

SINGAPORE CHILDREN'S SOCIETY

(UEN No: S62SS0057G)

Statement by the Executive Committee and Financial Statements

Year Ended 31 December 2018

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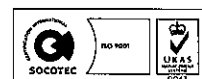
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SINGAPORE CHILDREN'S SOCIETY

Statement by the Executive Committee and Financial Statements

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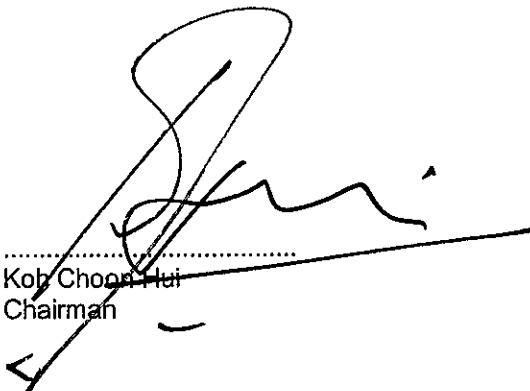
SINGAPORE CHILDREN'S SOCIETY

Statement by the Executive Committee

In the opinion of the Executive Committee, the accompanying financial statements are drawn up in accordance with the Societies Act, Chapter 311 (the "Societies Act") and 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 Singapore Children's Society (the "Society") as at 31 December 2018 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 Chor Hui
Chairman



.....
Ho Lon Gee
Honorary Treasurer

29 March 2019

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**Independent Auditor's Report to the Members of
SINGAPORE CHILDREN'S SOCIETY****Report on the audit of the financial statements****Opinion**

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 2018, and the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the 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 Act), the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2018 and the results, changes in funds and cash flows of the Society for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by the executive committee and annual report 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 identified above when it becomes available 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.

Independent Auditor's Report to the Members of SINGAPORE CHILDREN'S SOCIETY

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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:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (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.

**Independent Auditor's Report to the Members of
SINGAPORE CHILDREN'S SOCIETY**

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Auditor's responsibilities for the audit of the financial statements (cont'd)

- (d) 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.
- (e) 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.

We also provide the board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In our opinion:

- (a) the accounting and other records required 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; 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 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 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Woo E-Sah.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

29 March 2019
Effective from reporting year ended 31 December 2015

SINGAPORE CHILDREN'S SOCIETY

Statement of Financial Activities Year Ended 31 December 2018

		<u>2018</u>	<u>2017</u>
		\$	\$
Incoming Resources:			
Donation income	4	10,794,396	11,262,718
Grant income	5	5,369,791	5,576,628
Other income	6A	2,195,532	1,749,614
Other gains and losses	6B	<u>(1,359,352)</u>	<u>258,416</u>
Total incoming resources		<u>17,000,367</u>	<u>18,847,376</u>
Resources Expended:			
Administrative expenses	26B	2,224,722	1,893,420
Children's home and related expenses	26B	2,595,208	2,476,445
Children's medical fund expenses		405,511	224,013
Fund raising expenses		2,047,272	2,327,672
Information and corporate communications expenses		217,423	286,709
Research and advocacy expenses		1,708,490	1,849,729
Social work service expenses	26B	<u>7,983,068</u>	<u>7,420,830</u>
Total resources expended	8	<u>17,181,694</u>	<u>16,478,818</u>
(Deficit)/Surplus for the year		<u>(181,327)</u>	<u>2,368,558</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Fair value changes on equity instruments at FVTOCI		(802,479)	2,907,529
Items that may be reclassified subsequently to profit or loss:			
Fair value changes on debt instruments at FVTOCI, net of tax		(32,170)	-
Other comprehensive income	16	<u>(834,649)</u>	<u>2,907,529</u>
Total comprehensive income		<u>(1,015,976)</u>	<u>5,276,087</u>
Surplus for the year is attributable as follows:			
Unrestricted funds:			
- General Fund	16	692,764	2,762,423
Restricted funds:			
- Appropriate Adult Scheme for Young Suspect	16	23,250	(23,250)
- Children's Medical Fund	16	(198,503)	241,934
- Family Service Centre – Yishun	16	275,195	95,161
- Integrated Service Providers (ISP)	16	(235,741)	-
- Professor S.S. Ratnam Memorial Fund	16	3,936	3,636
- Project Light	16	(43,971)	-
- Safe And Strong Families – Reunification (Team)	16	(41,003)	(3,923)
- Sunbeam Place	16	(642,691)	(669,971)
- The Straits Times School Pocket Money Fund	16	<u>(14,563)</u>	<u>(37,452)</u>
		<u>(181,327)</u>	<u>2,368,558</u>
- Other reserves	16	<u>(834,649)</u>	<u>2,907,529</u>
		<u>(1,015,976)</u>	<u>5,276,087</u>

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

SINGAPORE CHILDREN'S SOCIETY

Statement of Financial Position As at 31 December 2018

	<u>Notes</u>	<u>2018</u> \$	<u>2017</u> \$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	10	825,097	596,882
Intangible asset – building use rights	11	1,354,140	–
Financial assets – Available-for-sale	12	–	14,931,591
Financial assets - FVTOCI	12	8,775,885	–
Financial assets - FVTPL	12	–	–
Other assets	14	–	1,045,476
Total non-current assets		<u>10,955,122</u>	<u>16,573,949</u>
<u>Current assets</u>			
Financial assets – Available-for-sale	12	–	24,114,001
Financial assets – FVTOCI	12	1,334,961	–
Financial assets – FVTPL	12	26,727,769	–
Other receivables	13	1,747,521	1,717,123
Other assets	14	53,000	235,075
Cash and cash equivalents	15	48,056,866	46,835,751
Total current assets		<u>77,920,117</u>	<u>72,901,950</u>
Total assets		<u>88,875,239</u>	<u>89,475,899</u>
FUNDS AND LIABILITIES			
<u>Unrestricted fund</u>			
General Fund	16	62,798,863	62,039,985
Other Reserves	16	2,342,852	3,886,306
Total unrestricted fund		<u>65,141,715</u>	<u>65,926,291</u>
<u>Restricted funds</u>			
Appropriate Adult Scheme for Young Suspect	16	–	(23,250)
Children's Medical Fund	16	20,849,341	20,936,075
ComCare Fund (Yishun)	16	10,000	10,000
Family Service Centre – Yishun	16	289,884	14,689
Integrated Service Providers (ISP)	16	(235,741)	–
Madam Ho Yun Wai Fund	16	500,000	500,000
Professor S.S. Ratnam Memorial Fund	16	262,573	258,637
Project Light	16	(43,971)	–
Safe and Strong Families – Reunification (Team)	16	(50,729)	(9,726)
Sunbeam Place	16	–	–
The Straits Times School Pocket Money Fund	16	(11,255)	3,308
Other Reserves	16	–	111,769
Total restricted fund		<u>21,570,102</u>	<u>21,801,502</u>
Total funds		<u>86,711,817</u>	<u>87,727,793</u>
<u>Non-current liabilities</u>			
Other liabilities	17	488,996	321,485
Total non-current liabilities		<u>488,996</u>	<u>321,485</u>
<u>Current liabilities</u>			
Trade and other payables	18	1,497,822	1,223,431
Other liabilities	19	176,604	203,190
Total current liabilities		<u>1,674,426</u>	<u>1,426,621</u>
Total liabilities		<u>2,163,422</u>	<u>1,748,106</u>
Total funds and liabilities		<u>88,875,239</u>	<u>89,475,899</u>

