>
<b>NET (DEFICIT)/ SURPLUS</b>	<b>(49,632)</b>	<b>(27,122)</b>	<b>(76,754)</b>	<b>(35,737)</b>	<b>6,785</b>	<b>(28,952)</b>
<b>FUNDS BROUGHT FORWARD</b>	<b>21,787</b>	<b>245,075</b>	<b>266,862</b>	<b>32,524</b>	<b>263,290</b>	<b>295,814</b>
<b>TRANSFER TO / (FROM)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,000</b>	<b>(25,000)</b>	<b>0</b>
<b>FUNDS CARRIED FORWARD</b>	<b>(27,845)</b>	<b>217,953</b>	<b>190,108</b>	<b>21,787</b>	<b>245,075</b>	<b>266,862</b>

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

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

	Note	2016 S\$	2015 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	198,338	268,262
Other receivables	5	0	95
		<u>198,338</u>	<u>268,357</u>
<b>Non-current assets</b>			
Property, plant and equipment	6	<u>695</u>	<u>1,078</u>
<b>Total assets</b>		<u>199,033</u>	<u>269,435</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	7	<u>8,925</u>	<u>2,573</u>
<b>Total liabilities</b>		<u>8,925</u>	<u>2,573</u>
<b>NET ASSETS</b>		<u>190,108</u>	<u>266,862</u>
<b>UNRESTRICTED FUNDS</b>			
General fund		<u>(27,845)</u>	<u>21,787</u>
Health endowment fund – General		109,775	136,897
Health endowment fund – Members’ medical subsidy		<u>108,178</u>	<u>108,178</u>
		<u>217,953</u>	<u>245,075</u>
	8	<u>190,108</u>	<u>266,862</u>

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



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

UNRESTRICTED FUNDS				
	General Fund	Health Endowment Fund - General	Health Endowment Fund - Members' medical subsidy	Total
	S\$	S\$	S\$	S\$
<b>2016</b>				
<b>Balance at beginning of financial year</b>	21,787	136,897	108,178	266,862
Net (deficit) / surplus for the year	(49,632)	(27,122)	0	(76,754)
<b>Balance at end of financial year</b>	<u>(27,845)</u>	<u>109,775</u>	<u>108,178</u>	<u>190,108</u>
<b>2015</b>				
<b>Balance at beginning of financial year</b>	32,524	155,112	108,178	295,814
Net (deficit) / surplus for the year	(35,737)	6,785	0	(28,952)
Transfer to /(from)	25,000	(25,000)	0	0
<b>Balance at end of financial year</b>	<u>21,787</u>	<u>136,897</u>	<u>108,178</u>	<u>266,862</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 2016**

	Note	2016 S\$	2015 S\$
<b>Cash flows from operating activities</b>			
Net deficit		(76,754)	(28,952)
Adjustments for:			
- Depreciation	6	383	1,284
Operating cash flow before working capital changes		<u>(76,371)</u>	<u>(27,668)</u>
Changes in working capital			
- Other receivables		95	(71)
- Other payables		6,352	(3,429)
<b>Net cash used in operating activities</b>		<u>(69,924)</u>	<u>(31,168)</u>
<b>Net (decrease) in cash and cash equivalents</b>		(69,924)	(31,168)
Cash and cash equivalents at beginning of financial year		268,262	299,430
<b>Cash and cash equivalents at end of financial year</b>	4	<u>198,338</u>	<u>268,262</u>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank		182,293	252,275
Fixed deposit		16,045	15,987
	4	<u>198,338</u>	<u>268,262</u>

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

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

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

### **1. General information**

Lupus Association (Singapore) ("the Society") is registered and domiciled in Singapore. The address of its registered office is c/o Department of Rheumatology and Immunology, 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.

The Society is a charity registered under the Charities Act, Chapter 37 since 31 July 1992. The Society has been accorded the Institutions of a Public Character ("IPC") status for the period from 06 May 2015 to 05 May 2017.

