

## **SINGAPORE CHILDREN'S SOCIETY**

(UEN No: S62SS0057G)

### **Statement by the Executive Committee and Financial Statements**

Year Ended 31 December 2015

#### **RSM Chio Lim LLP**

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**Statement by the Executive Committee and Financial Statements**


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**Statement by the Executive Committee**

In the opinion of the Executive Committee, the accompanying financial statements are drawn up in accordance with the Singapore Financial Reporting Standards, the Societies Act, Chapter 311 (the "Societies Act") and the Singapore Charities Act, Chapter 37 (the "Charities Act") so as to present fairly, in all material respects, the state of affairs of Singapore Children's Society (the "Society") as at 31 December 2015 and the results, changes in funds and cash flows of the Society for the reporting year ended.

The Executive Committee approved and authorised these financial statements for issue.

On Behalf of the Executive Committee,



.....  
Koh Choon Hui  
Chairman



.....  
Theresa Sim  
Honorary Treasurer

31 March 2016

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**Independent Auditor's Report to the Members of  
SINGAPORE CHILDREN'S SOCIETY (UEN No: S62SS0057G)**

**Report on the financial statements**

We have audited the accompanying financial statements of Singapore Children's Society (the "Society"), which comprise the statement of financial position as at 31 December 2015, and the statement of financial activities, statement of changes in fund and statement of cash flows for the reporting 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 and fair presentation of these financial statements in accordance with the Singapore Financial Reporting Standards, the Societies Act, Chapter 311 (the "Societies Act") and the Singapore Charities Act, Chapter 37 (the "Charities Act"), 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.

**Auditor's 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 control relevant to the entity's preparation of 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 Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Society, 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.

**Independent Auditor's Report to the Members of  
SINGAPORE CHILDREN'S SOCIETY (UEN No: S62SS0057G)**

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**Opinion**

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Societies Act, the Charities Act and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2015 and the results, changes in funds and cash flows of the Society for the reporting year ended on that date.

**Report on Other Legal and Regulatory Requirements**

In our opinion:

- (a) the accounting and other records required by the regulations enacted under the Societies Act to be kept by the Society have been properly kept in accordance with those regulations; and
- (b) the fund-raising appeals held during the reporting year have been carried out in accordance with regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeals.

During the course of our audit, nothing has come to our attention that causes us to believe that during the reporting year:

- (a) The use of the donation moneys was not in accordance with the objectives of the Society 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 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

**Other Matters**

The financial statements for the reporting year ended 31 December 2014 were audited by another independent auditor whose report dated 31 March 2015 expressed an unqualified opinion on those financial statements.



RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

31 March 2016

Partner in charge of audit: Woo E-Sah  
Effective from reporting year ended 31 December 2015

**Statement of Financial Activities**  
**Year Ended 31 December 2015**

		<u>2015</u>	<u>2014</u>
		\$	\$
<b>Incoming Resources</b>			
Donation income	4	14,516,784	12,676,503
Grants	5	5,758,946	3,410,305
Other income	6	1,707,611	1,097,890
Total incoming resources		<u>21,983,341</u>	<u>17,184,698</u>
<b>Resources Expended</b>			
Administrative expenses		1,705,902	1,545,928
Children's home expenses		1,501,107	1,411,994
Children's medical fund expenses	16	271,086	363,846
Fund raising expenses		2,436,465	2,578,085
Information and corporate communications expenses		244,945	239,954
Research and advocacy expenses		1,448,147	1,163,480
Social work service expenses		6,247,343	5,749,864
Total resources expended		<u>13,854,995</u>	<u>13,053,151</u>
Surplus for the year		<u>8,128,346</u>	<u>4,131,547</u>
<b>Other comprehensive income</b>			
Available-for-sale financial assets			
- Other reserves		(1,979,421)	1,110,180
Other comprehensive income	16	(1,979,421)	1,110,180
Total comprehensive income		<u>6,148,925</u>	<u>5,241,727</u>
<b>Surplus for the year is attributable as follows:</b>			
<b>Unrestricted funds:</b>			
- Accumulated surplus	16	7,832,040	4,299,025
<b>Restricted funds:</b>			
- Professor S.S. Ratnam Memorial Fund	16	3,471	1,479
- Children's Medical Fund	16	190,904	(174,893)
- iNSPIRE Fund	16	-	(7,130)
- Madam Ho Yun Wai Fund	16	(4,435)	(70)
- ComCare Fund	16	10,000	-
- The Straits Times School Pocket Money Fund	16	96,366	13,136
		<u>8,128,346</u>	<u>4,131,547</u>
- Other reserves		(1,979,421)	1,110,180
		<u>6,148,925</u>	<u>5,241,727</u>

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

**Statement of Financial Position  
As at 31 December 2015**

	<u>Notes</u>	<u>2015</u> \$	<u>2014</u> \$
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Plant and equipment	10	1,082,500	857,000
Available-for-sale financial assets	11	9,441,323	14,350,421
<b>Total non-current assets</b>		<u>10,523,823</u>	<u>15,207,421</u>
<b><u>Current assets</u></b>			
Available-for-sale financial assets	11	17,234,537	16,078,098
Inventories	12	10,379	13,004
Other receivables	13	1,760,475	763,336
Other assets	14	117,999	118,826
Cash and cash equivalents	15	50,276,423	41,170,901
<b>Total current assets</b>		<u>69,399,813</u>	<u>58,144,165</u>
<b>Total assets</b>		<u>79,923,636</u>	<u>73,351,586</u>
<b>FUNDS AND LIABILITIES</b>			
<b><u>Unrestricted fund</u></b>			
Accumulated fund	16	56,353,963	48,521,923
Other reserves	16	610,097	2,499,343
<b>Total unrestricted fund</b>		<u>56,964,060</u>	<u>51,021,266</u>
<b><u>Restricted funds</u></b>			
Professor S.S. Ratnam memorial fund	16	251,223	247,752
Children's medical fund	16	20,474,874	20,283,970
Madam Ho Yun Wai fund	16	500,000	504,435
ComCare Fund	16	10,000	-
The Straits Times School Pocket Money Fund	16	124,183	27,817
Other reserves	16	(112,028)	(21,853)
<b>Total restricted fund</b>		<u>21,248,252</u>	<u>21,042,121</u>
<b>Total funds</b>		<u>78,212,312</u>	<u>72,063,387</u>
<b><u>Non-current liabilities</u></b>			
Other liabilities	17	321,485	117,000
<b>Total non-current liabilities</b>		<u>321,485</u>	<u>117,000</u>
<b><u>Current liabilities</u></b>			
Trade and other payables	18	1,167,179	982,805
Other liabilities	20	222,660	188,394
<b>Total current liabilities</b>		<u>1,389,839</u>	<u>1,171,199</u>
<b>Total liabilities</b>		<u>1,711,324</u>	<u>1,288,199</u>
<b>Total funds and liabilities</b>		<u>79,923,636</u>	<u>73,351,586</u>