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

SINGAPORE CHILDREN'S SOCIETY

**Statement of Changes in Funds
Year Ended 31 December 2018**

	Unrestricted Funds				Restricted Funds							Total \$			
	General Fund \$	Other Reserves \$	Appropriate Adult Scheme for Young Suspect \$	Children's Medical Fund \$	ComCare Fund \$	Family Service Centre - Yishun \$	Integrated Service Provider \$	Madam Ho Yun Wai Fund \$	Professor S.S. Ratnam Memorial Fund \$	Project Light \$	Safe and Strong Families - Reunification (Team) \$		Sunbeam Place \$	The Straits Times School Pocket Money Fund \$	Other Reserves \$
Current year:															
Opening balance at 1 January 2018	62,039,985	3,886,306	(23,250)	20,936,075	10,000	14,689	-	500,000	258,637	-	(9,726)	-	3,308	111,769	87,727,793
Adjustments to beginning balance (Note 26A)	644,217	(644,217)	-	111,769	-	-	-	-	-	-	-	-	-	(111,769)	-
Restated opening balance at 1 January 2018	62,684,202	3,242,089	(23,250)	21,047,844	10,000	14,689	-	500,000	258,637	-	(9,726)	-	3,308	-	87,727,793
Movements in funds:															
Total comprehensive income (Note 16)	692,764	(834,649)	23,250	(198,503)	-	275,195	(235,741)	-	3,936	(43,971)	(41,003)	(642,691)	(14,563)	-	(1,015,976)
Transfer from Children's Society's General Funds	(642,691)	-	-	-	-	-	-	-	-	-	-	642,691	-	-	-
Transferred from equity instrument at FVTOCI reserve	64,588	(64,588)	-	-	-	-	-	-	-	-	-	-	-	-	-
	114,661	(899,237)	23,250	(198,503)	-	275,195	(235,741)	-	3,936	(43,971)	(41,003)	-	(14,563)	-	(1,015,976)
Closing balance at 31 December 2018	62,798,863	2,342,852	-	20,849,341	10,000	289,884	(235,741)	500,000	262,573	(43,971)	(50,729)	-	(11,255)	-	86,711,817

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

SINGAPORE CHILDREN'S SOCIETY

**Statement of Changes in Funds
Year Ended 31 December 2017**

	Unrestricted Funds		Restricted Funds							Total			
	General Fund	Other Reserves	Appropriate Adult Scheme for Young Suspect	Children's Medical Fund	ComCare Fund	Family Service Centre - Yishun	Madam Ho Yun Wai Fund	Professor S.S. Ratnam Memorial Fund	Safe and Strong Families - Reunification (Team)		Sunbeam Place	The Straits Times School Pocket Money Fund	Other Reserves
Current year:													
Opening balance at 1 January 2017	59,947,533	1,137,638	-	20,694,141	10,000	(80,472)	500,000	255,001	(5,803)	-	40,760	(47,092)	82,451,706
Movements in funds:													
Surplus/(deficit) for the reporting year (Note 16)	2,762,423	-	(23,250)	241,934	-	95,161	-	3,636	(3,923)	(669,971)	(37,452)	-	2,368,558
Transfer from Children's Society's General Funds	(669,971)	-	-	-	-	-	-	-	-	669,971	-	-	-
Other comprehensive income													
Changes in fair value of available-for-sale financial assets	-	3,014,240	-	-	-	-	-	-	-	-	-	158,861	3,173,101
Foreign exchange adjustment on non-monetary assets	-	(265,572)	-	-	-	-	-	-	-	-	-	-	(265,572)
Closing balance at 31 December 2017	62,039,985	3,886,306	(23,250)	20,936,075	10,000	14,689	500,000	258,637	(9,726)	-	3,308	111,769	87,727,793

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

SINGAPORE CHILDREN'S SOCIETY

Statement of Cash Flows
Year Ended 31 December 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>Cash flows from operating activities</u>		
(Deficit) / Surplus for the year	(181,327)	2,368,558
Adjustments for:		
Depreciation and amortisation	511,042	442,774
Dividend income	(699,100)	(497,623)
Interest income	(1,351,076)	(1,138,332)
Gain on disposal of available-for-sale financial assets	–	(34,985)
Plant and equipment written off	1,539	2,656
Foreign exchange translation losses/ (gains)	93,335	(223,431)
Loss on fair value changes of investments at FVTPL	1,264,478	–
Management fees for fund managers	203,711	185,926
Operating (deficit) surplus before changes in working capital	<u>(157,398)</u>	<u>1,105,543</u>
Inventories	–	9,086
Other receivables	141,364	(594,722)
Other assets	32,721	(689,382)
Other liabilities	(26,585)	9,779
Trade and other payables	274,390	266,213
Net cash flows from operating activities	<u>264,492</u>	<u>106,517</u>
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment (Notes 10 and 15A)	(493,630)	(175,185)
Increase in building use rights	(238,965)	–
Interest received	683,428	987,568
Dividend received	472,558	273,636
Proceeds from disposal of available-for-sale financial assets	–	2,006,911
Proceeds from disposal of investments at FVTOCI	533,232	–
Purchase of other financial assets	–	(5,000,000)
Management fees paid to fund managers	–	(28,090)
Net cash flows from (used in) investing activities	<u>956,623</u>	<u>(1,935,160)</u>
Net increase (decrease) in cash and cash equivalents	1,221,115	(1,828,643)
Cash and cash equivalents, beginning balance	46,835,751	48,664,394
Cash and cash equivalents, ending balance (Note 15)	<u>48,056,866</u>	<u>46,835,751</u>

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

SINGAPORE CHILDREN'S SOCIETY

Notes to the Financial Statements 31 December 2018

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 was granted the status of an Institutions of a Public Character (IPC Registration No. IPC000756) under the Charities Act, Chapter 37 until 30 June 2021 subject to renewal. 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. Its 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.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("SFRSs") and the related interpretations to SFRS ("INT SFRS") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50.

