

## SINGAPORE CHILDREN'S SOCIETY

(UEN No: S62SS0057G)

### Statement by the Executive Committee and Financial Statements

Year Ended 31 December 2017

#### RSM Chio Lim LLP

8 Wilkie Road, #03-08  
Wilkie Edge, Singapore 228095

T +65 6533 7600

F +65 6594 7811

[Audit@RSMSingapore.sg](mailto:Audit@RSMSingapore.sg)

[www.RSMSingapore.sg](http://www.RSMSingapore.sg)

UEN: T09LL0008J

RSM Chio Lim LLP is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

**Business Advisors to Growing Businesses**

# SINGAPORE CHILDREN'S SOCIETY

## Statement by the Executive Committee and Financial Statements

<b>Contents</b>	<b>Page</b>
Statement by the Executive Committee .....	1
Independent Auditor's Report.....	3
Statement of Financial Activities .....	6
Statement of Financial Position.....	7
Statement of Changes in Funds.....	8
Statement of Cash Flows .....	10
Notes to the Financial Statements .....	11

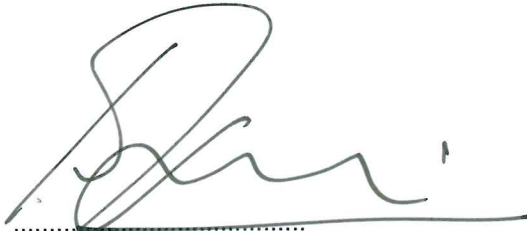
## SINGAPORE CHILDREN'S SOCIETY

### 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 2017 and the results, changes in funds and cash flows of the Society for the reporting year ended.

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

On Behalf of the Executive Committee,



.....  
Koh Choon Hui  
Chairman



.....  
Ho Loh Gee  
Honorary Treasurer

31 March 2018

*This page is intentionally left blank*



**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 2017, 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 2017 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**

– 2 –

**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**

– 3 –

**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 directors 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**

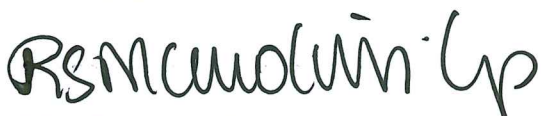
In our opinion:

- (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

31 March 2018  
Effective from reporting year ended 31 December 2015

## SINGAPORE CHILDREN'S SOCIETY

### Statement of Financial Activities Year Ended 31 December 2017

		<u>2017</u>	<u>2016</u>
		\$	\$
<b>Incoming Resources:</b>			
Donation income	4	11,262,718	13,064,456
Grants income	5	5,576,628	4,540,046
Other income	6	2,008,030	1,922,549
Total incoming resources		<u>18,847,376</u>	<u>19,527,051</u>
<b>Resources Expended:</b>			
Administrative expenses		1,424,102	1,843,960
Children's home and related expenses		2,732,129	2,050,450
Children's medical fund expenses		224,013	341,444
Fund raising expenses		2,327,672	2,749,299
Information and corporate communications expenses		286,709	247,328
Research and advocacy expenses		1,849,729	1,514,186
Social work service expenses		7,634,464	7,133,467
Total resources expended	8	<u>16,478,818</u>	<u>15,880,134</u>
Surplus for the year		<u>2,368,558</u>	<u>3,646,917</u>
<b>Other comprehensive income</b>			
Available-for-sale financial assets			
- Other reserves		2,907,529	592,477
Other comprehensive income	16	<u>2,907,529</u>	<u>592,477</u>
Total comprehensive income		<u>5,276,087</u>	<u>4,239,394</u>
<b>Surplus for the year is attributable as follows:</b>			
<b>Unrestricted funds:</b>			
- General Fund	16	2,092,452	3,649,050
<b>Restricted funds:</b>			
- Appropriate Adults Scheme for Young Suspect	16	(23,250)	-
- Children's Medical Fund	16	241,934	219,267
- Family Service Centre – Yishun	16	95,161	(137,919)
- Professor S.S. Ratnam Memorial Fund	16	3,636	3,778
- Safe And Strong Families – Reunification (Team)	16	(3,923)	(5,803)
- The Straits Times School Pocket Money Fund	16	(37,452)	(81,456)
		<u>2,368,558</u>	<u>3,646,917</u>
- Other reserves		2,907,529	592,477
		<u>5,276,087</u>	<u>4,239,394</u>