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



SINGAPORE CHILDREN'S SOCIETY (UEN No: S62SS0057G)

Statement of Changes in Funds  
Year Ended 31 December 2015

Note	Unrestricted funds		Restricted funds						Total
	Accumulated fund \$	Other reserves \$	Professor S.S. Ratnam memorial fund \$	Children's medical fund \$	Madam Ho Yun Wai fund \$	ComCare fund \$	The Straits Times School Pocket Money fund \$	Other reserves \$	
	48,521,923	2,499,343	247,752	20,283,970	504,435	-	27,817	(21,853)	72,063,387
<b>Current year:</b>									
Opening balance at 1 January 2015									
<b>Movements in funds:</b>									
<b>Total comprehensive income for the year</b>									
Surplus/(deficit) for the reporting year	7,832,040	-	3,471	190,904	(4,435)	10,000	96,366	-	8,128,346
<b>Other comprehensive income</b>									
Changes in fair value of available-for-sale financial assets	-	(2,325,593)	-	-	-	-	-	(90,175)	(2,415,768)
Foreign exchange adjustment on non-monetary assets	-	436,347	-	-	-	-	-	-	436,347
	<u>7,832,040</u>	<u>(1,889,246)</u>	<u>3,471</u>	<u>190,904</u>	<u>(4,435)</u>	<u>10,000</u>	<u>96,366</u>	<u>(112,028)</u>	<u>6,148,925</u>
<b>Closing balance at 31 December 2015</b>	<u>56,353,963</u>	<u>610,097</u>	<u>251,223</u>	<u>20,474,874</u>	<u>500,000</u>	<u>10,000</u>	<u>124,183</u>	<u>(112,028)</u>	<u>78,212,312</u>

SINGAPORE CHILDREN'S SOCIETY (UEN No: S62SS0057G)

Statement of Changes in Funds (cont'd)  
Year Ended 31 December 2015

	Unrestricted funds		Restricted funds					Total
	Accumulated fund	Other reserves	Professor S.S. Ratnam memorial fund	Children's medical fund	iNSPIRE fund	Madam Ho Yun Wai fund	The Straits Times School Pocket Money fund	
Note	\$	\$	\$	\$	\$	\$	\$	\$
<b>Current year:</b>								
Opening balance at 1 January 2014	44,222,898	1,367,310	246,273	20,458,863	7,130	504,505	14,681	66,821,660
<b>Movements in funds:</b>								
<b>Total comprehensive income for the year</b>								
Surplus/(deficit) for the reporting year	4,299,025	-	1,479	(174,893)	(7,130)	(70)	13,136	4,131,547
<b>Other comprehensive income</b>								
Changes in fair value of available-for-sale financial assets	-	1,086,072	-	-	-	-	-	(21,853)
Foreign exchange adjustment on non-monetary assets	-	45,961	-	-	-	-	-	45,961
	4,299,025	1,132,033	1,479	(174,893)	(7,130)	(70)	13,136	5,241,727
<b>Closing balance at 31 December 2014</b>	48,521,923	2,499,343	247,752	20,283,970	-	504,435	27,817	72,063,387

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

**Statement of Cash Flows**  
**Year Ended 31 December 2015**

	<u>2015</u> \$	<u>2014</u> \$
<b><u>Cash flows from operating activities</u></b>		
Surplus for the year	8,128,346	4,131,547
Adjustments for:		
Depreciation of plant and equipment	354,611	242,524
Dividend income	(615,367)	(454,530)
Interest income	(896,885)	(475,487)
Net gains on sale of available-for-sale financial assets	(95,823)	(40,598)
Plant and equipment written off	72,219	9,679
Unrealised exchange (gain) loss	157,455	70,935
Management fee	132,254	42,979
<b>Operating surplus before changes in working capital</b>	<u>7,236,810</u>	<u>3,527,049</u>
Inventories	2,625	(3,779)
Other receivables	(814,035)	(88,685)
Other assets	827	(25,831)
Other liabilities	238,751	156,533
Trade and other payables	184,374	34,761
<b>Net cash flows from operating activities</b>	<u>6,849,352</u>	<u>3,600,048</u>
<b><u>Cash flows from investing activities</u></b>		
Purchase of plant and equipment	(652,330)	(712,893)
Interest received	410,774	305,670
Dividend received	338,789	137,795
Proceeds from disposal of available-for-sale financial assets	2,206,919	1,718,198
Purchase of available-for-sale financial assets	(47,982)	(16,282,518)
<b>Net cash flows from (used in) investing activities</b>	<u>2,256,170</u>	<u>(14,833,748)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	9,105,522	(11,233,700)
Cash and cash equivalents, beginning balance	41,170,901	52,404,601
<b>Cash and cash equivalents, ending balance (Note 15)</b>	<u>50,276,423</u>	<u>41,170,901</u>

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

**Notes to the Financial Statements  
31 December 2015**

**1. General**

The Singapore Children's Society (the "Society") is a society registered in the Republic of Singapore under the Societies Act, Cap. 311. It is also an approved charity and registered Institutions of a Public Character (IPC) under the Charities Act, Chapter 37. The financial statements are presented in Singapore dollars.