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"). 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 2016**

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

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

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

### Interpretations and amendments to published standards effective in 2016 (cont'd)

The following are the new or amended Standards and Interpretations (issued by Accounting Standards Council up to 4 January 2017) that are not yet applicable, but may be early adopted for the current financial year:

Descriptions	Annual periods commencing on
Amendments to: <ul style="list-style-type: none"> <li>- FRS 7 Statement of cash flows (Disclosure initiative)</li> <li>- FRS 12 Income taxes (Recognition of deferred tax assets for unrealised losses)</li> </ul>	1 January 2017
FRS 109 Financial Instruments FRS 115 Revenue from Contracts with Customers Amendments to: <ul style="list-style-type: none"> <li>- FRS 102 Classification and Measurement of Share-based Payment Transactions</li> <li>- FRS 40 Transfers of Investment Property</li> <li>- FRS115 Clarifications to FRS Revenue from Contracts with Customers</li> </ul>	1 January 2018
FRS 116 Leases	1 January 2019

Management believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of the initial application.

## 2.2 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 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 recognised on receipt basis. Donations-in-kind are recognised 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 recognised on a time-proportion basis using the effective interest method.

### 2.2.3 Program fees

Program fee is recognised in the statement of financial activities when the services are performed.

### 2.2.4 Other income

Other income is recognised upon receipt.

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

### **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.

#### **2.3.4 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 of financial assets and liabilities**

The carrying amounts of current financial assets and liabilities, carried at amortised 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.

#### **2.6.3 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 is 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. Significant accounting policies (cont'd)**

### **2.7 Other payables**

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

### **2.8 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.

### **2.9 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.

### **2.10 Related parties**

A related party is defined as follows:

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

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**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 evaluates 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**

	2016 S\$	2015 S\$
Cash at bank	182,293	252,275
Fixed deposits	16,045	15,987
	<u>198,338</u>	<u>268,262</u>

Fixed deposits had maturity of 1 month (2015: 1 month) from the reporting date and have effective interest rates of 0.20% (2015: 0.15%).

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



**5. Other receivables**

	2016 S\$	2015 S\$
Prepayments	0	95
	<u>0</u>	<u>95</u>

**6. Property, plant and equipment**

	Balance at beginning of the year S\$	Additions S\$	(Disposals) S\$	Balance at end of the year S\$
<b>2016 At cost</b>				
Computer	5,730	0	0	5,730
Furniture and fittings	2,201	0	0	2,201
Office equipment	6,805	0	0	6,805
	<u>14,736</u>	<u>0</u>	<u>0</u>	<u>14,736</u>
	Balance at beginning of the year S\$	Depreciation charge S\$	(Disposals) S\$	Balance at end of the year S\$
<b>Accumulated depreciation</b>				
Computer	4,652	383	0	5,035
Furniture and fittings	2,201	0	0	2,201
Office equipment	6,805	0	0	6,805
	<u>13,658</u>	<u>383</u>	<u>0</u>	<u>14,041</u>
	Balance at beginning of the year S\$			Balance at end of the year S\$
<b>Net book value</b>				
Computer	1,078			695
Furniture and fittings	0			0
Office equipment	0			0
	<u>1,078</u>			<u>695</u>

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

	Balance at beginning of the year S\$	Additions S\$	(Disposals) S\$	Balance at end of the year S\$
<b>2015</b>				
<b>At cost</b>				
Computer	5,730	0	0	5,730
Furniture and fittings	2,201	0	0	2,201
Office equipment	6,805	0	0	6,805
	<u>14,736</u>	<u>0</u>	<u>0</u>	<u>14,736</u>
	Balance at beginning of the year S\$	Depreciation charge S\$	(Disposals) S\$	Balance at end of the year S\$
<b>Accumulated depreciation</b>				
Computer	3,656	996	0	4,652
Furniture and fittings	2,201	0	0	2,201
Office equipment	6,517	288	0	6,805
	<u>12,374</u>	<u>1,284</u>	<u>0</u>	<u>13,658</u>
	Balance at beginning of the year S\$			Balance at end of the year S\$
<b>Net book value</b>				
Computer	2,074			1,078
Furniture and fittings	0			0
Office equipment	288			0
	<u>2,362</u>			<u>1,078</u>