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management 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, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management'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.

SINGAPORE CHILDREN'S SOCIETY

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

(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

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised. The grant related to assets is deducted in calculating the carrying amount of the asset and therefore the grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(v) Sale of mechanise

Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

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.

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 is obligated 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 a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Building use rights

Building use rights are carried at cost on initial recognition and after initial recognition at cost less any accumulated impairment losses. Expenditure relating to building use rights are capitalized when incurred. Cost recognition ceases once an item of the building use rights is in the location and condition necessary for it to be capable of operating in the manner intended by management. The building use right is amortised over a period of 72 months.

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Plant and equipment

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. Depreciation is provided on a straight-line method 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.

The gain or loss arising from the derecognition of an item of property, plant and equipment 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.

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 management. 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.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 30 on non-current provisions.

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.

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about 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 unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. 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.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial assets:

- #1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- #2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): A debt asset instrument is measured at fair value through other comprehensive income (FVTOCI) only if it meets both of the following conditions and is not designated as at FVTPL, that is (a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets are not reclassified subsequent to their initial recognition, except when, and only when, the reporting entity changes its business model for managing financial assets (expected to be rare and infrequent events). The previously recognised gains, losses, or interest cannot be restated. When these financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.
- #3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.
- #4. Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

#5 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 except for investments that management may decide to dispose within 12 months from the balance sheet date. 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.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

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.

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

Fair value measurement

The fair value is 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. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. 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.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

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.

SINGAPORE CHILDREN'S SOCIETY

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

2B. Other explanatory information

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.

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. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

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.

SINGAPORE CHILDREN'S SOCIETY

3. Related party relationships and transactions

The financial reporting standard 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, if any claimed.

3A. Key management compensation:

	<u>2018</u>	<u>2017</u>
	\$	\$
Salaries and other short-term employee benefits	2,529,356	2,022,918
Number of key management personnel	<u>20</u>	<u>18</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>2018</u>	<u>2017</u>
\$100,001 - \$200,000	2	2
\$200,001 - \$300,000	<u>1</u>	<u>1</u>

SINGAPORE CHILDREN'S SOCIETY

4. Donation income

	<u>2018</u>	<u>2017</u>
	\$	\$
Donation income	10,688,926	11,040,903
Donations-in-kind	105,470	217,826
Sale of Merchandise	-	3,989
Total	<u>10,794,396</u>	<u>11,262,718</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 2018.

5. Grants income

	<u>2018</u>	<u>2017</u>
	\$	\$
Government grants	4,850,759	5,193,071
Special employment and wage credit	449,073	276,652
Childcare and maternity leave	69,959	106,905
Total	<u>5,369,791</u>	<u>5,576,628</u>

6. Other income and gains (and losses)

6A. Other income

	<u>2018</u>	<u>2017</u>
	\$	\$
Interest income:		
– Debt asset instruments	699,104	603,575
– Fixed deposits	651,972	534,757
Dividend income:		
– Equity shares at FVTPL	190,883	163,569
– Equity shares at FVTOCI held at the end of the reporting period	501,017	334,054
– Equity shares at FVTOCI de-recognised during the reporting period	7,200	-
Others	145,356	113,659
	<u>2,195,532</u>	<u>1,749,614</u>

6B. Other gains and losses

	<u>2018</u>	<u>2017</u>
	\$	\$
Fair value losses on financial instruments at FVTPL	(1,264,478)	-
Foreign exchange gains and losses:		
– Gains on derivatives	(70,807)	327,269
– Foreign exchange translation losses	(22,528)	(103,838)
Losses from disposals of plant and equipment	(1,539)	-
Gains from disposal of available-for-sale financial assets	-	34,985
	<u>(1,359,352)</u>	<u>258,416</u>

SINGAPORE CHILDREN'S SOCIETY

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 2017 to 30 June 2021.

	<u>2018</u> \$	<u>2017</u> \$
Tax-exempt receipts issued for donations collected	<u>9,427,386</u>	<u>10,078,737</u>

8. Total resources expended

	<u>2018</u> \$	<u>2017</u> \$
Audit fees	56,085	56,327
Amortisation on building use rights (Note 11)	79,655	-
Depreciation on property, plant and equipment (Note 10)	431,387	442,774
Employee benefits expense (Note 9)	12,344,726	11,833,102
Employee training, dental and medical expenses	285,463	296,833
Financial assistance and patient funding	485,096	343,553
Losses on disposal of plant and equipment	-	2,656
Management and custodian fees	203,711	185,926
Operating lease expenses (Note 22)	605,438	571,435
Programme related expense	1,629,581	1,888,625
Others	1,060,552	857,587
	<u>17,181,694</u>	<u>16,478,818</u>

9. Employee benefits expense

	<u>2018</u> \$	<u>2017</u> \$
Salaries and related costs	10,688,893	10,257,345
Contributions to defined contribution plan	1,655,833	1,575,757
Total employee benefits expense (Note 8)	<u>12,344,726</u>	<u>11,833,102</u>

SINGAPORE CHILDREN'S SOCIETY

10. Plant and equipment

	<u>Motor Vehicles</u> \$	<u>Furniture and Fittings</u> \$	<u>Renovation</u> \$	<u>Total</u> \$
<u>Cost:</u>				
At 1 January 2017	90,000	1,556,295	1,825,109	3,471,404
Additions	53,406	103,855	26,354	183,615
Disposals	(37,500)	(39,895)	-	(77,395)
At 31 December 2017	<u>105,906</u>	<u>1,620,255</u>	<u>1,851,463</u>	<u>3,577,624</u>
Additions	-	263,878	397,263	661,141
Disposals	-	(58,235)	-	(58,235)
At 31 December 2018	<u>105,906</u>	<u>1,825,898</u>	<u>2,248,726</u>	<u>4,180,530</u>
<u>Accumulated depreciation:</u>				
At 1 January 2017	90,000	1,162,393	1,360,314	2,612,707
Depreciation for the year	3,560	161,665	277,549	442,774
Disposals	(37,500)	(37,239)	-	(74,739)
At 31 December 2017	<u>56,060</u>	<u>1,286,819</u>	<u>1,637,863</u>	<u>2,980,742</u>
Depreciation for the year	10,682	162,786	257,919	431,387
Disposals	-	(56,696)	-	(56,696)
At 31 December 2018	<u>66,742</u>	<u>1,392,909</u>	<u>1,895,782</u>	<u>3,355,433</u>
<u>Net book value:</u>				
At 1 January 2017	-	393,902	464,795	858,697
At 31 December 2017	<u>49,846</u>	<u>333,436</u>	<u>213,600</u>	<u>596,882</u>
At 31 December 2018	<u>39,164</u>	<u>432,989</u>	<u>352,944</u>	<u>825,097</u>

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

	<u>2018</u> \$	<u>2017</u> \$
Administrative expenses	22,617	19,430
Children's home and related expenses	43,712	25,417
Fund raising expenses	20,305	16,456
Information and corporate communications expenses	-	3,463
Research and advocacy expenses	26,523	39,429
Social work service expenses	318,230	338,579
Total	<u>431,387</u>	<u>442,774</u>

SINGAPORE CHILDREN'S SOCIETY

11. Intangible asset – building use rights

	<u>2018</u>
	\$
<u>Cost:</u>	
At the beginning of the reporting year	–
Transferred from other assets (Note 14)	1,194,830
Additions	<u>238,965</u>
Balance at end of the reporting year	<u>1,433,795</u>
<u>Accumulated amortisation:</u>	
At beginning of the reporting year	–
Amortisation for the reporting year	<u>(79,655)</u>
Balance at end of the reporting year	<u>(79,655)</u>
Net book value at end of the reporting year	<u>1,354,140</u>

The Society recognised the payment made towards the development of Radin Mas Community Club, in its capacity as co-location partner, as intangible assets. The intangible assets are amortised over a period of 72 months commencing September 2018 (upon the completion of the erection of the property) on a straight line method.

SINGAPORE CHILDREN'S SOCIETY

12. Financial assets

Other financial assets are classified as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
– current	28,062,730	24,114,001
– non-current	<u>8,775,885</u>	<u>14,931,591</u>
	<u>36,838,615</u>	<u>39,045,592</u>

Total investments managed by the independent fund managers are \$26,727,769 (2017: \$27,604,024) and are classified as investments at FVTPL.

Equity investments and debt asset instruments previously classified as available-for-sale are now classified as FVTOCI and FVTPL (Note 26A).

The Society has adopted SFRS 109 with effect from 1 January 2018. Accordingly, comparatives for prior reporting period are not restated.

Financial Assets, Available-for-sale

	<u>2018</u>	<u>2017</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	39,045,592	32,454,818
Reclassification at 1 January 2018 (Note 26A)	(39,045,592)	–
Additions	–	5,058,918
Disposals	–	(1,913,175)
Interest income	–	375,526
Dividend income	–	163,569
Gain on disposals included in other income	–	113,243
Foreign exchange translation gain	–	181,197
Investment management cost	–	(166,267)
Impairment loss	–	–
Fair value gains on financial assets	–	3,048,579
Foreign exchange adjustment on non-monetary financial assets included in other comprehensive income	–	(265,572)
Foreign exchange adjustment on monetary financial assets charge to statement of financial activities included in other income	–	(332,513)
Fair value gains on derivatives in other income	–	<u>327,269</u>
Fair value at end of the year	<u>–</u>	<u>39,045,592</u>

SINGAPORE CHILDREN'S SOCIETY

12. Other financial assets (cont'd)

12A. Investments in equity shares at FVTOCI

	<u>2018</u>	<u>2017</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	-	-
Reclassification at 1 January 2018 (Note 26A)	10,385,278	-
Additions	37,159	-
Disposals	(533,232)	-
Decrease in FVTOCI	(802,479)	-
Fair value at end of the year	<u>9,086,726</u>	<u>-</u>

Elections to FVTOCI are made on an instrument-by-instrument basis. The investments in this category met the definition of equity from the issuer's perspective.

During the reporting year certain investments in equity instruments measured at FVTOCI were derecognised to realise gains. The fair value of the investments at the date of derecognition was \$533,232, including cumulative gains on disposal of \$64,588 which was transferred to retained earnings. The dividend income of \$7,200 from investments derecognised during the reporting year is disclosed in Note 6A.

12B. Investments in debt asset instruments at FVTOCI

	<u>2018</u>	<u>2017</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	-	-
Reclassification at 1 January 2018 (Note 26A)	1,056,290	-
Decrease in FVTOCI	(32,170)	-
Fair value at end of the year	<u>1,024,120</u>	<u>-</u>

12C. Disclosures relating to investments at FVTOCI

The information gives a summary of the significant sector concentrations within the investment portfolio including Level 1, 2 and 3 securities:

	Level	2018	2017
		\$	\$
<u>Quoted equity securities</u>			
Singapore	1	9,086,726	10,385,278
<u>Quoted debt securities</u>			
Singapore	1	<u>1,024,120</u>	<u>1,056,290</u>
		<u>10,110,846</u>	<u>11,441,568</u>

The quoted debt securities have a maturity expiring date ending 31 August 2020. The rate of interest is at 4.3% (2017: 4.3%) per annum.

The debt investments carried at FVTOCI are subject to the expected credit loss model under the standard on financial instruments. The debt investments at FVTOCI are considered to have low credit risk, and the loss allowance recognised during the reporting year is limited to 12 months expected losses. The bonds are regarded as of low credit risk if they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

SINGAPORE CHILDREN'S SOCIETY

12. Other financial assets (cont'd)

12C. Disclosures relating to investments at FVTOCI (cont'd)

The fair values of quoted securities in corporations are based on prices in an active market at the end of the reporting year. 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>2018</u>	<u>2017</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>1,011,085</u>	<u>1,144,157</u>

The above sensitivity has not changed significantly from last year.

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).

12D. Investments in equity shares at FVTPL

	<u>2018</u>	<u>2017</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	-	-
Reclassification at 1 January 2018 (Note 26A)	8,102,474	-
Additions*	126,808	-
Foreign exchange translation losses	(59,056)	-
Decrease in FVTPL	<u>(844,891)</u>	<u>-</u>
Fair value at end of the year	<u>7,325,335</u>	<u>-</u>

12E. Investments in debt asset instruments at FVTPL

	<u>2018</u>	<u>2017</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	-	-
Reclassification at 1 January 2018 (Note 26A)	19,501,550	-
Additions*	354,750	-
Foreign exchange translation losses	(34,279)	-
Decrease in FVTPL	<u>(419,587)</u>	<u>-</u>
Fair value at end of the year	<u>19,402,434</u>	<u>-</u>

* Additions include reinvestments made by fund managers.

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12. Other financial assets (cont'd)

12F. Disclosures relating to investments at FVTPL

The investments in Note 12D and 12E are managed by independent fund managers and were previously classified as available-for-sale investment assets. Included in investments managed are cash & cash equivalents:

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash and cash equivalents		
Singapore	362,267	1,045,691
US	477,393	117,362
Others	511,361	218,216
	<u>1,351,021</u>	<u>1,381,269</u>

The information gives a summary of the significant sector concentrations within the investment portfolio including Level 1, 2 and 3 securities.