The Executive Committee approved and authorised these financial statements for issue on the date of the Statement by the Executive Committee.

Singapore Children's Society protects and nurtures children and youth of all races and religions, especially children, youth and families in need. It's mission is to bring relief and happiness to children in need.

The registered office is located at 298 Tiong Bahru Road, #09-05 Central Plaza, Singapore 168730. The Society is situated in Singapore.

**Accounting convention**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs need not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

**Basis of preparation of the financial statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Society to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, Society has made judgements in the process of applying the entity's accounting policies. The areas requiring Society's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

## 2. Significant accounting policies and other explanatory information

### 2A. Significant accounting policies

#### Revenue recognition

Revenues including donations, gifts and grants that provide core funding or are of general nature are recognised where there is (a) entitlement (b) certainty and (c) sufficient reliability of measurement. Such income is deferred only when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the Society has unconditional entitlement. The revenue amount from services is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the Society and it is shown net of related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer; there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### (i) Donations and sponsorships

Revenue from donations and sponsorships are accounted for when received, except for committed donations and sponsorships that are recorded when there is certainty over the amount committed by the donors and over the timing of the receipt of the donations and sponsorships. Revenue from fundraising event is recognised when the event has occurred.

#### (ii) Interest income

Interest revenue is recognised on a time-proportion basis using the effective interest rate.

#### (iii) Dividend Income

Dividend from equity instruments is recognised as income when the Society's right to receive dividend is established. This is usually ex-dividend date for quoted shares.

#### (iv) Government Grant

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income.

#### Gifts in kind

A gift-in-kind (if any) is included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received. No value is ascribed to volunteer services.

**2. Significant accounting policies and other explanatory information (cont'd)**

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

**Employee benefits**

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

**Income tax**

As an approved charity under the Charities Act, Cap. 37, the Society is exempted from income tax under Section 13(1)(zm) of the Income Tax Act, Cap 134.

**Foreign currency transactions**

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

**Plant and equipment**

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Motor Vehicles	-	20%
Furniture and fittings	-	20% to 33%
Renovation	-	33%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

**2. Significant accounting policies and other explanatory information (cont'd)**

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

**Plant and equipment (cont'd)**

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by Society. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred. On disposal, the difference between the carrying amount of the plant and equipment and the sales proceeds is recognised in profit and loss.

**Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

**Inventories**

Inventories are measured at the lower of cost (weighted average) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or where applicable if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**Impairment of non-financial assets**

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

**2. Significant accounting policies and other explanatory information (cont'd)**

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

**Financial assets**

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset.



**2. Significant accounting policies and other explanatory information (cont'd)**

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

**Financial assets (cont'd)**

2. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.
4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading other reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However for debt securities classified as available-for-sale, impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. For debt instruments classified as available-for-sale, the reversal of impairment is recognised in profit or loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. Usually non-current investments in equity and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value. For unquoted equity securities impairment losses are not reversed. These investments are included in non-current assets except for investments that management may decide to dispose of within 12 months from the balance sheet date.

**2. Significant accounting policies and other explanatory information (cont'd)**

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

**Financial assets (cont'd)**

4. Changes in the fair value of non-functional currency denominated investments classified as available-for-sale are analysed between translation differences and other changes in the carrying amount of the investments. The translation differences on monetary investments are recognised in profit or loss measured based on the amortised cost of the monetary investments; translation differences on non-monetary investments are recognised in other comprehensive income. Interest income calculated using the effective interest method and dividends are recognized in profit or loss. Other changes in the carrying amount of the investments classified as available-for-sale are recognised in other comprehensive income.

**Cash and cash equivalents**

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

**Financial liabilities**

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

**2. Significant accounting policies and other explanatory information (cont'd)**

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

**Financial liabilities (Cont'd)**

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

**Derivatives**

All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

**Fair value of measurement**

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, Society uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, Society determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

**2. Significant accounting policies and other explanatory information (cont'd)**

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

**Fair value of measurement (Cont'd)**

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

**Provisions**

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

**2B. Other explanatory information**

**Funds**

All income and expenditures are reflected in the statement of financial activities. Income and expenditures specifically relating to any of the funds separately set up by the Society are allocated subsequently to those funds. Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses if any are allocated on a reasonable basis to the funds based on a method most suitable to that common expense unless impractical to do so.

**2C. Critical judgements, assumptions and estimation uncertainties**

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

**3. Related party relationships and transactions**

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

A related party includes the committee members and key management of the Society. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons; members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. Key management personnel include the Chief Executive Officer (CEO) and the direct reporting senior members.

All members of the Executive Committee and Standing Committees and staff members of the Society are required to read and understand the conflict of interest policy in place and make full disclosure of interests and relationships that could potentially result in a conflict of interests. When a conflict of interest situation arises, the members or staff shall abstain from participating in the discussion, decision making and voting on the matter.

The members of the Executive Committee and Standing Committees are volunteers and receive no monetary remuneration for their contribution, except for reimbursement of out-of-pocket expenses.

**3A. Key management compensation:**

	<u>2015</u>	<u>2014</u>
	\$	\$
Salaries and other short-term employee benefits	1,684,119	1,529,866
Number of key management personnel	<u>15</u>	<u>14</u>

The above amounts are included under employee benefits expense.

Key management personnel comprise the Chief Executive Officer and the direct reporting senior members.