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

SINGAPORE CHILDREN'S SOCIETY

Statement of Financial Position  
As at 31 December 2017

	<u>Notes</u>	<u>2017</u> \$	<u>2016</u> \$
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Plant and equipment	10	596,882	858,697
Available-for-sale financial assets	11	14,931,591	14,359,618
Other assets	14	1,045,476	477,932
<b>Total non-current assets</b>		<u>16,573,949</u>	<u>15,696,247</u>
<b><u>Current assets</u></b>			
Available-for-sale financial assets	11	24,114,001	18,095,200
Inventories	12	-	9,086
Other receivables	13	1,717,123	1,345,656
Other assets	14	235,075	113,237
Cash and cash equivalents	15	46,835,751	48,664,394
<b>Total current assets</b>		<u>72,901,950</u>	<u>68,227,573</u>
<b>Total assets</b>		<u>89,475,899</u>	<u>83,923,820</u>
<b>FUNDS AND LIABILITIES</b>			
<b><u>Unrestricted fund</u></b>			
General Fund	16	62,039,985	59,947,533
Other Reserves	16	3,886,306	1,137,638
<b>Total unrestricted fund</b>		<u>65,926,291</u>	<u>61,085,171</u>
<b><u>Restricted funds</u></b>			
Appropriate Adults Scheme for Young Suspect	16	(23,250)	-
Children's Medical Fund	16	20,936,075	20,694,141
ComCare Fund (Yishun)	16	10,000	10,000
Family Service Centre – Yishun	16	14,689	(80,472)
Madam Ho Yun Wai Fund	16	500,000	500,000
Professor S.S. Ratnam Memorial Fund	16	258,637	255,001
Safe and Strong Families – Reunification (Team)	16	(9,726)	(5,803)
Sunbeam Place	16	-	-
The Straits Times School Pocket Money Fund	16	3,308	40,760
Other Reserves	16	111,769	(47,092)
<b>Total restricted fund</b>		<u>21,801,502</u>	<u>21,366,535</u>
<b>Total funds</b>		<u>87,727,793</u>	<u>82,451,706</u>
<b><u>Non-current liabilities</u></b>			
Other liabilities	17	321,485	321,485
<b>Total non-current liabilities</b>		<u>321,485</u>	<u>321,485</u>
<b><u>Current liabilities</u></b>			
Trade and other payables	18	1,223,431	957,218
Other liabilities	20	203,190	193,411
<b>Total current liabilities</b>		<u>1,426,621</u>	<u>1,150,629</u>
<b>Total liabilities</b>		<u>1,748,106</u>	<u>1,472,114</u>
<b>Total funds and liabilities</b>		<u>89,475,899</u>	<u>83,923,820</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 2017

	Unrestricted Funds		Restricted Funds										Total \$
	General Fund \$	Other Reserves \$	Appropriate Adults 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
<b>Movements in funds:</b>													
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	-	-	-
<b>Other comprehensive income</b>													
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)
	2,092,452	2,748,668	(23,250)	241,934	-	95,161	-	3,636	(3,923)	-	(37,452)	158,861	5,276,087
<b>Closing balance at 31 December 2017</b>	<b>62,039,985</b>	<b>3,886,306</b>	<b>(23,250)</b>	<b>20,936,075</b>	<b>10,000</b>	<b>14,689</b>	<b>500,000</b>	<b>258,637</b>	<b>(9,726)</b>	<b>-</b>	<b>3,308</b>	<b>111,769</b>	<b>87,727,793</b>

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

# SINGAPORE CHILDREN'S SOCIETY

## Statement of Changes in Funds Year Ended 31 December 2016

	Unrestricted Funds				Restricted Funds							Total \$
	General Fund \$	Other Reserves \$	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 \$	
<b>Current year:</b>												
Opening balance at 1 January 2016	56,298,483	610,097	20,474,874	10,000	57,447	500,000	251,223	-	-	122,216	(112,028)	78,212,312
<b>Movements in funds:</b>												
Surplus/(deficit) for the reporting year (Note 16)	4,136,619	-	219,267	-	(137,919)	-	3,778	(5,803)	(487,569)	(81,456)	-	3,646,917
Transfer from Children's Society's General Funds	(487,569)	-	-	-	-	-	-	-	487,569	-	-	-
<b>Other comprehensive income</b>												
Reclassification adjustments to statement of financial activities on impairment of available-for-sale financial assets	-	161,207	-	-	-	-	-	-	-	-	-	161,207
Changes in fair value of available- for-sale financial assets	-	685,508	-	-	-	-	-	-	-	-	64,936	750,444
Foreign exchange adjustment on non-monetary assets	-	(319,174)	-	-	-	-	-	-	-	-	-	(319,174)
	3,649,050	527,541	219,267	-	(137,919)	-	3,778	(5,803)	-	(81,456)	64,936	4,239,394
<b>Closing balance at 31 December 2016</b>	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

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

SINGAPORE CHILDREN'S SOCIETY

Statement of Cash Flows  
Year Ended 31 December 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
<b><u>Cash flows from operating activities</u></b>		
Surplus for the year	2,368,558	3,646,917
Adjustments for:		
Depreciation of plant and equipment	442,774	509,576
Dividend income	(497,623)	(541,276)
Interest income	(1,138,332)	(1,185,366)
Net (gains) / losses on sale of available-for-sale financial assets	(34,985)	416,125
Plant and equipment written off	2,656	3,760
Foreign exchange translation gains	(223,431)	(74,745)
Impairment of available-for-sale financial assets	-	177,007
Management fee paid to fund managers	185,926	164,296
<b>Operating surplus before changes in working capital</b>	<u>1,105,543</u>	<u>3,116,294</u>
Inventories	9,086	1,293
Other receivables	(594,722)	477,945
Other assets	(689,382)	(473,170)
Other liabilities	9,779	(29,249)
Trade and other payables	266,213	(209,961)
<b>Net cash flows from operating activities</b>	<u>106,517</u>	<u>2,883,152</u>
<b><u>Cash flows from investing activities</u></b>		
Purchase of plant and equipment (Note 15A)	(175,185)	(289,533)
Interest received	987,568	770,068
Dividend received	273,636	396,499
Proceeds from disposal of available-for-sale financial assets	2,006,911	-
Purchase of available-for-sale financial assets	(5,000,000)	(5,346,479)
Management fee paid to fund managers	(28,090)	(25,736)
<b>Net cash flows used in investing activities</b>	<u>(1,935,160)</u>	<u>(4,495,181)</u>
<b>Net decrease in cash and cash equivalents</b>	(1,828,643)	(1,612,029)
Cash and cash equivalents, beginning balance	48,664,394	50,276,423
<b>Cash and cash equivalents, ending balance (Note 15)</b>	<u>46,835,751</u>	<u>48,664,394</u>