	<u>Level</u>	<u>2018</u>	<u>2017</u>
		\$	\$
<u>Quoted equity securities</u>			
Singapore	1	180,044	-
US	1	2,940,245	3,240,575
Europe	1	1,383,925	2,405,042
Others	1	2,208,049	1,928,452
		<u>6,712,263</u>	<u>7,574,069</u>
<u>Quoted debt securities</u>			
Singapore	1	15,763,304	13,688,726
US	1	2,816,998	4,804,970
		<u>18,580,302</u>	<u>18,493,696</u>

The quoted debt securities have a maturity expiring date ranging from April 2019 to October 2027 (March 2018 to October 2027). The rate of interest ranges from 1.6% to 5.8% (2017: 1.6% to 5.8%) per annum.

The debt investments carried at FVTPL are subject to the expected credit loss model under the standard on financial instruments. The debt investments at FVTPL are considered to have low credit risk, and the loss allowance recognised during the reporting year is limited to 12 months expected losses. Listed bonds are regarded as of low credit risk if they have an investment grade credit rating with one or more reputable rating agencies. Other bonds are regarded as of low credit risk if they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

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12. Other financial assets (cont'd)

12F. Disclosures relating to investments at FVTPL (cont'd)

The fair values of quoted securities in corporations are based on prices in an active market at the end of the reporting year. 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>2018</u>	<u>2017</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>2,529,257</u>	<u>2,606,776</u>

The above sensitivity has not changed significantly from last year.

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).

12G. Derivatives financial instruments

Included in the portfolios are derivatives financial instruments (Level 2) transacted by external fund managers to hedge foreign currency exposure arising from the investment in overseas assets.

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>Contract Notional</u> <u>Amounts</u>	<u>Assets</u>	<u>Liabilities</u>
<u>2018</u>		\$	\$
Forward currency contract - Purchases	564,315	-	(7,979)
Forward currency contract - Sales	(8,910,501)	92,162	-
		<u>92,162</u>	<u>(7,979)</u>
<u>2017</u>		\$	\$
Forward currency contract - Purchases	184,636	-	(1,304)
Forward currency contract - Sales	(9,026,988)	157,038	(744)
		<u>157,038</u>	<u>(2,048)</u>

The above contracts have maturity dates within one year.

The fair value loss of \$70,807 (2017: gain \$327,270) had been recognised as part of the funds held with the external fund managers.

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.

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13. Other receivables

	<u>2018</u>	<u>2017</u>
	\$	\$
Refundable deposits	172,833	153,616
Interest receivables	479,180	305,919
Other receivables:		
– Grants	807,158	945,853
– Donations	272,561	273,019
– Others	15,789	38,716
	<u>1,747,521</u>	<u>1,717,123</u>

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. No loss allowance is necessary.

14. Other assets

	<u>2018</u>	<u>2017</u>
	\$	\$
Prepayments	53,000	85,721
Advance payment for non-current asset (a)	–	1,194,830
	<u>53,000</u>	<u>1,280,551</u>
<u>Current</u>		
Prepayments	53,000	85,721
Advance payment for non-current asset (a)	–	149,354
	<u>53,000</u>	<u>235,075</u>
<u>Non-current</u>		
Advance payment for non-current asset (a)	–	1,045,476
	<u>53,000</u>	<u>1,280,551</u>

(a) The development of the Society's allotted space at Radin Mas Community Club was completed in 2018. The Society has recognised these payments as intangible assets (Note 11).

15. Cash and cash equivalents

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash and bank balances	8,392,392	7,317,250
Fixed deposits with financial institutions	39,664,474	39,518,501
	<u>48,056,866</u>	<u>46,835,751</u>
Interest earnings balances	<u>41,650,526</u>	<u>42,165,021</u>

The fixed deposits earn interest at rates ranging from 1.33% to 2.27% (2017: 1.00% to 1.59%) per annum. Interest rates reprice at intervals of six to twelve months (2017: six to twelve months).

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15A. Non-cash transactions

In 2017, there were acquisition of certain assets under plant and equipment with a total cost of \$8,430 donated by donors.

In 2018, included in additions to plant and equipment is an amount of \$167,511 being provision for reinstatement cost (Note 17).

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

	Unrestricted Funds			Restricted Funds							The Straits Times School Pocket Money Fund (xiii) \$	Other Reserves	Total			
	General Fund (i) \$	Other Reserves (ii) \$	Appropriate Adult Scheme for Young Suspect (iii) \$	Children's Medical Fund (iv) \$	Com Care Fund (v) \$	Family Service Centre - Yishun (vi) \$	Madam Ho Yun Wai Fund (viii) \$	Professor S.S. Ratnam Memorial Fund (ix) \$	Safe and Strong Families - Reunification (Team) (xi) \$	Sunbeam Place (xii) \$						
2017																
Incoming Resources																
Donation income	11,081,940	-	-	35	-	4,190	-	-	-	176,553	-	-	-	-	-	11,262,718
Grants	1,705,593	-	178,622	-	-	1,935,649	-	-	434,342	1,267,719	54,703	-	-	-	-	5,576,628
Other income	1,237,944	-	-	499,224	-	1,570	7,060	3,816	-	-	-	-	-	-	-	1,749,614
Other gains and losses	291,728	-	-	(33,312)	-	-	-	-	-	-	-	-	-	-	-	258,416
	14,317,205	-	178,622	465,947	-	1,941,409	7,060	3,816	434,342	1,444,272	54,703	-	-	-	-	18,847,376
Resources Expended																
Administrative expenses	(1,424,102)	-	(20,189)	-	-	(193,445)	-	-	(43,830)	(211,854)	-	-	-	-	-	(1,893,420)
Children's home and related expenses	(175,501)	-	-	-	-	-	-	-	(394,435)	(1,902,389)	(4,120)	-	-	-	-	(2,476,445)
Children's medical fund expenses	-	-	-	(224,013)	-	-	-	-	-	-	-	-	-	-	-	(224,013)
Fund raising expenses	(2,327,672)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,327,672)
Information and corporate communication expenses	(286,709)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(286,709)
Research and advocacy expenses	(1,849,729)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,849,729)
Social work service expenses	(5,491,069)	-	(181,683)	-	-	(1,652,803)	(7,060)	(180)	-	-	(88,035)	-	-	-	-	(7,420,830)
	(11,554,782)	-	(201,872)	(224,013)	-	(1,846,248)	(7,060)	(180)	(438,265)	(2,114,243)	(92,155)	-	-	-	-	(16,478,818)
Surplus (deficit) for the year	2,762,423	-	(23,250)	241,934	-	95,161	-	3,636	(3,923)	(669,971)	(37,452)	-	-	-	-	2,368,558
Other comprehensive income																
Changes in fair value of available-for-sale financial assets	-	3,014,240	-	-	-	-	-	-	-	-	-	-	-	-	158,861	3,173,101
Foreign exchange adjustment on non-monetary assets	-	(265,572)	-	-	-	-	-	-	-	-	-	-	-	-	-	(265,572)
Total comprehensive income (loss)	2,762,423	2,748,668	(23,250)	241,934	-	95,161	-	3,636	(3,923)	(669,971)	(37,452)	158,861	-	-	158,861	5,276,087

SINGAPORE CHILDREN'S SOCIETY

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

	Unrestricted Funds		Restricted Funds										Total	
	General Fund	Other Reserves	Appropriate Adult Scheme for Young Suspect (iii)	Children's Medical Fund (iv)	Com Care Fund (v)	Family Service Centre – Yishun (vi)	Integrated Service Provider (vii)	Madam Ho Yun Wai Memorial Fund (viii)	Professor S.S. Ratnam Memorial Fund (ix)	Project Light (x)	Safe and Strong Families – Reunification (Team) (xi)	Sunbeam Place (xii)		The Straits Times School Pocket Money Fund (xiii)
2018														
Non-current assets														
Plant and equipment	670,025	-	-	-	61,688	-	-	-	-	-	8,549	84,835	-	825,097
Intangible asset – building use rights	1,354,140	-	-	-	-	-	-	-	-	-	-	-	-	1,354,140
Other financial assets	8,775,885	-	-	-	-	-	-	-	-	-	-	-	-	8,775,885
	<u>10,800,050</u>	-	-	-	<u>61,688</u>	-	-	-	-	-	<u>8,549</u>	<u>84,835</u>	-	<u>10,955,122</u>
Current assets														
Other financial assets	15,050,928	2,342,852	-	10,668,950	-	-	-	-	-	-	-	-	-	28,062,730
Other receivables	1,077,699	-	302,357	170,535	-	120,975	-	2,419	2,327	-	10,278	60,367	564	1,747,521
Other assets	44,910	-	-	-	-	4,045	-	-	-	-	-	4,045	-	53,000
Interfund balances	1,034,220	-	-	-	-	292,069	-	-	-	-	-	-	-	1,326,289
Cash and cash equivalent	37,039,189	-	-	10,152,746	10,000	5,458	-	510,929	260,693	-	1,500	8,175	68,196	48,056,866
	<u>54,246,926</u>	<u>2,342,852</u>	<u>302,357</u>	<u>20,992,231</u>	<u>10,000</u>	<u>422,547</u>	-	<u>513,348</u>	<u>263,020</u>	-	<u>11,778</u>	<u>72,587</u>	<u>68,760</u>	<u>79,246,406</u>
Total assets	<u>65,046,976</u>	<u>2,342,852</u>	<u>302,357</u>	<u>20,992,231</u>	<u>10,000</u>	<u>484,235</u>	-	<u>513,348</u>	<u>263,020</u>	-	<u>20,327</u>	<u>157,422</u>	<u>68,760</u>	<u>90,201,528</u>
Non-current liabilities														
Other liabilities	417,405	-	-	-	-	71,591	-	-	-	-	-	-	-	488,996
Current liabilities														
Trade and other payables	1,077,383	-	33,131	97,666	-	117,099	-	-	-	-	27,561	144,620	362	1,497,822
Interfund balances	-	-	269,226	45,224	-	-	235,741	13,348	447	43,971	37,621	655,493	25,218	1,326,289
Deferred income	110,634	-	-	-	-	5,661	-	-	-	-	5,874	-	54,435	176,604
	<u>1,605,422</u>	-	<u>302,357</u>	<u>142,890</u>	-	<u>194,351</u>	<u>235,741</u>	<u>13,348</u>	<u>447</u>	<u>43,971</u>	<u>71,056</u>	<u>800,113</u>	<u>80,015</u>	<u>3,489,711</u>
Transfer from Children's Society's General Funds	(642,691)	-	-	-	-	-	-	-	-	-	-	642,691	-	-
Net assets	<u>62,798,863</u>	<u>2,342,852</u>	<u>-</u>	<u>20,849,341</u>	<u>10,000</u>	<u>289,884</u>	<u>(235,741)</u>	<u>500,000</u>	<u>262,573</u>	<u>(43,971)</u>	<u>(50,729)</u>	<u>-</u>	<u>(11,255)</u>	<u>86,711,817</u>

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

	Unrestricted Funds		Restricted Funds										Total
	General Fund (i)	Other Reserves (ii)	Appropriate Adult Scheme for Young Suspect (iii)	Children's Medical Fund (iv)	Com Care Fund (v)	Family Service Centre - Yishun (vi)	Madam Ho Yun Wai Fund (viii)	Professor S.S. Ratnam Memorial Fund (ix)	Safe and Strong Families - Reunification (Team) (xi)	Sunbeam Place (xii)	The Straits Times School Pocket Money Fund (xiii)	Other Reserves	
2017													
Non-current assets													
Plant and equipment	435,647	-	-	-	-	48,616	-	-	14,263	98,356	-	-	596,882
Available-for-sale financial assets	14,931,591	-	-	-	-	-	-	-	-	-	-	-	14,931,591
Other assets	1,045,476	-	-	-	-	-	-	-	-	-	-	-	1,045,476
	<u>16,412,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,616</u>	<u>-</u>	<u>-</u>	<u>14,263</u>	<u>98,356</u>	<u>-</u>	<u>-</u>	<u>16,573,949</u>
Current assets													
Available-for-sale financial assets	9,557,893	3,886,306	-	10,558,033	-	-	-	-	-	-	-	111,769	24,114,001
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	1,346,656	-	178,622	136,965	-	2,295	1,907	1,583	11,573	37,522	-	-	1,717,123
Other assets	232,150	-	-	-	-	306	-	-	-	2,619	-	-	235,075
Interfund balances	2,681,383	-	-	-	-	121,505	-	-	-	-	-	-	2,802,888
Cash and cash equivalent	35,703,382	-	-	10,278,620	10,000	6,000	503,280	257,501	-	4,330	72,638	-	46,835,751
	<u>49,521,464</u>	<u>3,886,306</u>	<u>178,622</u>	<u>20,973,618</u>	<u>10,000</u>	<u>130,106</u>	<u>505,187</u>	<u>259,084</u>	<u>11,573</u>	<u>44,471</u>	<u>72,638</u>	<u>111,769</u>	<u>75,704,838</u>
Total assets	<u>65,934,178</u>	<u>3,886,306</u>	<u>178,622</u>	<u>20,973,618</u>	<u>10,000</u>	<u>178,722</u>	<u>505,187</u>	<u>259,084</u>	<u>25,836</u>	<u>142,827</u>	<u>72,638</u>	<u>111,769</u>	<u>92,278,787</u>
Non-current liabilities													
Other liabilities	280,558	-	-	-	-	40,927	-	-	-	-	-	-	321,485
Current liabilities													
Trade and other payables	876,136	-	11,610	37,543	-	108,954	-	-	22,095	167,093	-	-	1,223,431
Interfund balances	-	-	190,262	-	-	-	5,187	447	4,130	2,594,839	8,023	-	2,802,888
Deferred income	118,394	-	-	-	-	14,152	-	-	9,337	-	61,307	-	203,190
Total liabilities	<u>1,275,088</u>	<u>-</u>	<u>201,872</u>	<u>37,543</u>	<u>-</u>	<u>164,033</u>	<u>5,187</u>	<u>447</u>	<u>35,562</u>	<u>2,761,932</u>	<u>69,330</u>	<u>-</u>	<u>4,550,994</u>
Transfer from Children's Society's General Funds	(2,619,105)	-	-	-	-	-	-	-	-	2,619,105	-	-	-
Net assets	<u>62,039,985</u>	<u>3,886,306</u>	<u>(23,250)</u>	<u>20,936,075</u>	<u>10,000</u>	<u>14,689</u>	<u>500,000</u>	<u>258,637</u>	<u>(9,726)</u>	<u>-</u>	<u>3,308</u>	<u>111,769</u>	<u>87,727,793</u>