The annual remuneration (comprising basic salary, bonuses, allowances and employer's contributions to Central Provident Fund) of the three highest paid staff classified by remuneration bands are as follows:

	<u>2015</u>	<u>2014</u>
\$100,001 - \$200,000	2	2
\$200,001 - \$300,000	<u>1</u>	<u>1</u>

**4. Donation income**

	<u>2015</u>	<u>2014</u>
	\$	\$
Donation income	14,450,833	12,617,923
Donations-in-kind	58,027	53,040
Sale of Merchandise	7,924	5,540
Total	<u>14,516,784</u>	<u>12,676,503</u>

In accordance with the Charities (Institutions of a Public Character) Regulations, the Society is required to disclose fund-raising appeals with gross receipts of more than \$1 million.

There are no fund-raising appeal with gross receipt of more than \$1 million in 2015.

	Income for Accumulated <u>Fund</u> \$	Fund Raising Expenses for Accumulated <u>Fund</u> \$	Net Fund Raising Income for Accumulated <u>Fund</u> \$
<u>20154</u>			
Gala Dinner	<u>1,143,496</u>	<u>212,801</u>	<u>930,695</u>

**5. Grants**

	<u>2015</u>	<u>2014</u>
	\$	\$
Grants	4,945,255	3,163,355
Special employment and wage credit	763,278	191,935
Childcare and maternity leave	50,413	55,015
Total	<u>5,758,946</u>	<u>3,410,305</u>

**6. Other income**

	<u>2015</u>	<u>2014</u>
	\$	\$
Interest income arising from:		
- Accumulated fund	444,472	303,606
- Professor S.S. Ratnam Memorial Fund	3,471	2,469
- Children's Medical Fund	442,312	163,953
- Madam Ho Yun Wai Fund	6,630	5,459
Interest income- subtotal	<u>896,885</u>	<u>475,487</u>
Dividend income	615,367	454,530
Gain on disposal of investments	95,823	40,598
Others	99,536	127,275
Total	<u>1,707,611</u>	<u>1,097,890</u>

**SINGAPORE CHILDREN'S SOCIETY (UEN No: S62SS0057G)****7. Tax exempt receipts**

The Society enjoys a concessionary tax treatment whereby qualifying donors are granted tax deduction for the donations made to the funds of the Society. The quantum of the tax deduction for each calendar year may vary as announced in the Singapore Budget. The Institutions of a Public Character status granted to the Society for donations is for the period from 1 July 2013 to 30 June 2017 under the Ministry of Social and Family Development.

	<u>2015</u> \$	<u>2014</u> \$
Tax-exempt receipts issued for donations collected	<u>13,064,429</u>	<u>11,365,548</u>

**8. Total resources expended**

	<u>2015</u> \$	<u>2014</u> \$
Included in total resources expended are the following items:		
Audit fees	37,450	29,750
Depreciation on property, plant and equipment (Note 10)	354,611	242,524
Operating lease expenses (Note 24)	505,415	537,531
Loss on disposal of plant and equipment	72,219	9,679
Loss from exchange rates movement	157,455	70,935
Employee benefits expense (Note 9)	<u>9,016,471</u>	<u>8,142,957</u>

**9. Employee benefits expense**

	<u>2015</u> \$	<u>2014</u> \$
Salaries and related costs	7,835,424	7,142,039
Contributions to defined contribution plan	<u>1,181,047</u>	<u>1,000,918</u>
Total employee benefits expense (Note 8)	<u>9,016,471</u>	<u>8,142,957</u>

## 10. Plant and equipment

	Motor Vehicles	Furniture and Fittings	Renovation	Total
	\$	\$	\$	\$
<u>Cost:</u>				
At 1 January 2014	90,000	1,625,407	1,087,412	2,802,819
Additions	–	371,747	341,146	712,893
Disposal	–	(262,530)	(170,493)	(433,023)
At 31 December 2014	90,000	1,734,624	1,258,065	3,082,689
Additions	–	196,225	456,105	652,330
Disposal	–	(480,603)	(14,765)	(495,368)
At 31 December 2015	90,000	1,450,246	1,699,405	3,239,651
<u>Accumulated depreciation:</u>				
At 1 January 2014	84,750	1,262,436	1,059,323	2,406,509
Depreciation for the year	5,250	189,760	47,514	242,524
Disposal	–	(255,892)	(167,452)	(423,344)
At 31 December 2014	90,000	1,196,304	939,385	2,225,689
Depreciation for the year	–	218,064	136,547	354,611
Disposal	–	(408,428)	(14,721)	(423,149)
At 31 December 2015	90,000	1,005,940	1,061,211	2,157,151
<u>Net book value:</u>				
At 1 January 2014	5,250	362,971	28,089	396,310
At 31 December 2014	–	538,320	318,680	857,000
At 31 December 2015	–	444,306	638,194	1,082,500

The depreciation expense is charged in Statement of Financial Activities under:

	2015	2014
	\$	\$
Administrative expenses	41,600	46,155
Children's home expenses	14,223	17,185
Fund raising expenses	43,841	42,745
Information and corporate communications expenses	11,481	10,221
Research and advocacy expenses	44,215	22,469
Social work service expenses	199,251	103,749
Total	354,611	242,524



11. Available-for-sale financial assets at fair value through other comprehensive income

	<u>2015</u>	<u>2014</u>
	\$	\$
Movements during the year:		
Fair value at 1 January	30,428,519	14,537,828
Additions	47,982	16,282,518
Disposals	(2,266,972)	(1,641,520)
Net investment gains/ (losses)	405,302	160,565
Fair value change on financial assets	(2,415,768)	1,064,219
Foreign exchange adjustment on financial assets	436,347	45,961
Movement on derivatives	40,450	(21,052)
Fair value at end of the year	<u>26,675,860</u>	<u>30,428,519</u>

Available-for-sale financial assets through other comprehensive income are classified as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
– current	17,234,537	16,078,098
– non-current	<u>9,441,323</u>	<u>14,350,421</u>
	<u>26,675,860</u>	<u>30,428,519</u>

Net investment gains or losses include gains or losses made from disposals, re-investments, interest income, dividend income and related expenses incurred.