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



## SINGAPORE CHILDREN'S SOCIETY

### Notes to the Financial Statements 31 December 2017

#### 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.

#### Accounting convention

The financial statements of the company as the reporting entity have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

#### Basis of preparation of the financial statements

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

## SINGAPORE CHILDREN'S SOCIETY

### 2. Significant accounting policies and other explanatory information

#### 2A. Significant accounting policies

##### Revenue recognition

Revenues including donations, gifts and grants that provide core funding or are of general nature are recognised where there is (a) entitlement (b) certainty and (c) sufficient reliability of measurement. Such income is deferred only when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the Society has unconditional entitlement. The revenue amount from services is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the Society and it is shown net of related sales taxes and rebates..

(i) Donations and sponsorships

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

(ii) Interest income

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

(iii) Dividend income

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

(iv) Government grant

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

(v) Sale of mechanise

Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer; there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.



## 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 recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

##### **Plant and equipment**

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

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

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

## SINGAPORE CHILDREN'S SOCIETY

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

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

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

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

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

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.

##### Leases

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

##### Inventories

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

##### Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at 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.



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

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

**Impairment of non-financial assets (cont'd)**

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

**Financial assets**

Initial recognition, measurement and derecognition:

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

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

Subsequent measurement:

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

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.



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

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

**Financial assets (cont'd)**

2. **Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. **Held-to-maturity financial assets:** As at end of the reporting year, there were no financial assets classified in this category.
4. **Available-for-sale financial assets:** These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading other reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However for debt securities classified as available-for-sale, impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. For debt instruments classified as available-for-sale, the reversal of impairment is recognised in profit or loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. Usually non-current investments in equity and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value.

## SINGAPORE CHILDREN'S SOCIETY

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

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

##### Financial assets (cont'd)

4. 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.

##### Cash and cash equivalents

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

##### Financial liabilities

Initial recognition, measurement and derecognition:

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

Subsequent measurement:

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

1. **Liabilities at fair value through profit or loss:** Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. **Other financial liabilities:** All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.



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

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

**Derivatives**

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

**Fair value of measurement**

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

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

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.

### 3. Related party relationships and transactions

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

## SINGAPORE CHILDREN'S SOCIETY

### 3. Related party relationships and transactions (cont'd)

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>2017</u> \$	<u>2016</u> \$
Salaries and other short-term employee benefits	2,022,918	1,902,697
Number of key management personnel	<u>18</u>	<u>19</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>2017</u>	<u>2016</u>
\$100,001 - \$200,000	2	2
\$200,001 - \$300,000	<u>1</u>	<u>1</u>

### 4. Donation income

	<u>2017</u> \$	<u>2016</u> \$
Donation income	11,040,903	12,932,603
Donations-in-kind	217,826	124,067
Sale of Merchandise	3,989	7,786
Total	<u>11,262,718</u>	<u>13,064,456</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 2017.



## SINGAPORE CHILDREN'S SOCIETY

### 5. Grants income

	<u>2017</u>	<u>2016</u>
	\$	\$
Government grants	5,193,071	4,240,131
Special employment and wage credit	276,652	253,497
Childcare and maternity leave	106,905	46,418
Total	<u>5,576,628</u>	<u>4,540,046</u>

### 6. Other income

	<u>2017</u>	<u>2016</u>
	\$	\$
Interest income	1,138,332	1,185,366
Foreign exchange translation gains	223,431	74,745
Dividend income	497,623	541,276
Gains on disposal of available-for-sale financial assets	34,985	-
Others	113,659	121,162
Total	<u>2,008,030</u>	<u>1,922,549</u>

### 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>2017</u>	<u>2016</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u>10,078,737</u>	<u>11,495,632</u>

### 8. Total resources expended

	<u>2017</u>	<u>2016</u>
	\$	\$
Included in total resources expended are the following items:		
Audit fees	56,327	61,236
Depreciation on property, plant and equipment (Note 10)	442,774	509,576
Operating lease expenses (Note 24)	571,435	551,892
Impairment of available-for-sale financial assets	-	15,800
Reclassification adjustments to statement of financial activities on impairment of available-for-sale financial assets	-	161,207
Losses on disposal of plant and equipment	2,656	3,760
Losses on disposal of available-for-sale financial assets	-	416,125
Management fee paid to fund managers	185,926	164,296
Employee benefits expense (Note 9)	<u>11,833,102</u>	<u>10,419,015</u>

## SINGAPORE CHILDREN'S SOCIETY

### 9. Employee benefits expense

	<u>2017</u>	<u>2016</u>
	\$	\$
Salaries and related costs	10,257,345	9,038,846
Contributions to defined contribution plan	<u>1,575,757</u>	<u>1,380,169</u>
Total employee benefits expense (Note 8)	<u>11,833,102</u>	<u>10,419,015</u>