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

- (i) General Fund - this represents cumulative surpluses available for general use for the furtherance of the Society's objectives.
- (ii) Other reserves – this represents the cumulative fair value movements on investment assets under the General Fund
- (iii) Appropriate Adult Scheme for Young Suspect – the programme aims to support young suspects below the age of 16 who have been called in for police interviews by providing an appropriate adult, who is a neutral party to be present during the interview, to assist and provide emotional support to the young suspect. The funds received for this programme are restricted for the operations of this programme only.
- (iv) Children's Medical Fund -- the objective of this fund is to provide subsidies for treatment and rehabilitative care of chronic illnesses for children.
- (v) Comcare Fund - This fund was set up to provide financial assistance for low-income individuals and families. The Society is one of the disbursing agencies.
- (vi) Family Service Centre -- Yishun -- this centre provides casework and counselling, financial aid and information and referral services. The funds received for this centre are restricted for the operations of this centre only.
- (vii) Integrated Service Provider – Children's Society is one of the agencies appointed by MSF to run a suite of programmes for at-risk youths and young offenders below 21 years of age. The funds received for these programmes are restricted for the operations of these programmes only.
- (viii) Madam Ho Yun Wai Fund – 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.
- (ix) Professor S.S.Ratnam Memorial Fund – the objective of this fund is to support education of children.
- (x) Project Light – this programme supports children aged 7 to 12 who have been affected by parental incarceration and aim to nurture the children's cognitive, social and emotional well-being by providing tuition, befriending, family bonding activities and casework and counselling. The funds received for this programme are restricted for the operations of this programme only.

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

- (xi) Safe & Strong Families – Reunification Team – this programme seeks to enable successful family reunifications. The funds received for this programme are restricted for the operations of this programme only.
- (xii) Sunbeam Place – this is a residential home for children in-need. In 2018, Sunbeam Place incurred a deficit of \$642,691 (2017: \$669,971). These deficits are fully funded by transfers from the general fund. As of 31 Dec 2018, the transfers to Sunbeam Place from 2006 – 2018 to cover its accumulated deficits totaled \$3,261,796 (2017: \$2,619,105). The funds received for this centre are restricted for the operations of this centre only.
- (xiii) The Straits Times School Pocket Money Fund - 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.

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17. Other liabilities, non-current

	<u>2018</u>	<u>2017</u>
	\$	\$
Provision for restoration costs:		
Balance at beginning of the year	321,485	321,485
Addition for the year	<u>167,511</u>	<u>-</u>
Balance at end of the year	<u>488,996</u>	<u>321,485</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>2018</u>	<u>2017</u>
	\$	\$
Accrued liabilities	1,246,962	1,020,980
Other payables	<u>250,860</u>	<u>202,451</u>
	<u>1,497,822</u>	<u>1,223,431</u>

19. Other liabilities, current

	<u>2018</u>	<u>2017</u>
	\$	\$
Deferred income	144,462	131,618
Deferred capital grant (a)	11,536	23,489
Lease incentives	<u>20,606</u>	<u>48,083</u>
	<u>176,604</u>	<u>203,190</u>

(a) The deferred grant relates to the grant from the Ministry of Social and Family Development ("MSF") for Family Service Centre - Yishun and Safe and Strong Families – Reunification (Team).

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance at beginning of the year	23,489	54,752
Grants received / receivable during the year	-	9,914
Utilised during the year	<u>(11,953)</u>	<u>(41,177)</u>
Balance at end of the year	<u>11,536</u>	<u>23,489</u>

SINGAPORE CHILDREN'S SOCIETY

20. 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.

21. Capital commitments

	<u>2018</u> \$	<u>2017</u> \$
Commitment on construction of new Radin Mas facility	<u>–</u>	<u>238,966</u>

22. 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>2018</u> \$	<u>2017</u> \$
Not later than one year	452,697	509,591
Later than one year and not later than five years	<u>72,850</u>	<u>404,405</u>
Rental expense for the year	<u>605,438</u>	<u>571,435</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.

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23. Financial instruments: information on financial risks

23A. 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>2018</u>	<u>2017</u>
	\$	\$
<u>Financial assets:</u>		
Financial assets at amortised cost	49,804,387	48,552,874
Financial assets available-for-sale	–	39,045,592
Financial assets at FVTPL	26,727,769	–
Financial assets that is a debt asset instruments at FVTOCI	1,024,120	–
Financial assets that is an equity investments at FVTOCI	9,086,726	–
At end of the year	<u>86,643,002</u>	<u>87,598,466</u>
 <u>Financial liabilities:</u>		
Financial liabilities at amortised cost	1,497,822	1,223,431
At end of the year	<u>1,497,822</u>	<u>1,223,431</u>

Further quantitative disclosures are included throughout these financial statements.

23B. 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 acceptable 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 12).

23C. 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 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.

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

23D. 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. These arise principally from 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 at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

23E. Liquidity risk – financial liabilities maturity analysis

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. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. 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 (2017: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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.

23F. 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>2018</u>	<u>2017</u>
	\$	\$
Financial assets:		
Fixed rates (a)	60,091,028	56,222,256
Floating rates (b)	<u>1,638,816</u>	<u>5,998,583</u>
Total at end of the year	<u>61,729,844</u>	<u>62,220,839</u>

(a) The above consists of quoted debt securities (Note 12) and fixed deposits with financial institutions (Note 15).

(b) The above mainly consists of cash balances in interest bearing bank accounts (Note 15).

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

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

23G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of major amounts denominated in non-functional currency:

	<u>US Dollars</u>	<u>Euro Dollars</u>	<u>Total</u>
	\$	\$	\$
<u>2018:</u>			
<u>Financial assets:</u>			
Financial assets at FVTPL	6,234,636	1,383,925	7,618,561
<u>Financial liabilities:</u>			
Foreign currency contracts	<u>(5,936,207)</u>	<u>(1,122,657)</u>	<u>(7,058,864)</u>
Net financial assets	<u>298,429</u>	<u>261,268</u>	<u>559,697</u>

	<u>US Dollars</u>	<u>Euro Dollars</u>	<u>Total</u>
	\$	\$	\$
<u>2017:</u>			
<u>Financial assets:</u>			
Financial assets at FVTPL	8,162,907	2,622,375	10,785,282
<u>Financial liabilities:</u>			
Foreign currency contracts	<u>(8,054,650)</u>	<u>(1,770,604)</u>	<u>(9,825,254)</u>
Net financial assets	<u>108,257</u>	<u>851,771</u>	<u>960,028</u>

Sensitivity analysis:

	<u>2018</u>	<u>2017</u>
	\$	\$
A hypothetical 10% increase in the exchange rate of the functional currency S\$ against US Dollars would have an adverse effect on fair value	(29,843)	(10,826)
A hypothetical 10% increase in the exchange rate of the functional currency S\$ against Euro Dollars would have an adverse effect on fair value	<u>(26,127)</u>	<u>(85,177)</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.

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24. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Adoption of the applicable new or revised standards has resulted in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement as disclosed in Note 26.

<u>SFRS No.</u>	<u>Title</u>
SFRS 109	Financial Instruments
SFRS 115	Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS 115 Revenue from Contracts with Customers

25. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards 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. Adoption of the applicable new or revised standards are expected to result in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement. Those that are expected to have a material impact are described below.

<u>SFRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
SFRS 116	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)	1 Jan 2019

Leases:

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the entity's non-cancellable operating lease commitments as at 31 December 2018 shown in Note 22, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. Thus, the entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed.

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26. Changes in accounting policies and restatements of comparative figures

Effective from beginning of the current reporting year certain new or revised financial reporting standards were adopted as mentioned in Note 24. Adoption of those policies and any other changes have resulted in some changes in the application of the accounting policies and some modifications to financial statements presentation and these changes are summarised below.

26A. SFRS 109 Financial Instruments:

The standard on financial instruments contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition. It requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification. For financial liabilities, it also has requirements to cases where the fair value option is taken. For the impairment of financial assets, it introduces an "expected credit loss" ("ECL") model; recognition of a credit loss should no longer wait for there to be objective evidence of impairment. Prior reporting periods need not be restated. The entity may restate prior periods if, and only if, it is possible without the use of hindsight. Therefore, the standard has been applied for the reporting year ended 31 December 2018 only. As the Society does not restate prior periods, it has recognised the difference if any between the previous carrying amount and the carrying amount at 1 January 2018 in the opening retained earnings / equity. The details of adjustments to opening account balances as at 1 January 2018 are detailed below.

As permitted by the financial reporting standard on the presentation of financial statements the third statement of financial position at the beginning the preceding reporting year is not presented because retrospective restatement or the reclassification has no material effect on the information in the statement of financial position at the beginning of the preceding period. However related notes relating to the above balances only (that were restated / reclassified in the statement of financial position) are presented. Apart from these disclosures, other balances and notes are not impacted by the restatements / reclassifications

Re-classification from available-for-sale financial assets

	<u>As at</u> <u>1.1.2018</u> \$	<u>As at</u> <u>31.12.2017</u> \$	<u>Difference</u> \$
<u>Statement of financial position:</u>			
<u>Non-current assets</u>			
Financial assets – Available-for-sale	–	14,931,591	(14,931,591)
Financial assets - FVTOCI	9,932,988	–	9,932,988
Financial assets - FVTPL	4,998,603	–	4,998,603
<u>Current assets</u>			
Financial assets – Available-for-sale	–	24,114,001	(24,114,001)
Financial assets - FVTOCI	1,508,580	–	1,508,580
Financial assets - FVTPL	<u>22,605,421</u>	<u>–</u>	<u>22,605,421</u>

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26. Changes in accounting policies and restatements of comparative figures (cont'd)

26A. SFRS 109 Financial Instruments (cont'd):

Re-classification from available-for-sale financial assets (cont'd)

		<u>As at</u> <u>1.1.2018</u>	<u>As at</u> <u>31.12.2017</u>	<u>Difference</u>
		\$	\$	\$
Unrestricted Funds:				
General Fund	#A	62,684,202	62,039,985	644,217
Other reserves	#A	3,242,089	3,886,306	(644,217)
Restricted Funds:				
Children's Medical Fund	#A	21,047,844	20,936,075	111,769
Other Reserves	#A	-	111,769	(111,769)

#A. Equity investments and debt asset instruments previously classified as available-for-sale under previous GAAP are now measured at FVTPL under the new standard and stated at fair value of \$755,986.

26B. Reclassifications and comparative figures

Certain reclassifications were made to reflect the administrative expenses incurred at their gross amounts. These expenses were previously offset against (1) children's home and related expenses and (2) social work service expenses (Note 16). The reclassifications were made to enhance comparability with current year's statement of income only. There are no changes to other components of the financial statements.

The modifications to financial statements presentation are summarised below:

Year Ended 31 December 2017	<u>2017 financial</u> <u>statements after</u> <u>reclassification</u>	<u>2017 financial</u> <u>statements</u> <u>before</u> <u>reclassification</u>	<u>Difference</u>
	\$	\$	\$
<u>Statement of Financial Activities:</u>			
Administrative expenses	1,893,420	1,424,102	469,318
Children's home and related expenses	2,476,445	2,732,129	(255,684)
Social work service expenses	<u>7,420,830</u>	<u>7,634,464</u>	<u>(213,634)</u>