Available-for-sale financial assets are analysed as follows:

	<u>Level</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		%	%	\$	\$
<u>Quoted equity securities</u>					
Singapore	1	35	39	9,265,058	11,774,522
US	1	11	10	2,885,856	2,710,129
Europe	1	4	4	1,176,496	1,170,080
UK	1	1	1	192,454	385,573
Others	1	5	4	<u>1,291,002</u>	<u>1,233,611</u>
		<u>56</u>	<u>58</u>	<u>14,810,866</u>	<u>17,273,915</u>
<u>Quoted debt securities</u>					
Singapore	1	33	33	8,861,148	10,061,044
US	1	7	1	<u>1,814,008</u>	<u>404,407</u>
		<u>40</u>	<u>34</u>	<u>10,675,156</u>	<u>10,465,451</u>
<u>Derivatives financial instruments (Note 19)</u>					
US	2	–	–	(32,087)	(31,054)
Europe	2	–	–	37,888	1,386
UK	2	–	–	3,169	657
Others	2	–	–	<u>10,428</u>	<u>7,959</u>
		<u>–</u>	<u>–</u>	<u>19,398</u>	<u>(21,052)</u>

11. Available-for-sale financial assets (cont'd)

	<u>2015</u> %	<u>2014</u> %	<u>2015</u> \$	<u>2014</u> \$
<u>Cash and cash equivalents</u>				
Singapore	2	8	571,948	2,328,024
Europe	–	1	10,592	436,646
USD	2	–	678,310	–
Others	–	(1)	(90,410)	(54,465)
	<u>4</u>	<u>8</u>	<u>1,170,440</u>	<u>2,710,205</u>
	<u>100</u>	<u>100</u>	<u>26,675,860</u>	<u>30,428,519</u>

The quoted debt securities have a maturity expiring date ranging from February 2016 to August 2027 (2014: February 2015 to November 2016). The rate of interest ranges from 2.6% to 5.2% (2014: 1.1% to 5.2%) per annum.

The fair values of quoted debt securities, equity securities and funds in corporations are based on prices in an active market at the end of the reporting year.

There are investments in equity and debt securities. These investments are exposed to market price risk arising from uncertainties on the future values of the investment securities. The sensitivity analysis effect is as follow:

	<u>2015</u> \$	<u>2014</u> \$
A hypothetical 10% increase/ decrease in the fair value of quoted equity and debt securities would increase/ decrease other comprehensive income by the following amount	<u>2,548,602</u>	<u>2,773,937</u>

The figure does not reflect the currency risk, which has been considered in the foreign currency risks analysis section only. The hypothetical changes in basis points are not based on observable market date (unobservable inputs).

The above sensitivity has not changed significantly from last year.

12. Inventories

	<u>2015</u> \$	<u>2014</u> \$
Inventories, comprising merchandise held for sale at future fund-raising events	<u>10,379</u>	<u>13,004</u>

13. Receivables

	<u>2015</u> \$	<u>2014</u> \$
Refundable deposits	161,445	151,767
Grants/donations receivable	1,080,186	279,546
Interest receivables	469,422	286,318
Other receivables	49,422	45,705
	<u>1,760,475</u>	<u>763,336</u>

**SINGAPORE CHILDREN'S SOCIETY (UEN No: S62SS0057G)**

<b>14. Other assets</b>		
	<u>2015</u>	<u>2014</u>
	\$	\$
Prepayments	<u>117,999</u>	<u>118,826</u>
<b>15. Cash and cash equivalents</b>		
	<u>2015</u>	<u>2014</u>
	\$	\$
Cash and bank balances	6,343,353	6,708,943
Fixed deposits with financial institutions	<u>43,933,070</u>	<u>34,461,958</u>
	<u>50,276,423</u>	<u>41,170,901</u>
Interest earnings balances	<u>43,933,070</u>	<u>34,461,958</u>

The fixed deposits earn interest at rates ranging from 0.7% to 2.0% (2014: 0.6% to 1.6%) per annum. Interest rates reprice at intervals of two to twelve months (2014: one week to twelve months).

SINGAPORE CHILDREN'S SOCIETY (UEN No: S62SS0057G)

16. Fund account transactions and balances

2015

	Unrestricted Funds		Restricted Funds							Total
	Accumulated Fund (i)	Other Reserves	Professor S.S.Ratnam Memorial Fund (ii)	Children's Medical Fund (iii)	Madam Ho Yun Wai Fund (v)	ComCare Fund (vi)	The Straits Times School Pocket Money Fund (vii)	Other Reserves		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Incoming Resources</b>										
Donation income	14,516,784	-	-	-	-	-	-	-	14,516,784	
Grants	5,507,125	-	-	-	-	10,000	241,821	-	5,758,946	
Other income	1,235,520	-	3,471	461,990	6,630	-	-	-	1,707,611	
	<u>21,259,429</u>	<u>-</u>	<u>3,471</u>	<u>461,990</u>	<u>6,630</u>	<u>10,000</u>	<u>241,821</u>	<u>-</u>	<u>21,983,341</u>	
<b>Resources Expended</b>										
Administrative expenses	(1,705,902)	-	-	-	-	-	-	-	(1,705,902)	
Children's home expenses	(1,501,107)	-	-	-	-	-	-	-	(1,501,107)	
Children's medical fund expenses	-	-	-	(271,086)	-	-	-	-	(271,086)	
Fund raising expenses	(2,436,465)	-	-	-	-	-	-	-	(2,436,465)	
Information and corporate communications expenses	(244,945)	-	-	-	-	-	-	-	(244,945)	
Research and advocacy expenses	(1,448,147)	-	-	-	-	-	-	-	(1,448,147)	
Social work service expenses	(6,090,823)	-	-	-	(11,065)	-	(145,455)	-	(6,247,343)	
	<u>(13,427,389)</u>	<u>-</u>	<u>-</u>	<u>(271,086)</u>	<u>(11,065)</u>	<u>-</u>	<u>(145,455)</u>	<u>-</u>	<u>(13,854,995)</u>	
<b>Surplus for the year</b>	<u>7,832,040</u>	<u>-</u>	<u>3,471</u>	<u>190,904</u>	<u>(4,435)</u>	<u>10,000</u>	<u>96,366</u>	<u>-</u>	<u>8,128,346</u>	
<b>Other comprehensive income</b>										
Changes in fair value of available-for-sale financial assets	-	(2,325,593)	-	-	-	-	-	-	(90,175)	
Foreign exchange adjustment on non-monetary assets	-	436,347	-	-	-	-	-	-	436,347	
<b>Total comprehensive income</b>	<u>7,832,040</u>	<u>(1,889,246)</u>	<u>3,471</u>	<u>190,904</u>	<u>(4,435)</u>	<u>10,000</u>	<u>96,366</u>	<u>(112,028)</u>	<u>6,148,925</u>	