### 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 2016	90,000	1,450,246	1,699,405	3,239,651
Additions	-	163,829	125,704	289,533
Disposals	-	(57,780)	-	(57,780)
At 31 December 2016	<u>90,000</u>	<u>1,556,295</u>	<u>1,825,109</u>	<u>3,471,404</u>
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>
<u>Accumulated depreciation:</u>				
At 1 January 2016	90,000	1,005,940	1,061,211	2,157,151
Depreciation for the year	-	210,473	299,103	509,576
Disposals	-	(54,020)	-	(54,020)
At 31 December 2016	<u>90,000</u>	<u>1,162,393</u>	<u>1,360,314</u>	<u>2,612,707</u>
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>
<u>Net book value:</u>				
At 1 January 2016	<u>-</u>	<u>444,306</u>	<u>638,194</u>	<u>1,082,500</u>
At 31 December 2016	<u>-</u>	<u>393,902</u>	<u>464,795</u>	<u>858,697</u>
At 31 December 2017	<u>49,846</u>	<u>333,436</u>	<u>213,600</u>	<u>596,882</u>

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Administrative expenses	19,430	42,261
Children's home and related expenses	25,417	15,832
Fund raising expenses	16,456	33,933
Information and corporate communications expenses	3,463	10,912
Research and advocacy expenses	39,429	49,890
Social work service expenses	<u>338,579</u>	<u>356,748</u>
Total	<u>442,774</u>	<u>509,576</u>

## SINGAPORE CHILDREN'S SOCIETY

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	32,454,818	26,675,860
Additions	5,058,918	5,346,479
Disposals	(1,913,175)	–
Interest income	375,526	353,802
Dividend income	163,569	152,159
Gain / (loss) on disposals included in other income	113,243	(352,168)
Foreign exchange translation gain / (loss)	181,197	(1,057)
Investment management cost	(166,267)	(133,374)
Impairment loss	–	(177,007)
Fair value gains on financial assets	3,048,579	911,651
Foreign exchange adjustment on non-monetary financial assets included in other comprehensive income	(265,572)	(319,174)
Foreign exchange adjustment on monetary financial assets charge to statement of financial activities included in other income	(332,513)	189,325
Fair value gains / (losses) on derivatives in other income	327,269	(191,678)
Fair value at end of the year	<u>39,045,592</u>	<u>32,454,818</u>

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

	<u>2017</u>	<u>2016</u>
	\$	\$
– current	24,114,001	18,095,200
– non-current	14,931,591	14,359,618
	<u>39,045,592</u>	<u>32,454,818</u>

Total investments managed by the independent fund managers is \$27,604,024 (2016: \$21,789,826).

An impairment loss of \$177,007 was incurred in 2016, of which \$161,207 was reclassified from fair value reserves to statement of financial activities. This relates to the available-for-sale financial assets determined to be impaired as there were “significant” or “prolonged” declines in fair values of these investments below their costs.

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

	<u>Level</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		%	%	\$	\$
<u>Quoted equity securities</u>					
Singapore	1	27	29	10,385,284	9,444,987
US	1	8	9	3,240,575	2,947,554
Europe	1	6	4	2,405,042	1,243,941
UK	1	–	1	122,547	219,783
Others	1	5	5	1,805,899	1,477,607
		<u>46</u>	<u>48</u>	<u>17,959,347</u>	<u>15,333,872</u>



## SINGAPORE CHILDREN'S SOCIETY

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

	<u>Level</u>	<u>2017</u> %	<u>2016</u> %	<u>2017</u> \$	<u>2016</u> \$
<u>Quoted debt securities</u>					
Singapore	1	38	38	14,745,016	12,334,997
US	1	12	12	4,804,970	3,814,877
		<u>50</u>	<u>50</u>	<u>19,549,986</u>	<u>16,149,874</u>
	<u>Level</u>	<u>2017</u> %	<u>2016</u> %	<u>2017</u> \$	<u>2016</u> \$
<u>Derivatives financial instruments (Note 19)</u>					
US	2	–	(1)	115,070	(182,667)
Europe	2	–	–	18,350	14,903
UK	2	–	–	1,590	(3,264)
Others	2	–	–	19,980	(1,252)
		<u>–</u>	<u>(1)</u>	<u>154,990</u>	<u>(172,280)</u>
		<u>2017</u> %	<u>2016</u> %	<u>2017</u> \$	<u>2016</u> \$
<u>Cash and cash equivalents</u>					
Singapore		3	2	1,045,691	731,235
Europe		1	1	217,333	249,125
US		–	–	117,362	162,992
Others		–	–	883	–
		<u>4</u>	<u>3</u>	<u>1,381,269</u>	<u>1,143,352</u>
		<u>100</u>	<u>100</u>	<u>39,045,592</u>	<u>32,454,818</u>

The quoted debt securities have a maturity expiring date ranging from March 2018 to October 2027 (2016: April 2017 to August 2027). The rate of interest ranges from 1.6% to 5.8% (2016: 1.6% to 5.8%) per annum.

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

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

	<u>2017</u> \$	<u>2016</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>3,750,933</u>	<u>3,148,375</u>

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

The above sensitivity has not changed significantly from last year.