**7. Other payables**

	2016 S\$	2015 S\$
Accrued expenses	<u>8,925</u>	<u>2,573</u>

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

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**8. Unrestricted funds**

The unrestricted funds comprise:

- General Fund which is for the purpose of meeting operating expenses incurred by the Society;
- Health Endowment Fund which is for subsidising costs for special treatments and educational costs

**9. Tax deductible receipts**

During the financial year, the Society issued tax-exempt receipts for donations collected amounting to S\$17,340 (2015: S\$12,200), pursuant to its Institutions of a Public Character ("IPC") status.

**10. Income tax**

The Society is a charity registered under the Charities Act, Chapter 37. As an approved charity, it is exempted from income tax under Section 13 of the Income Tax Act, Chapter 134.

**11. Remuneration of key employees/executives/volunteers**

The key management personnel is the President of the Society.

During the current and previous year, none of the members of the Management Committee was paid any remuneration.

**12. Management of conflict of interest**

If the management committee of the Society is directly or indirectly interested in any contract, proposed contract, or other matter and is present at a meeting of the Society or any sub-committee thereof, at which the contract or other matter is the subject of consideration, the management committee shall, at the meeting and as soon as practicable after it commences, disclose the fact, and shall not thereafter be present during the consideration or discussion of, and shall not vote on, any question with respect to that contract or other matter.

**13. Financial instruments**

The financial assets and liabilities of the Society as at the financial reporting date are as follows:

	2016 S\$	2015 S\$
<b>Financial assets</b>		
Cash and cash equivalents	<u>198,338</u>	<u>268,262</u>
<b>Financial liabilities</b>		
Other payables	<u>8,925</u>	<u>2,573</u>

#### **14. 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.

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

##### Liquidity risk

Liquidity risk reflects the risk that the Society will have insufficient resources to meet its financial liabilities as and when they fall due.

The Society is primarily funded by donations from public, membership fees and program fees. The Society monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by the Management Committee to finance the Society's activities and to mitigate the effects of fluctuation in cash flows. The Management Committee ensures that the Society has sufficient cash on demand to meet expected expenses.

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

	2016	2015
	S\$	S\$
<b><i>Payable within one year</i></b>		
<u><i>Financial liabilities</i></u>		
Other payables	<u>8,925</u>	<u>2,573</u>

##### 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 following table sets out the carrying amount, by maturity, of the Society's financial instruments, that are exposed to interest rate risk.

	2016	2015
	S\$	S\$
<b><i>Within one year – fixed rated</i></b>		
<u><i>Financial assets</i></u>		
Fixed deposit	<u>16,045</u>	<u>2,573</u>

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 due to their short-term nature.

## 15. Reserve position and policy

The Society's reserve position for financial year ended 31 December 2016 is as follows:

		2016	2015	Increase/ (decrease)
		S\$	S\$	%
A	Unrestricted Funds			
	Accumulated general funds	(27,845)	21,787	(228)
B	Restricted or Designated Funds			
	Designated Funds	0	0	0
	Restricted Funds	0	0	0
C	Endowment Funds	217,953	245,075	(11)
D	Total Funds	190,108	266,862	(29)
E	Total Annual Operating Expenditure	116,858	64,426	
F	Ratio of Funds to Annual Operating Expenditure (D/E)	1.63	4.14	

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 Administrative Costs.

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 reserve remains unchanged from 2008.

## 16. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on **03 MAY 2017**