SINGAPORE CHILDREN'S SOCIETY (UEN No: S62SS0057G)

16. Fund account transactions and balances (cont'd)

	Unrestricted Funds		Restricted Funds						Total
	Accumulated Fund	Other Reserves	Professor S.S.Ratnam Memorial Fund	Children's Medical Fund	iNSPIRE Fund (iv)	Madam Ho Yun Wai Fund	The Straits Times School Pocket Money Fund	Other Reserves	
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Incoming Resources</b>									
Donation income	12,628,503	-	-	25,000	23,000	-	-	12,676,503	
Grants	3,216,949	-	-	-	-	-	193,356	3,410,305	
Other income	926,009	-	2,469	163,953	-	5,459	-	1,097,890	
	16,771,461	-	2,469	188,953	23,000	5,459	193,356	17,184,698	
<b>Resources Expended</b>									
Administrative expenses	(1,545,928)	-	-	-	-	-	-	(1,545,928)	
Children's home expenses	(1,411,994)	-	-	-	-	-	-	(1,411,994)	
Children's medical fund expenses	-	-	-	(363,846)	-	-	-	(363,846)	
Fund raising expenses	(2,578,085)	-	-	-	-	-	-	(2,578,085)	
Information and corporate communications expenses	(239,954)	-	-	-	-	-	-	(239,954)	
Research and advocacy expenses	(1,163,480)	-	-	-	-	-	-	(1,163,480)	
Social work service expenses	(5,532,995)	-	(990)	-	(30,130)	(5,529)	(180,220)	(5,749,864)	
	(12,472,436)	-	(990)	(363,846)	(30,130)	(5,529)	(180,220)	(13,053,151)	
<b>Surplus for the year</b>	4,299,025	-	1,479	(174,893)	(7,130)	(70)	13,136	4,131,547	
<b>Other comprehensive income</b>									
Changes in fair value of available-for-sale financial assets	-	1,086,072	-	-	-	-	-	(21,853)	
Foreign exchange adjustment on non-monetary assets	-	45,961	-	-	-	-	-	45,961	
<b>Total comprehensive income</b>	4,299,025	1,132,033	1,479	(174,893)	(7,130)	(70)	13,136	(21,853)	
								5,241,727	

SINGAPORE CHILDREN'S SOCIETY (UEN No: S62SS0057G)

16. Fund account transactions and balances (cont'd)

	Unrestricted Funds		Restricted Funds							Total
	Accumulated Fund \$	Other Reserves \$	Professor S.S.Ratnam Memorial Fund \$	Children's Medical Fund \$	Madam Ho Yun Wai Fund \$	ComCare Fund \$	The Straits Times School Pocket Money Fund \$	Other Reserves \$		
<b>Non-current assets</b>										
Plant and equipment	1,082,500	-	-	-	-	-	-	-	1,082,500	
Available-for-sale financial assets	10,565,483	-	-	-	-	-	-	-	10,565,483	
	11,647,983	-	-	-	-	-	-	-	11,647,983	
<b>Current assets</b>										
Available-for-sale financial assets	5,482,533	610,097	-	10,129,775	-	-	-	(112,028)	16,110,377	
Inventories	10,379	-	-	-	-	-	-	-	10,379	
Other receivables	1,588,790	-	2,282	169,403	-	-	-	-	1,760,475	
Other assets	117,999	-	-	-	-	-	-	-	117,999	
Cash and cash equivalents	39,195,349	-	248,941	10,197,950	500,000	10,000	124,183	-	50,276,423	
	46,395,050	610,097	251,223	20,497,128	500,000	10,000	124,183	(112,028)	68,275,653	
<b>Total assets</b>	58,043,033	610,097	251,223	20,497,128	500,000	10,000	124,183	(112,028)	79,923,636	
<b>Non-current liabilities</b>										
Other liabilities	321,485	-	-	-	-	-	-	-	321,485	
<b>Current liabilities</b>										
Trade and other payables	1,144,925	-	-	22,254	-	-	-	-	1,167,179	
Other liabilities	222,660	-	-	-	-	-	-	-	222,660	
<b>Total liabilities</b>	1,689,070	-	-	22,254	-	-	-	-	1,711,324	
<b>Net assets</b>	56,353,963	610,097	251,223	20,474,874	500,000	10,000	124,183	(112,028)	78,212,312	

SINGAPORE CHILDREN'S SOCIETY (UEN No: S62SS0057G)