### 12. Inventories

	<u>2017</u> \$	<u>2016</u> \$
Inventories, comprising merchandise held for sale at future fund-raising events	<u>–</u>	<u>9,086</u>

## SINGAPORE CHILDREN'S SOCIETY

### 13. Other receivables

	<u>2017</u>	<u>2016</u>
	\$	\$
Refundable deposits	153,616	156,626
Grants / donations receivable	1,223,772	584,971
Interest receivables	305,919	530,675
Other receivables	33,816	73,384
	<u>1,717,123</u>	<u>1,345,656</u>

### 14. Other assets

	<u>2017</u>	<u>2016</u>
	\$	\$
Prepayments	85,721	113,237
Advance payment for non-current asset (a)	1,194,830	477,932
	<u>1,280,551</u>	<u>591,169</u>
<u>Current</u>		
Prepayments	85,721	113,237
Advance payment for non-current asset (a)	149,354	-
	<u>235,075</u>	<u>113,237</u>
<u>Non-current</u>		
Advance payment for non-current asset (a)	1,045,476	477,932
	<u>1,280,551</u>	<u>591,169</u>

(a) These are payments made towards the development of Children's Society's office facilities in the Radin Mas Community Club which will be ready in 2018. These payments are classified between current and non-current based on their amortisation period.

### 15. Cash and cash equivalents

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash and bank balances	7,317,250	7,685,542
Fixed deposits with financial institutions	39,518,501	40,978,852
	<u>46,835,751</u>	<u>48,664,394</u>
Interest earnings balances	42,165,021	43,239,170

The fixed deposits earn interest at rates ranging from 1.00% to 1.59% (2016: 1.03% to 1.95%) per annum. Interest rates reprice at intervals of six to twelve months (2016: two to twelve months).

### 15A. Non-cash transactions

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

## SINGAPORE CHILDREN'S SOCIETY

### 16. Fund account transactions and balances

	Unrestricted Funds		Restricted Funds										Total
	General Fund (i) \$	Other Reserves \$	Appropriate Adults Scheme for Young Suspect (ii) \$	Children's Medical Fund (iii) \$	Com Care Fund (iv) \$	Family Service Centre – Yishun (v) \$	Madam Ho Yun Wai Fund (vi) \$	Professor S.S. Ratnam Memorial Fund (vii) \$	Safe and Strong Families – Reunification (Team) (viii) \$	Sunbeam Place (ix) \$	The Straits Times School Pocket Money Fund (x) \$	Other Reserves \$	
<b>2017</b>													
<b>Incoming Resources</b>													
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	1,529,672	-	-	465,912	-	1,570	7,060	3,816	-	-	-	-	2,008,030
	<u>14,317,205</u>	<u>-</u>	<u>178,622</u>	<u>465,947</u>	<u>-</u>	<u>1,941,409</u>	<u>7,060</u>	<u>3,816</u>	<u>434,342</u>	<u>1,444,272</u>	<u>54,703</u>	<u>-</u>	<u>18,847,376</u>
<b>Resources Expended</b>													
Administrative expenses	(1,424,102)	-	-	-	-	-	-	-	-	-	-	-	(1,424,102)
Children's home and related expenses	(175,501)	-	-	-	-	-	-	-	-	-	-	-	(175,501)
Children's medical fund expenses	-	-	-	(224,013)	-	-	-	-	(438,265)	(2,114,243)	(4,120)	-	(2,732,129)
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)	-	(201,872)	-	-	(1,846,248)	(7,060)	(180)	-	-	(88,035)	-	(7,634,464)
	<u>(11,554,782)</u>	<u>-</u>	<u>(201,872)</u>	<u>(224,013)</u>	<u>-</u>	<u>(1,846,248)</u>	<u>(7,060)</u>	<u>(180)</u>	<u>(438,265)</u>	<u>(2,114,243)</u>	<u>(92,155)</u>	<u>-</u>	<u>(16,478,818)</u>
<b>Surplus (deficit) for the year</b>	<u>2,762,423</u>	<u>-</u>	<u>(23,250)</u>	<u>241,934</u>	<u>-</u>	<u>95,161</u>	<u>-</u>	<u>3,636</u>	<u>(3,923)</u>	<u>(669,971)</u>	<u>(37,452)</u>	<u>-</u>	<u>2,368,558</u>
Transfer from Children's Society's General Funds	(669,971)	-	-	-	-	-	-	-	-	669,971	-	-	-
<b>Other comprehensive income</b>													
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)
<b>Total comprehensive income (loss)</b>	<u>2,092,452</u>	<u>2,748,668</u>	<u>(23,250)</u>	<u>241,934</u>	<u>-</u>	<u>95,161</u>	<u>-</u>	<u>3,636</u>	<u>(3,923)</u>	<u>-</u>	<u>(37,452)</u>	<u>158,861</u>	<u>5,276,087</u>



**SINGAPORE CHILDREN'S SOCIETY**

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

	Unrestricted Funds		Restricted Funds									Total
	General Fund (i) \$	Other Reserves \$	Children's Medical Fund (iii) \$	Com Care Fund (iv) \$	Family Service Centre – Yishun (v) \$	Madam Ho Yun Wai Fund (vi) \$	Professor S.S. Ratnam Memorial Fund (vii) \$	Safe and Strong Families – Reunification (Team) (viii) \$	Sunbeam Place (ix) \$	The Straits Times School Pocket Money Fund (x) \$	Other Reserves \$	
<b>2016</b>												
<b>Incoming Resources</b>												
Donation income	12,723,666	-	-	-	5,207	-	-	-	335,583	-	-	13,064,456
Grants	1,740,058	-	-	-	1,588,464	-	-	9,657	1,195,588	6,279	-	4,540,046
Other income	1,333,542	-	560,711	-	2,510	9,223	4,278	-	12,285	-	-	1,922,549
	<u>15,797,266</u>	<u>-</u>	<u>560,711</u>	<u>-</u>	<u>1,596,181</u>	<u>9,223</u>	<u>4,278</u>	<u>9,657</u>	<u>1,543,456</u>	<u>6,279</u>	<u>-</u>	<u>19,527,051</u>
<b>Resources Expended</b>												
Administrative expenses	(1,843,960)	-	-	-	-	-	-	-	-	-	-	(1,843,960)
Children's home and related expenses	-	-	-	-	-	-	-	(15,460)	(2,031,025)	(3,965)	-	(2,050,450)
Children's medical fund expenses	-	-	(341,444)	-	-	-	-	-	-	-	-	(341,444)
Fund raising expenses	(2,749,299)	-	-	-	-	-	-	-	-	-	-	(2,749,299)
Information and corporate communication expenses	(247,328)	-	-	-	-	-	-	-	-	-	-	(247,328)
Research and advocacy expenses	(1,514,186)	-	-	-	-	-	-	-	-	-	-	(1,514,186)
Social work service expenses	(5,305,874)	-	-	-	(1,734,100)	(9,223)	(500)	-	-	(83,770)	-	(7,133,467)
	<u>(11,660,647)</u>	<u>-</u>	<u>(341,444)</u>	<u>-</u>	<u>(1,734,100)</u>	<u>(9,223)</u>	<u>(500)</u>	<u>(15,460)</u>	<u>(2,031,025)</u>	<u>(87,735)</u>	<u>-</u>	<u>(15,880,134)</u>
<b>Surplus (deficit) for the year</b>	<u>4,136,619</u>	<u>-</u>	<u>219,267</u>	<u>-</u>	<u>(137,919)</u>	<u>-</u>	<u>3,778</u>	<u>(5,803)</u>	<u>(487,569)</u>	<u>(81,456)</u>	<u>-</u>	<u>3,646,917</u>
Transfer from Children's Society's General Funds	(487,569)	-	-	-	-	-	-	-	487,569	-	-	-
<b>Other comprehensive income</b>												
Changes in fair value of available-for-sale financial assets	-	846,715	-	-	-	-	-	-	-	-	64,936	911,651
Foreign exchange adjustment on non-monetary assets	-	(319,174)	-	-	-	-	-	-	-	-	-	(319,174)
<b>Total comprehensive income (loss)</b>	<u>3,649,050</u>	<u>527,541</u>	<u>219,267</u>	<u>-</u>	<u>(137,919)</u>	<u>-</u>	<u>3,778</u>	<u>(5,803)</u>	<u>-</u>	<u>(81,456)</u>	<u>64,936</u>	<u>4,239,394</u>

**SINGAPORE CHILDREN'S SOCIETY**

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

	Unrestricted Funds		Restricted Funds										Total
	General Fund	Other Reserves	Appropriate Adults Scheme for Young Suspect	Children's Medical Fund	Com Care 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	
<b>2017</b>	(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-current assets</b>													
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>
<b>Current assets</b>													
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>
<b>Total assets</b>	<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>
<b>Non-current liabilities</b>													
Other liabilities	280,558	-	-	-	-	40,927	-	-	-	-	-	-	321,485
<b>Current liabilities</b>													
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
	<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	-	-	-
<b>Net assets</b>	<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>

# SINGAPORE CHILDREN'S SOCIETY

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

	Unrestricted Funds		Restricted Funds								Total	
	General Fund	Other Reserves	Children's Medical Fund	Com Care 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
<b>2016</b>	(i)		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-current assets</b>												
Plant and equipment	704,770	-	-	-	105,526	-	-	-	48,401	-	-	858,697
Available-for-sale financial assets	14,359,618	-	-	-	-	-	-	-	-	-	-	14,359,618
	<u>15,065,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,401</u>	<u>-</u>	<u>-</u>	<u>15,218,315</u>
<b>Current assets</b>												
Available-for-sale financial assets	6,676,284	1,137,638	10,328,370	-	-	-	-	-	-	-	(47,092)	18,095,200
Inventories	9,086	-	-	-	-	-	-	-	-	-	-	9,086
Other receivables	969,235	-	181,059	-	148,540	-	1,929	9,657	35,236	-	-	1,345,656
Other assets	585,997	-	-	-	2,200	-	-	-	2,972	-	-	591,169
Interfund balances	2,073,682	-	-	-	-	-	-	-	-	-	-	2,073,682
Cash and cash equivalent	37,625,809	-	10,210,026	10,000	11,356	500,000	253,072	-	12,807	41,324	-	48,664,394
	<u>47,940,093</u>	<u>1,137,638</u>	<u>20,719,455</u>	<u>10,000</u>	<u>162,096</u>	<u>500,000</u>	<u>255,001</u>	<u>9,657</u>	<u>51,015</u>	<u>41,324</u>	<u>(47,092)</u>	<u>70,779,187</u>
<b>Total assets</b>	<u>63,004,481</u>	<u>1,137,638</u>	<u>20,719,455</u>	<u>10,000</u>	<u>267,622</u>	<u>500,000</u>	<u>255,001</u>	<u>9,657</u>	<u>99,416</u>	<u>41,324</u>	<u>(47,092)</u>	<u>85,997,502</u>
<b>Non-current liabilities</b>												
Other liabilities	280,558	-	-	-	40,927	-	-	-	-	-	-	321,485
<b>Current liabilities</b>												
Trade and other payables	688,597	-	25,314	-	85,467	-	-	3,330	154,510	-	-	957,218
Interfund balances	-	-	-	-	166,948	-	-	12,130	1,894,040	564	-	2,073,682
Deferred income	138,659	-	-	-	54,752	-	-	-	-	-	-	193,411
<b>Total liabilities</b>	<u>1,107,814</u>	<u>-</u>	<u>25,314</u>	<u>-</u>	<u>348,094</u>	<u>-</u>	<u>-</u>	<u>15,460</u>	<u>2,048,550</u>	<u>564</u>	<u>-</u>	<u>3,545,796</u>
Transfer from Children's Society's General Funds	(1,949,134)	-	-	-	-	-	-	-	1,949,134	-	-	-
<b>Net assets</b>	<u>59,947,533</u>	<u>1,137,638</u>	<u>20,694,141</u>	<u>10,000</u>	<u>(80,472)</u>	<u>500,000</u>	<u>255,001</u>	<u>(5,803)</u>	<u>-</u>	<u>40,760</u>	<u>(47,092)</u>	<u>82,451,706</u>