16. Fund account transactions and balances (cont'd)

	Unrestricted Funds		Restricted Funds					Total
	Accumulated Fund	Other Reserves	Professor S.S.Ratnam Memorial Fund	Children's Medical Fund	Madam Ho Yun Wai Fund	The Straits Times School Pocket Money Fund	Other Reserves	
	\$	\$	\$	\$	\$	\$	\$	
<b>Non-current assets</b>								
Plant and equipment	857,000	-	-	-	-	-	857,000	
Available-for-sale financial assets	14,350,421	-	-	-	-	-	14,350,421	
	15,207,421	-	-	-	-	-	15,207,421	
<b>Current assets</b>								
Available-for-sale financial assets	3,658,831	2,499,343	-	9,941,777	-	-	16,078,098	
Inventories	13,004	-	-	-	-	-	13,004	
Other receivables	633,493	-	1,652	128,191	-	-	763,336	
Other assets	118,826	-	-	-	-	-	118,826	
Cash and cash equivalents	30,145,990	-	246,100	10,246,559	504,435	27,817	41,170,901	
	34,570,144	2,499,343	247,752	20,316,527	504,435	27,817	58,144,165	
<b>Total assets</b>	49,777,565	2,499,343	247,752	20,316,527	504,435	27,817	73,351,586	
<b>Non-current liabilities</b>								
Other liabilities	117,000	-	-	-	-	-	117,000	
<b>Current liabilities</b>								
Trade and other payables	950,248	-	-	32,557	-	-	982,805	
Other liabilities	188,394	-	-	-	-	-	188,394	
<b>Total liabilities</b>	1,255,642	-	-	32,557	-	-	1,288,199	
<b>Net assets</b>	48,521,923	2,499,343	247,752	20,283,970	504,435	27,817	72,063,387	

**SINGAPORE CHILDREN'S SOCIETY (UEN No: S62SS0057G)**

**16. Fund account transactions and balances (cont'd)**

- (i) This represents cumulative surpluses available for general use for the furtherance of the Society's objectives.
- (ii) The objective of this fund is to support education of children.
- (iii) The objective of this fund is to provide subsidies for treatment and rehabilitative care of chronic illnesses for children.
- (iv) This fund was set up to support school-going children from low income households by enabling them to participate in the INFOCOM sector through personal computer ownership. In 2014, the Society has ceased to be the administrator of the fund.
- (v) This fund was a donation in perpetuity amounting to \$500,000 received from Madam Ho Yun Wai in 2013. Interest earned from the fund in the first year was used to cover the cost of re-publication of the bilingual "Super Challenge To Your IQ" book into an e-book. Interest earned in subsequent years will be used to defray the operating costs of the Society's character development projects.
- (vi) This fund was set up to provide financial assistance for low-income individuals and families. The Society is one of the disbursing agencies.
- (vii) The fund was started in October 2000 as a community project initiated by The Straits Times, to provide pocket money to children from low-income families to help them through school. The Society is one of the disbursing agencies.



**17. Other liabilities, non-current**

	<u>2015</u>	<u>2014</u>
	\$	\$
Provision for restoration costs:		
Balance brought forward	117,000	112,500
Provision	221,485	4,500
Provision utilised included in administrative expenses	<u>(17,000)</u>	<u>–</u>
Balance carried forward	<u>321,485</u>	<u>117,000</u>

The above provision represents the estimated costs of dismantling, removing and restoring leased premises to their original condition at the expiration of the lease periods. The estimated costs are determined based on quotations received from external parties.

**18. Trade and other payables**

	<u>2015</u>	<u>2014</u>
	\$	\$
Accrued liabilities	808,567	783,219
Other payables	<u>358,612</u>	<u>199,586</u>
	<u>1,167,179</u>	<u>982,805</u>

**19. Derivatives financial instruments**

	<u>2015</u>	<u>2014</u>
	\$	\$
Assets-derivatives with positive fair values:		
Foreign currency contracts	70,045	16,956
Liabilities-derivatives with negative fair values:		
Foreign currency contracts	<u>(50,647)</u>	<u>(38,008)</u>
Net (Note 11)	<u>19,398</u>	<u>(21,052)</u>

The above contracts are transacted by external fund manager to hedge foreign currency exposure arising from the investment in overseas assets (Note 11).

These include the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

**Forward currency contracts**

<u>2015</u>	Contract Notional Amounts	Assets	Liabilities
		\$	\$
Forward currency contract - Purchases	281,242	3,307	(3,147)
Forward currency contract - Sales	(7,565,346)	66,738	(47,500)
		<u>70,045</u>	<u>(50,647)</u>

<u>2014</u>	Contract Notional Amounts	Assets	Liabilities
		\$	\$
Forward currency contract - Purchases	216,456	212	(2,387)
Forward currency contract - Sales	(5,524,563)	16,744	(35,621)
		<u>16,956</u>	<u>(38,008)</u>

The above contracts have maturity dates within one year.

**19. Derivatives financial instruments (cont'd)**

The fair value gain of \$19,398 (2014: loss of \$21,052) had been recognised as part of the funds held with the external fund manager (see Note 11).

The fair value (Level 2) of forward currency contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The valuation technique uses market observable inputs.

**20. Other liabilities, current**

	<u>2015</u>	<u>2014</u>
	\$	\$
Deferred income	111,253	20,332
Deferred grant (a)	<u>111,407</u>	<u>168,062</u>
	<u>222,660</u>	<u>188,394</u>

(a) The deferred grant relates to the grant from the Ministry of Social and Family Development ("MSF") for the renovation works carried out at Family Service Centre (Yishun).

	<u>2015</u>	<u>2014</u>
	\$	\$
Balance at beginning of the year	168,062	-
Grants received / receivable during the year	-	186,947
Utilised during the year	<u>(56,655)</u>	<u>(18,885)</u>
Balance at end of the year	<u>111,407</u>	<u>168,062</u>

**21. Reserve policy**

The primary objective of the Society's reserves management policy is to ensure that it maintains strong and healthy capital ratios in order to support its operations and potential initiatives.

The Society targets to maintain an optimum level of accumulated fund which is equivalent to five years of its budgeted operating expenditure. This excludes restricted funds. The Society regularly reviews and manages its reserves to ensure optimal capital structure, taking into consideration the future capital requirements of the Society and capital efficiency, projected income and operating cash flows.

The Investment Committee closely monitors the investment of surplus funds and reserves of the Society. The Investment Committee provides strategic direction on the long term financial and assets development of the Society.

The Society is not subject to externally imposed capital requirements.

There were no changes to the Society's approach to reserves management during the year.

**22. Financial instruments: information on financial risks**

**22A. Categories of financial assets and liabilities**

The following table categories the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>2015</u>	<u>2014</u>
	\$	\$
<u>Financial assets:</u>		
Loans and receivables	1,760,475	763,336
Available-for-sale financial assets	26,675,860	30,428,519
Cash and cash equivalents	<u>50,276,423</u>	<u>41,170,901</u>
At end of the year	<u>78,712,758</u>	<u>72,362,756</u>
<u>Financial liabilities:</u>		
Trade and other payables at amortised cost	<u>1,167,179</u>	<u>982,805</u>
At end of the year	<u>1,167,179</u>	<u>982,805</u>

Further quantitative disclosures are included throughout these financial statements.

**22B. Financial risk management**

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The Society has undertaken certain practices for the management of financial risks based on good market practice.

During the year, there have been no changes to the exposures to risks; the objectives, policies and processes for managing the risks and the methods used to measure the risks.

The Society maintains positions in a variety of financial instruments in accordance with its investment objectives and guidelines.

The Society's Investment Committee is tasked with the responsibility to review the investment operations of the Society and to make appropriate investment decisions. The Investment Committee works within the guidelines of the Society's Investment Policy.

The Investment Committee meets regularly to assess and review the risks as well as performance of the investments (see Note 11).

**22C. Fair values of financial instruments**

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

**22. Financial instruments: information on financial risks (cont'd)**

**22D. Credit risk on financial assets**

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other derivative financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in statement of financial activities.

**22E. Liquidity risk – financial liabilities maturity analysis**

There are no non-current financial liabilities at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2014: 30 days). The other payables are with short-term durations.

The Society monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by Management to finance the Society's operations and to mitigate the effects of fluctuations in cash flows.

**22F. Interest rate risk**

The interest rate risk exposure is from changes in fixed interest rates and floating interest rates and it mainly concerns financial assets. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	<u>2015</u>	<u>2014</u>
	\$	\$
Financial assets:		
Fixed rates (a)	54,608,226	44,927,409
Floating rates (b)	<u>3,785,436</u>	<u>5,803,581</u>
Total at end of the year	<u>58,393,662</u>	<u>50,730,990</u>

(a) The above consists of quoted debt securities (note 11) and fixed deposits with financial institutions (note 15).

(b) The above mainly consists of cash balances in interest bearing bank accounts.

Sensitivity analysis: The effect on surplus for the year relating to floating interest rate fluctuations is not significant.

22. Financial instruments: information on financial risks (cont'd)

22G. Foreign currency risk

Analysis of major amounts denominated in non-functional currency:

	<u>Sterling Pound</u> \$	<u>US Dollars</u> \$	<u>Euro Dollars</u> \$	<u>Total</u> \$
<u>2015:</u>				
<u>Financial assets:</u>				
Available for sale financial assets	192,454	5,378,174	1,187,088	6,757,716
<u>Financial liabilities:</u>				
Foreign currency contracts	(188,613)	(4,767,743)	(1,174,732)	(6,131,088)
Net financial assets	<u>3,841</u>	<u>610,431</u>	<u>12,356</u>	<u>626,628</u>
	<u>Sterling Pound</u> \$	<u>US Dollars</u> \$	<u>Euro Dollars</u> \$	<u>Total</u> \$
<u>2014:</u>				
<u>Financial assets:</u>				
Available for sale financial assets	385,573	3,114,536	1,606,276	5,106,385
<u>Financial liabilities:</u>				
Foreign currency contracts	(370,278)	(2,321,690)	(1,528,265)	(4,220,233)
Net financial assets	<u>15,295</u>	<u>792,846</u>	<u>78,011</u>	<u>886,152</u>

Sensitivity analysis:

	<u>2015</u> \$	<u>2014</u> \$
A hypothetical 10% increase in the exchange rate of the functional currency S\$ against Sterling Pound would have an adverse effect on profit before tax	(384)	(1,530)
A hypothetical 10% increase in the exchange rate of the functional currency S\$ against US Dollars would have an adverse effect on profit before tax	(61,043)	(79,285)
A hypothetical 10% increase in the exchange rate of the functional currency S\$ against Euro Dollars would have an adverse effect on profit before tax	<u>(1,236)</u>	<u>(7,801)</u>

The above table shows sensitivity to a hypothetical percentage variation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For a similar rate weakening of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction.

The hypothetical in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out without taking into consideration hedged transactions.

**23. Capital commitments**

	<u>2015</u> \$	<u>2014</u> \$
Commitment on renovation of Jurong Youth Centre	<u>243,960</u>	<u>—</u>

**24. Operating lease payment commitments – as lessee**

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	<u>2015</u> \$	<u>2014</u> \$
Not later than one year	466,202	466,767
Later than one year and not later than five years	<u>1,147,201</u>	<u>336,056</u>
Rental expense for the year	<u>505,415</u>	<u>537,531</u>

The lease rental terms are negotiated for an average term of three years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

**25. Changes and adoption of financial reporting standards**

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
FRS 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions
Various	Improvements to FRSs (Issued in January 2014). Relating to FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures
Various	Improvements to FRSs (Issued in February 2014). Relating to FRS 113 Fair Value Measurement

**26. New or amended standards in issue but not yet effective**

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 114	Regulatory Deferral Accounts	1 Jan 2016
Various	Improvements to FRSs (Issued in November 2014)	1 Jan 2016
	FRS 107 Financial Instruments: Disclosures - Servicing contracts	
	FRS 19 Employee Benefits - Discount rate: regional market issue	
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018

**27. Comparative figures**

The financial statements for the reporting year ended 31 December 2014 were audited by another independent auditor (other than RSM Chio Lim LLP) whose report dated 31 March 2015 expressed an unqualified opinion on those financial statements.