## SINGAPORE CHILDREN'S SOCIETY

### 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) Appropriate Adults 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.
- (iii) Children's Medical Fund – the objective of this fund is to provide subsidies for treatment and rehabilitative care of chronic illnesses for children.
- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) Professor S.S.Ratnam Memorial Fund – the objective of this fund is to support education of children.
- (viii) 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.
- (ix) Sunbeam Place – this is a residential home for children in-need. The funds received for this centre are restricted for the operations of this centre only. In 2016 and 2017, Sunbeam Place incurred a deficit of \$487,569 and \$669,971 respectively. These deficits are fully funded by transfers from the general fund. As of 31 Dec 2017, the transfers to Sunbeam Place from 2006 – 2017 to cover its accumulated deficits totaled \$2,619,105.
- (x) 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.

## SINGAPORE CHILDREN'S SOCIETY

### 17. Other liabilities, non-current

	<u>2017</u>	<u>2016</u>
	\$	\$
Provision for restoration costs:		
Balance at beginning and end of the year	<u>321,485</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>2017</u>	<u>2016</u>
	\$	\$
Accrued liabilities	1,020,980	813,156
Other payables	<u>202,451</u>	<u>144,062</u>
	<u>1,223,431</u>	<u>957,218</u>

### 19. Derivatives financial instruments

	<u>2017</u>	<u>2016</u>
	\$	\$
Assets-derivatives with positive fair values:		
Foreign currency contracts	157,038	28,307
Liabilities-derivatives with negative fair values:		
Foreign currency contracts	<u>(2,048)</u>	<u>(200,587)</u>
Net (Note 11)	<u>154,990</u>	<u>(172,280)</u>

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

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

#### Forward currency contracts

<u>2017</u>	Contract Notional Amounts	Assets \$	Liabilities \$
Forward currency contract - Purchases	203,679	-	(1,304)
Forward currency contract - Sales	(12,040,132)	157,038	(744)
		<u>157,038</u>	<u>(2,048)</u>
<u>2016</u>	Contract Notional Amounts	Assets \$	Liabilities \$
Forward currency contract - Purchases	184,636	162	-
Forward currency contract - Sales	(9,026,988)	28,145	(200,587)
		<u>28,307</u>	<u>(200,587)</u>

The above contracts have maturity dates within one year.

## SINGAPORE CHILDREN'S SOCIETY

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

The fair value gain of \$154,990 (2016: loss of \$172,280) had been recognised as part of the funds held with the external fund managers (see Note 11).

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

### 20. Other liabilities, current

	<u>2017</u>	<u>2016</u>
	\$	\$
Deferred income	131,618	63,101
Deferred capital grant (a)	23,489	54,752
Lease incentives	48,083	75,558
	<u>203,190</u>	<u>193,411</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>2017</u>	<u>2016</u>
	\$	\$
Balance at beginning of the year	54,752	111,407
Grants received / receivable during the year	9,914	–
Utilised during the year	(41,177)	(56,655)
Balance at end of the year	<u>23,489</u>	<u>54,752</u>

### 21. Reserve policy

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

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

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

The Society is not subject to externally imposed capital requirements.

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

### 22. Capital commitments

	<u>2017</u>	<u>2016</u>
	\$	\$
Commitment on construction of new Radin Mas facility	<u>238,966</u>	<u>952,086</u>



## SINGAPORE CHILDREN'S SOCIETY

### 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>2017</u>	<u>2016</u>
	\$	\$
<u>Financial assets:</u>		
Loans and receivables	1,717,123	1,345,656
Available-for-sale financial assets	39,045,592	32,454,818
Cash and cash equivalents	<u>46,835,751</u>	<u>48,664,394</u>
At end of the year	<u>87,598,466</u>	<u>82,464,868</u>
<u>Financial liabilities:</u>		
Trade and other payables at amortised cost	<u>1,223,431</u>	<u>957,218</u>
At end of the year	<u>1,223,431</u>	<u>957,218</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 11).

#### 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.

## SINGAPORE CHILDREN'S SOCIETY

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

#### 23E. Liquidity risk – financial liabilities maturity analysis

There are no non-current financial liabilities at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2016: 30 days). The other payables are with short-term durations.

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

#### 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>2017</u>	<u>2016</u>
	\$	\$
Financial assets:		
Fixed rates (a)	56,222,256	56,102,919
Floating rates (b)	<u>5,998,583</u>	<u>4,429,476</u>
Total at end of the year	<u>62,220,839</u>	<u>60,532,395</u>

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

(b) The above mainly consists of cash balances in interest bearing bank accounts and quoted debt securities (Note 11) with variable coupon rates.

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



**SINGAPORE CHILDREN'S SOCIETY**

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

**23G. Foreign currency risk**

Analysis of major amounts denominated in non-functional currency:

	<u>Sterling Pound</u>	<u>US Dollars</u>	<u>Euro Dollars</u>	<u>Total</u>
<u>2017:</u>	\$	\$	\$	\$
<u>Financial assets:</u>				
Available for sale financial assets	<u>122,547</u>	<u>8,162,907</u>	<u>2,622,375</u>	<u>10,907,829</u>
<u>Financial liabilities:</u>				
Foreign currency contracts	<u>(107,934)</u>	<u>(8,054,650)</u>	<u>(1,770,604)</u>	<u>(9,933,188)</u>
Net financial assets	<u>14,613</u>	<u>108,257</u>	<u>851,771</u>	<u>974,641</u>

	<u>Sterling Pound</u>	<u>US Dollars</u>	<u>Euro Dollars</u>	<u>Total</u>
<u>2016:</u>	\$	\$	\$	\$
<u>Financial assets:</u>				
Available for sale financial assets	<u>219,783</u>	<u>6,925,423</u>	<u>1,493,066</u>	<u>8,638,272</u>
<u>Financial liabilities:</u>				
Foreign currency contracts	<u>(71,072)</u>	<u>(6,522,813)</u>	<u>(1,203,170)</u>	<u>(7,797,055)</u>
Net financial assets	<u>148,711</u>	<u>402,610</u>	<u>289,896</u>	<u>841,217</u>

Sensitivity analysis:

	<u>2017</u>	<u>2016</u>
	\$	\$
A hypothetical 10% increase in the exchange rate of the functional currency S\$ against Sterling Pound would have an adverse effect on fair value	(1,461)	(14,871)
A hypothetical 10% increase in the exchange rate of the functional currency S\$ against US Dollars would have an adverse effect on fair value	(10,826)	(40,261)
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>(85,177)</u>	<u>(28,990)</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.

## SINGAPORE CHILDREN'S SOCIETY

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

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Not later than one year	509,591	508,391
Later than one year and not later than five years	<u>404,405</u>	<u>911,796</u>
Rental expense for the year	<u>571,435</u>	<u>551,892</u>

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

### 25. Reclassifications and comparative figures

The financial statements of the Society for the financial year ended 31 December 2016 have been reclassified due to the requirement by the funding agencies to classify the funded programmes as restricted funds and to enhance comparability with current year's financial statement. Deficits in these restricted funds may be covered by surplus from funding in future years.

The modifications to financial statements presentation are summarised below:

Year Ended 31 December 2016	2016 financial statements after reclassification	2016 financial statements before reclassification	Difference
	\$	\$	\$
<u>Statement of Financial Position:</u>			
Prepayment	113,237	591,169	(477,932)
Advance payment for non-current asset (non-current)	477,932	–	477,932
Unrestricted fund			
- Family Service Centre – Yishun	–	(80,472)	80,472
- Safe and Strong Families – Reunification (Team)	–	(5,803)	5,803
Restricted fund			
- Family Service Centre – Yishun	(80,472)	–	(80,472)
- Safe and Strong Families – Reunification (Team)	<u>(5,803)</u>	<u>–</u>	<u>(5,803)</u>



## SINGAPORE CHILDREN'S SOCIETY

### 26. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. None of these were applicable to the Society.

### 27. New or amended standards in issue but not yet effective

For the future reporting years new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers. Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019

FRS109 Financial Instruments will replace FRS 39 effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition. FRS 109 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 by reference to the business model within which they are held and their contractual cash flow characteristics. For financial liabilities, FRS 109 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. For the impairment of financial assets, FRS 109 introduces an "expected credit loss" ("ECL") model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment. For hedge accounting, FRS 109 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures. The recognition and derecognition provisions are carried over almost unchanged from FRS 39.

On the basis of the facts and circumstances that exist as at 31 December 2017 (see accounting policy in Note 2 and disclosures in Note 11), the Society does not anticipate that the application of the new standard will have a material impact on the financial position and / or financial performance of the Society, apart from providing more extensive disclosures on the Society's financial instruments.

On the basis of the current accounting treatment of the major sources of revenue (see accounting policy in Note 2 and disclosures in Note 4 on revenue) the management does not anticipate that the application of FRS 115 will have a material impact on the financial position and / or financial performance of the Society, apart from providing more extensive disclosures on the revenue transactions. However, as the Society is still in the process of assessing the full impact of the application of FRS 115 on the financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the detailed review is completed.



**27. New or amended standards in issue but not yet effective (cont'd)**

FRS 116 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces FRS 17 and its Interpretations. For the lessee, the biggest change introduced is that 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 lessor, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. FRS 116 will be adopted in the financial statements when it becomes mandatory, with the following effects: For the Society's non-cancellable operating lease commitments of \$913,996 as at 31 December 2017 (Note 24), a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under FRS 116. Thus, the reporting 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 upon the application of FRS 116. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed.