

SINGAPORE CHILDREN'S SOCIETY

(UEN No: S62SS0057G)

Statement by the Board and Financial Statements

Reporting Year Ended 31 December 2021

RSM Chio Lim LLP

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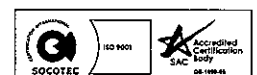
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SINGAPORE CHILDREN'S SOCIETY

Statement by the Board and Financial Statements

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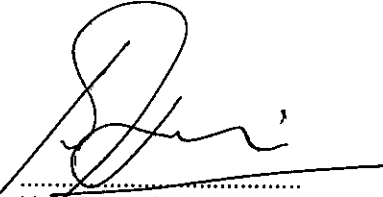
SINGAPORE CHILDREN'S SOCIETY

Statement by the Board


In the opinion of the Board, the accompanying financial statements are drawn up in accordance with the Societies Act 1966 (the "Societies Act") and the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations"), and the Financial Reporting Standards ("FRS"), so as to present fairly, in all material respects, the state of affairs of Singapore Children's Society (the "Society") as at 31 December 2021 and of the results, changes in funds and cash flows of the Society for the reporting year ended.

The Board approved and authorised these financial statements for issue.

On Behalf of the Board,



.....
Koh Choon Hui
Chairman



.....
David Toh
Honorary Treasurer

29 March 2022

**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 2021, 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 1966 (the "Societies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and the Financial Reporting Standards ("FRS") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2021 and of the results, changes in funds and cash flows of the Society for the reporting 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 Board and the 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

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 FRS, 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.

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

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

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

In our opinion:

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

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

Report on other legal and regulatory requirements (cont'd)

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 of the Charities (Institutions of a Public Character) Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Tan Wei Ling.

RSM Chio Lim LLP

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

29 March 2022
Effective from reporting year ended 31 December 2020

SINGAPORE CHILDREN'S SOCIETY

**Statement of Financial Activities
Reporting Year Ended 31 December 2021**

	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
Incoming Resources:			
Donation income	4	15,295,136	10,978,991
Grant income	5	10,771,179	10,797,117
Other income	6A	1,677,030	1,979,068
Other gains and losses	6B	910,940	503,341
Total incoming resources		<u>28,654,285</u>	<u>24,258,517</u>
Resources Expended:			
Administrative expenses		2,942,186	2,635,495
Children in care		2,716,531	2,474,721
Children's medical fund expenses		246,938	213,239
Fund raising expenses		2,089,692	1,781,492
Information and corporate communications expenses		274,115	195,370
Research and advocacy expenses		969,382	1,010,884
Social work service expenses		11,298,301	10,611,414
Total resources expended	8	<u>20,537,145</u>	<u>18,922,615</u>
Surplus for the year		<u>8,117,140</u>	<u>5,335,902</u>
<u>Other comprehensive income (loss)</u>			
Items that will not be reclassified to profit or loss:			
Fair value changes on equity instruments at FVTOCI, net of tax		1,619,702	(723,549)
Items that may be reclassified subsequently to profit or loss:			
Reclassification adjustments included in surplus for the year on maturity of debt asset instruments at FVTOCI		-	15,560
Other comprehensive income (loss)	16	<u>1,619,702</u>	<u>(707,989)</u>
Total comprehensive income		<u>9,736,842</u>	<u>4,627,913</u>
Total comprehensive income is attributable as follows:			
Unrestricted funds:			
- General Fund	16	7,455,298	4,396,420
Restricted funds:			
- Children's Medical Fund	16	(10,847)	415,610
- Professor S.S. Ratnam Memorial Fund	16	642	3,112
- Other Restricted Funds	16	672,047	520,760
Surplus for the year		8,117,140	5,335,902
Other reserves	16	1,619,702	(707,989)
Total comprehensive income		<u>9,736,842</u>	<u>4,627,913</u>

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

SINGAPORE CHILDREN'S SOCIETY

**Statement of Financial Position
As at 31 December 2021**

	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	10	1,190,521	1,125,647
Right-of-use assets	19	914,113	1,357,989
Intangible asset – building use rights	11	572,543	876,209
Financial assets – FVTOCI	12	5,389,432	7,912,390
Total non-current assets		<u>8,066,609</u>	<u>11,272,235</u>
<u>Current assets</u>			
Financial assets – FVTOCI	12	–	1,425,519
Financial assets – FVTPL	12	45,056,380	30,078,863
Other receivables	13	2,904,179	3,061,152
Other non-financial assets	14	290,869	128,724
Cash and cash equivalents	15	53,805,530	54,502,806
Total current assets		<u>102,056,958</u>	<u>89,197,064</u>
Total assets		<u>110,123,567</u>	<u>100,469,299</u>
FUNDS AND LIABILITIES			
<u>Unrestricted fund</u>			
General Fund	16	78,929,060	68,458,245
Other Reserves	16	352,426	2,386,272
Total unrestricted fund		<u>79,281,486</u>	<u>70,844,517</u>
<u>Restricted funds</u>			
Children's Medical Fund	16	20,968,042	20,978,889
Madam Ho Yun Wai Fund	16	500,000	500,000
Professor S.S. Ratnam Memorial Fund	16	271,364	270,722
Other Restricted Funds	16	2,198,616	888,538
Total restricted fund		<u>23,938,022</u>	<u>22,638,149</u>
Total funds		<u>103,219,508</u>	<u>93,482,666</u>
<u>Non-current liabilities</u>			
Lease liabilities	19	510,209	956,159
Other non-financial liabilities	17	525,926	525,926
Total non-current liabilities		<u>1,036,135</u>	<u>1,482,085</u>
<u>Current liabilities</u>			
Trade and other payables	18	2,642,224	3,010,287
Lease liabilities	19	445,952	423,337
Other non-financial liabilities	20	2,779,748	2,070,924
Total current liabilities		<u>5,867,924</u>	<u>5,504,548</u>
Total liabilities		<u>6,904,059</u>	<u>6,986,633</u>
Total funds and liabilities		<u>110,123,567</u>	<u>100,469,299</u>

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

SINGAPORE CHILDREN'S SOCIETY

**Statement of Changes in Funds
Reporting Year Ended 31 December 2021**

	Unrestricted Funds		Restricted Funds					Total \$
	General Fund \$	Other Reserves \$	Children's Medical Fund \$	Madam Ho Yun Wai Fund \$	Professor S.S. Ratnam Memorial Fund \$	Other Restricted Funds \$		
Current year:								
Opening balance at 1 January 2021	68,458,245	2,386,272	20,978,889	500,000	270,722	888,538	93,482,666	
Changes in funds:								
Total comprehensive income (Note 16)	7,455,298	1,619,702	(10,847)	-	642	672,047	9,736,842	
Transfer from General Fund (Note 16)	(638,031)	-	-	-	-	638,031	-	
Transfer from Other Reserves (Note 12A)	3,653,548	(3,653,548)	-	-	-	-	-	
Closing balance at 31 December 2021	10,470,815	(2,033,846)	(10,847)	500,000	642	1,310,078	9,736,842	
	78,929,060	352,426	20,968,042	500,000	271,364	2,198,616	103,219,508	
Previous year:								
Opening balance at 1 January 2020	64,426,448	3,094,261	20,563,279	500,000	267,610	3,155	88,854,753	
Changes in funds:								
Total comprehensive income (Note 16)	4,396,420	(707,989)	415,610	-	3,112	520,760	4,627,913	
Transfer from General Fund (Note 16)	(364,623)	-	-	-	-	364,623	-	
	4,031,797	(707,989)	415,610	-	3,112	885,383	4,627,913	
Closing balance at 31 December 2020	68,458,245	2,386,272	20,978,889	500,000	270,722	888,538	93,482,666	

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

SINGAPORE CHILDREN'S SOCIETY

Statement of Cash Flows
Reporting Year Ended 31 December 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Cash flows from operating activities</u>		
Surplus for the year	8,117,140	5,335,902
Adjustments for:		
Depreciation and amortisation	1,145,997	1,227,479
Dividend income	(484,991)	(514,490)
Fair value losses/(gains) on derivatives	23,292	(37,394)
Fair value gains on financial investments at FVTPL	(1,009,764)	(527,429)
Foreign exchange translation losses	65,611	47,377
Interest expense	59,869	38,170
Interest income	(992,585)	(1,307,719)
Loss on disposal of plant and equipment	9,921	1,174
Management fees for fund managers	314,920	191,779
Reclassification adjustments included in surplus for the year on maturity of debt asset instruments at FVTOCI	-	15,560
Operating surplus before changes in working capital	<u>7,249,410</u>	<u>4,470,409</u>
Other receivables	127,361	(735,010)
Other non-financial assets	(162,145)	34,097
Other non-financial liabilities	708,824	651,856
Trade and other payables	(368,063)	520,468
Net cash flows from operating activities	<u>7,555,387</u>	<u>4,941,820</u>
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	(557,988)	(509,258)
Refund of building use rights	76,831	-
Proceeds from disposal of plant and equipment	7,907	-
Proceeds from maturity of financial assets	-	1,000,000
Interest income received	1,022,197	986,230
Dividend received	423,423	355,814
Purchase of other financial assets	(9,147,761)	(5,290,266)
Disposal of other financial assets	405,932	-
Net cash flows used in investing activities	<u>(7,769,459)</u>	<u>(3,457,480)</u>
<u>Cash flows from financing activities</u>		
Repayment of principal portion of lease liabilities	(423,335)	(474,363)
Interest expense paid	(59,869)	(38,170)
Net cash flows used in financing activities	<u>(483,204)</u>	<u>(512,533)</u>
Net (decrease) / increase in cash and cash equivalents	(697,276)	971,807
Cash and cash equivalents, beginning balance	54,502,806	53,530,999
Cash and cash equivalents, ending balance (Note 15)	<u>53,805,530</u>	<u>54,502,806</u>

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

SINGAPORE CHILDREN'S SOCIETY

Notes to the Financial Statements 31 December 2021

1. General

The Singapore Children's Society (the "Society") is a society registered in the Republic of Singapore under the Societies Act 1966. It is an Institution of a Public Character ("IPC") under the Charities Act 1994 until 30 June 2025 subject to renewal. The financial statements are presented in Singapore Dollar.

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

The 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 of the Society is located at 210 Middle Road, #05-03 Singapore Pools Building Singapore 188994. The Society is situated in Singapore.

Covid-19 pandemic and the aftermath

Management has not identified any material uncertainties resulting from the Covid-19 pandemic and the aftermath of the pandemic surrounding the Society's business, and accordingly no further disclosures are made in these financial statements.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Financial Reporting Standards ("FRS") and the related interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council.

Accounting convention

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

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2C below, where applicable.

SINGAPORE CHILDREN'S SOCIETY

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies (cont'd)

Revenue and income recognition

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

(i) Donations and sponsorships

Income 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 method.

(iii) Dividend income

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

(iv) Government grant

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

(v) Sale of merchandise

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

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies

Revenue and income recognition (cont'd)

(vi) Rendering of services

Revenue from the rendering of services is recognised when the Society satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs. Services that are not significant transactions revenue is recognised as the services are provided.

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.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the lease liabilities and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Income tax

As an approved charity under the Charities Act 1994, the Society is exempted from income tax under section 13(zm) of the Income Tax Act 1947.

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Building use rights

Building use rights are carried at cost on initial recognition and after initial recognition at cost less accumulated amortisation and any accumulated impairment losses. Expenditure relating to building use rights are recognised when incurred if it is probable that the expected future economic benefits that are attributable to these rights will flow to the entity and the costs can be measured reliably. The building use right is amortised over a period of 72 months.

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

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

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 17 on non-current provisions.

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

Motor Vehicles	- 5 years
Furniture and fittings	- 3 to 5 years
Renovation	- 3 years

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)

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.

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

Leases of lessee and right-of-use assets

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentive received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets, as follows:

Office premises – 3 to 5 years

A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. An interest expense on the recognised lease liability (included in finance costs). Short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard whereby the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

Carrying amounts of non-financial assets

The carrying amount of non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognized in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognized 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.

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

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

Classification and measurement of financial assets:

- #1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- #2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): A debt asset instrument is measured at fair value through other comprehensive income (FVTOCI) only if it meets both of the following conditions and is not designated as at FVTPL, that is (a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets are not reclassified subsequent to their initial recognition, except when, and only when, the Society changes its business model for managing financial assets (expected to be rare and infrequent events). The previously recognised gains, losses, or interest cannot be restated. When these financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

- #3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.
- #4. Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost

Cash and cash equivalents

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

Derivative financial instruments

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

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

2B. Other explanatory information

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

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

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

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.

SINGAPORE CHILDREN'S SOCIETY

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

2B. Other explanatory information (cont'd)

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

The 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 and the 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 currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates

Fair value of financial instruments:

If a financial asset is not traded in an active market or if the quoted price is not readily and regularly available, the fair value is established by using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. This measurement requires significant judgement. The fair value measurement requires the selection among a range of different valuation methodologies, making estimates about expected future cash flows and discount rates. The methods used and carrying amounts are disclosed in Note 12.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the Society to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (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 management team.

All members of the Board and Standing Committees and staff 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 following transactions were entered with the entities who have a director that is also a board member of the Society.

	<u>2021</u>	<u>2020</u>
	\$	\$
Training expense (a)	1,000	-
Purchase of equipment (b)	16,050	-
Purchase of IT services (b)	83,710	74,644
Lease payments and office related charges (b)	<u>223,242</u>	<u>-</u>

(a) Director of the entity providing the training service is a board member of the Society.

(b) The entity and the Society have a common board member.

The members of the Board 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>2021</u>	<u>2020</u>
	\$	\$
Salaries and other short-term employee benefits	2,636,085	2,773,308
Number of key management personnel	<u>22</u>	<u>22</u>

The above amounts are included under employee benefits expenses. Key management personnel comprise the Chief Executive Officer and the direct reporting management team.

4. Donation income

	<u>2021</u>	<u>2020</u>
	\$	\$
Donation income	15,164,431	10,951,632
Donation-in-kind	130,705	27,359
Total	<u>15,295,136</u>	<u>10,978,991</u>

SINGAPORE CHILDREN'S SOCIETY

5. Grant income

	<u>2021</u>	<u>2020</u>
	\$	\$
Government grants ¹	9,609,684	7,817,406
Jobs Support Scheme ²	564,806	2,609,364
Job growth incentive, special employment credit and wage credit	499,980	258,944
Childcare and maternity leave	96,709	111,403
Total	<u>10,771,179</u>	<u>10,797,117</u>

¹ The grants included \$1,587,164 (2020: \$1,714,405) of funding received from Tote Board Social Service Fund.

² The purpose of the Jobs Support Scheme is to provide wage support to employers to help them retain their local employees during this period of economic uncertainty amid Covid-19 for 17 months from March 2020 to July 2021.

6. Other income and gains (and losses)

6A. Other income

	<u>2021</u>	<u>2020</u>
	\$	\$
Interest income:		
– Debt asset instruments	748,317	623,610
– Fixed deposits	244,268	684,109
Dividend income:		
– Equity shares at FVTPL	356,001	158,676
– Equity shares at FVTOCI	128,990	355,814
Others	199,454	156,859
Total	<u>1,677,030</u>	<u>1,979,068</u>

6B. Other gains and losses

	<u>2021</u>	<u>2020</u>
	\$	\$
Fair value gains on financial instruments at FVTPL	1,009,764	527,429
Fair value (losses)/gains on derivatives	(23,292)	37,394
Foreign exchange translation losses	(65,611)	(47,377)
Reclassification adjustments included in surplus for the year on maturity of debt asset instruments at FVTOCI from reserves	–	(15,560)
Losses from disposals of plant and equipment	(9,921)	(1,174)
Others	–	2,629
Total	<u>910,940</u>	<u>503,341</u>

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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 Institution of a Public Character status granted to the Society has been renewed and is now for the period from 1 July 2021 to 30 June 2025.

	<u>2021</u>	<u>2020</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u>9,890,602</u>	<u>9,557,213</u>

8. Total resources expended by nature classification

	<u>2021</u>	<u>2020</u>
	\$	\$
Audit fees and related expenses	67,385	71,699
Amortisation on building use rights (Note 11)	226,835	238,966
Depreciation on property, plant and equipment (Note 10)	475,286	442,571
Depreciation on right-of-use assets (Note 19)	443,876	545,942
Employee benefits expense (Note 9)	15,438,528	14,488,000
Employee training, dental and medical expenses	432,000	223,455
Financial assistance and funding of medical fees	367,192	506,470
Management fees for fund managers	314,920	191,779
Rental expenses	83,435	68,920
Programme related expense	1,383,298	992,078
Others	1,304,390	1,152,735
Total	<u>20,537,145</u>	<u>18,922,615</u>

9. Employee benefits expense

	<u>2021</u>	<u>2020</u>
	\$	\$
Salaries and related costs	13,355,529	12,573,486
Contributions to defined contribution plan	2,082,999	1,914,514
Total employee benefits expense (Note 8)	<u>15,438,528</u>	<u>14,488,000</u>

SINGAPORE CHILDREN'S SOCIETY

10. Plant and equipment

	<u>Motor Vehicles</u> \$	<u>Furniture and Fittings</u> \$	<u>Renovation</u> \$	<u>Total</u> \$
<u>Cost:</u>				
At 1 January 2020	105,906	1,842,838	1,911,671	3,860,415
Additions	-	363,946	237,111	601,057
Disposals	(52,500)	(101,415)	(242,338)	(396,253)
At 31 December 2020	53,406	2,105,369	1,906,444	4,065,219
Additions	-	395,061	162,927	557,988
Disposals	-	(164,659)	(391,996)	(556,655)
At 31 December 2021	53,406	2,335,771	1,677,375	4,066,552
<u>Accumulated depreciation:</u>				
At 1 January 2020	77,423	1,312,687	1,501,970	2,892,080
Depreciation for the year	10,681	199,203	232,687	442,571
Disposals	(52,500)	(101,084)	(241,495)	(395,079)
At 31 December 2020	35,604	1,410,806	1,493,162	2,939,572
Depreciation for the year	10,681	245,484	219,121	475,286
Disposals	-	(146,831)	(391,996)	(538,827)
At 31 December 2021	46,285	1,509,459	1,320,287	2,876,031
<u>Carrying value:</u>				
At 1 January 2020	28,483	530,151	409,701	968,335
At 31 December 2020	17,802	694,563	413,282	1,125,647
At 31 December 2021	7,121	826,312	357,088	1,190,521

The depreciation expense is charged to the Statement of Financial Activities as follows:

	<u>2021</u> \$	<u>2020</u> \$
Administrative expenses	84,544	19,567
Children in care	48,953	55,378
Fund raising expenses	45,819	11,929
Information and corporate communications expenses	1,639	792
Research and advocacy expenses	19,768	22,467
Social work service expenses	274,563	332,438
Total	475,286	442,571

SINGAPORE CHILDREN'S SOCIETY

11. Intangible asset – building use rights

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Cost:</u>		
At beginning of the year	1,433,795	1,433,795
Disposals	<u>(76,831)</u>	<u>-</u>
At end of the year	<u>1,356,964</u>	<u>1,433,795</u>
<u>Accumulated amortisation:</u>		
At beginning of the year	557,586	318,620
Amortisation for the year	<u>226,835</u>	<u>238,966</u>
At end of the year	<u>784,421</u>	<u>557,586</u>
<u>Carrying value:</u>		
At beginning of the year	<u>876,209</u>	<u>1,115,175</u>
At end of the year	<u>572,543</u>	<u>876,209</u>

The amortisation expense is charged to the Statement of Financial Activities as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Research and advocacy expenses	46,931	52,274
Social work service expenses	<u>179,904</u>	<u>186,692</u>
Total	<u>226,835</u>	<u>238,966</u>

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

12. Other financial assets

Presented in the statement of financial position as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
FVTOCI		
– equity investments	5,389,432	9,337,909
Sub-total	<u>5,389,432</u>	<u>9,337,909</u>
FVTPL		
– equity investments	17,403,025	11,034,402
– debt asset instruments	25,251,645	18,083,391
– cash	2,333,730	869,798
– derivatives	<u>67,980</u>	<u>91,272</u>
Sub-total	<u>45,056,380</u>	<u>30,078,863</u>
Total	<u>50,445,812</u>	<u>39,416,772</u>
Less: Current		
FVTOCI	-	(1,425,519)
FVTPL	<u>(45,056,380)</u>	<u>(30,078,863)</u>
Total Non-current	<u>5,389,432</u>	<u>7,912,390</u>

SINGAPORE CHILDREN'S SOCIETY

12. Other financial assets (cont'd)

Total investments managed by independent fund managers amounted to \$45,056,380 (2020: \$30,078,863) and are classified as investments at FVTPL.

12A. Equity investments at FVTOCI

	<u>2021</u>	<u>2020</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	9,337,909	10,771,192
Additions	2,969,746	290,266
Disposals	(8,537,925)	-
Redemption upon maturity of debt security	-	(1,000,000)
Increase/(decrease) in FVTOCI	<u>1,619,702</u>	<u>(723,549)</u>
Fair value at end of the year	<u>5,389,432</u>	<u>9,337,909</u>

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

During 2021, certain equity investments measured at FVTOCI were disposed and fair value reserve of \$3,653,548 was reclassified from other reserves to general fund.

During 2020, certain investments in debt asset instruments measured at FVTOCI were derecognised. The fair value of the investments at the date of derecognition was \$1,000,000, including cumulative loss on maturity of \$15,560 which was reclassified to surplus for the year.

The investments are held by a reputable custodian with acceptable credit ratings.

Disclosures relating to investments at FVTOCI

The information gives a summary of the significant concentrations within the investment portfolio including their fair value hierarchy:

	Level	<u>2021</u>	<u>2020</u>
		\$	\$
<u>Quoted equity securities</u>			
Singapore	1	<u>5,389,432</u>	<u>9,337,909</u>

12B. Investments at FVTPL

	<u>2021</u>	<u>2020</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	30,078,863	24,017,727
Additions*	14,056,656	5,543,690
Fair value (losses)/gains on derivatives	(23,292)	37,394
Foreign exchange translation losses	(65,611)	(47,377)
Increase in FVTPL	<u>1,009,764</u>	<u>527,429</u>
Fair value at end of the year	<u>45,056,380</u>	<u>30,078,863</u>

* Additions include reinvestments made by fund managers.

SINGAPORE CHILDREN'S SOCIETY

12. Other financial assets (cont'd)

12B. Disclosures relating to investments at FVTPL

The information gives a summary of the significant concentrations within the investment portfolio including their fair value hierarchy, where necessary.

	<u>Level</u>	<u>2021</u> \$	<u>2020</u> \$
<u>Quoted equity investments</u>			
Singapore	1	1,703,094	217,952
US	1	9,043,049	7,076,375
Europe	1	4,274,975	1,566,232
Others	1	2,381,937	2,173,843
		<u>17,403,055</u>	<u>11,034,402</u>
<u>Quoted debt asset instruments</u>			
Singapore	1	18,038,571	16,360,471
US	1	400,595	1,722,920
		<u>18,439,166</u>	<u>18,083,391</u>

The quoted debt asset instruments have a maturity expiring date ranging from January 2022 to September 2051 (2020: January 2021 to January 2030). The rate of interest ranges from 1.88% to 5.8% (2020: 2.95% to 5.8%) per annum.

12C. Cash and cash equivalents

	<u>2021</u> \$	<u>2020</u> \$
Singapore dollar	2,071,441	765,140
US dollar	40,132	97,443
Euro	207,494	-
Others	14,663	7,215
	<u>2,333,730</u>	<u>869,798</u>

12D. Derivatives financial instruments

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

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

Forward currency contracts

	<u>Contract Notional</u> <u>Amounts</u> \$	<u>Assets</u> \$	<u>Liabilities</u> \$	<u>Net Assets/</u> <u>(Liabilities)</u> \$
<u>2021:</u>				
Sales	(17,206,674)	90,789	(22,809)	67,980

SINGAPORE CHILDREN'S SOCIETY

12. Other financial assets (cont'd)

12D Derivatives financial instruments (cont'd)

Forward currency contracts (cont'd)

	Contract Notional <u>Amounts</u> \$	<u>Assets</u> \$	<u>Liabilities</u> \$	Net Assets/ <u>(Liabilities)</u> \$
<u>2020:</u>				
Purchases	15,864	-	(143)	(143)
Sales	(9,746,402)	136,868	(45,453)	91,415
		<u>136,868</u>	<u>(45,596)</u>	<u>91,272</u>

The above contracts have maturity dates within one year.

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.

12E. Disclosures relating to credit loss

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

12F. Disclosures relating to price risk

The fair values of quoted investments in corporations are based on prices in an active market at the end of the reporting year. These investments are exposed to market price risk arising from uncertainties on the future values of the investment securities.

	<u>2021</u> \$	<u>2020</u> \$
A hypothetical 10% increase / decrease in the fair value of quoted equity and debt securities at FVTOCI would increase / decrease other comprehensive income by the following amount	538,943	933,791
A hypothetical 10% increase / decrease in the fair value of quoted equity and debt securities at FVTPL would increase / decrease surplus by the following amount	<u>4,265,467</u>	<u>2,911,780</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).

SINGAPORE CHILDREN'S SOCIETY

13. Other receivables

	<u>2021</u>	<u>2020</u>
	\$	\$
Refundable deposits	138,970	244,095
Interest receivables	336,550	366,162
Other receivables:		
– Grants	1,400,035	1,911,951
– Donations and others	<u>1,028,624</u>	<u>538,944</u>
	<u>2,904,179</u>	<u>3,061,152</u>

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

14. Other non-financial assets

	<u>2021</u>	<u>2020</u>
	\$	\$
Prepayments	<u>290,869</u>	<u>128,724</u>

15. Cash and cash equivalents

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash and bank balances	8,543,494	12,094,594
Fixed deposits with financial institutions	<u>45,262,036</u>	<u>42,408,212</u>
	<u>53,805,530</u>	<u>54,502,806</u>
Interest earnings balances	<u>48,822,341</u>	<u>47,990,653</u>

The cash earnings balances earn interest at rates ranging from 0.05% to 0.70% (2020: from 0.15% to 2.49%) per annum. Interest rates reprice at intervals of three to twelve months (2020: three to twelve months).

15A. Non-cash transactions

In 2020, additions to plant and equipment and right-of-use assets amounting to \$91,799 and \$70,445 respectively were provision for reinstatement cost (Note 17).

SINGAPORE CHILDREN'S SOCIETY

16. Fund account transactions and balances (supplementary schedules)

	Unrestricted Funds		Restricted Funds					Total
	General Fund (i)	Other Reserves (ii)	Children's Medical Fund (iii)	Madam Ho Yun Wai Fund (iv)	Professor S. S. Ratnam Memorial Fund (v)	Other Restricted Funds Note 16A		
2021:								
Incoming Resources								
Donation income	15,028,939	-	-	-	-	266,197	15,295,136	
Grants	1,042,054	-	-	-	-	9,729,125	10,771,179	
Other income	1,232,255	-	444,133	-	642	-	1,677,030	
Other gains and losses	1,120,325	-	(208,042)	-	-	(1,343)	910,940	
	18,423,573	-	236,091	-	642	9,993,979	28,654,285	
Resources Expended								
Administrative expenses	(1,722,737)	-	-	-	-	(1,219,449)	(2,942,186)	
Children in care	(168,976)	-	-	-	-	(2,547,553)	(2,716,531)	
Children's medical fund expenses	-	-	(246,938)	-	-	-	(246,938)	
Fund raising expenses	(2,089,692)	-	-	-	-	-	(2,089,692)	
Information and corporate communication expenses	(274,115)	-	-	-	-	-	(274,115)	
Research and advocacy expenses	(969,382)	-	-	-	-	-	(969,382)	
Social work service expenses	(5,743,371)	-	-	-	-	(5,554,930)	(11,298,301)	
	(10,968,275)	-	(246,938)	-	-	(9,321,932)	(20,537,145)	
Surplus / (Deficit) for the year	7,455,298	-	(10,847)	-	642	672,047	8,117,140	
Other comprehensive income	-	1,619,702	-	-	-	-	1,619,702	
Total comprehensive income / (loss)	7,455,298	1,619,702	(10,847)	-	642	672,407	9,736,842	

SINGAPORE CHILDREN'S SOCIETY

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

	Unrestricted Funds		Restricted Funds					Total
	General Fund (i)	Other Reserves (ii)	Children's Medical Fund (iii)	Madam Ho Yun Wai Fund (iv)	Professor S.S. Ratnam Memorial Fund (v)	Other Restricted Funds Note 16A		
2020:								
Incoming Resources								
Donation income	10,819,810	-	-	-	-	159,181	10,978,991	
Grants	2,668,499	-	-	-	-	8,128,618	10,797,117	
Other income	1,428,874	-	547,082	-	3,112	-	1,979,068	
Other gains and losses	415,042	-	81,767	-	-	6,532	503,341	
	15,332,225	-	628,849	-	3,112	8,294,331	24,258,517	
Resources Expended								
Administrative expenses	(1,544,690)	-	-	-	-	(1,090,805)	(2,635,495)	
Children in care	(86,329)	-	-	-	-	(2,388,392)	(2,474,721)	
Children's medical fund expenses	-	-	(213,239)	-	-	-	(213,239)	
Fund raising expenses	(1,781,492)	-	-	-	-	-	(1,781,492)	
Information and corporate communication expenses	(195,370)	-	-	-	-	-	(195,370)	
Research and advocacy expenses	(1,010,884)	-	-	-	-	-	(1,010,884)	
Social work service expenses	(6,317,040)	-	-	-	-	(4,294,374)	(10,611,414)	
	(10,935,805)	-	(213,239)	-	-	(7,773,571)	(18,922,615)	
Surplus for the year	4,396,420	-	415,610	-	3,112	520,760	5,335,902	
Other comprehensive loss	-	(707,989)	-	-	-	-	(707,989)	
Total comprehensive income / (loss)	4,396,420	(707,989)	415,610	-	3,112	520,760	4,627,913	

SINGAPORE CHILDREN'S SOCIETY

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

	Unrestricted Funds		Restricted Funds						Total
	General Fund (i)	Other Reserves (ii)	Children's Medical Fund (iii)	Madam Ho Yun Wai Fund (iv)	S.S. Ratnam Memorial Fund (v)	Other Restricted Funds Note 16A			
2021:									
Non-current assets									
Plant and equipment	797,928	-	-	-	-	392,593		1,190,521	
Right-of-use assets	914,113	-	-	-	-	-		914,113	
Intangible asset – building use rights	572,543	-	-	-	-	-		572,543	
Other financial assets	5,389,432	-	-	-	-	-		5,389,432	
Current assets									
Other financial assets	32,868,180	352,426	11,835,774	-	-	-		45,056,380	
Other receivables	1,444,297	-	118,416	733	323	1,340,410		2,904,179	
Other assets	112,644	-	-	-	-	178,225		290,869	
Interfund balances	-	-	364	-	-	3,997,358		3,997,722	
Cash and cash equivalents	42,299,385	-	9,035,376	534,425	271,488	1,664,856		53,805,530	
Total assets	84,398,522	352,426	20,989,930	535,158	271,811	7,573,442		114,121,189	
Non-current liabilities									
Lease Liabilities	510,209	-	-	-	-	-		510,209	
Other liabilities	434,273	-	-	-	-	91,653		525,926	
Current liabilities									
Trade and other payables	1,550,264	-	21,888	-	-	1,070,072		2,642,224	
Lease Liabilities	445,952	-	-	-	-	-		445,952	
Interfund balances	2,228,876	-	-	35,158	447	1,733,241		3,997,722	
Other liabilities	299,888	-	-	-	-	2,479,860		2,779,748	
Total liabilities	5,469,462	-	21,888	35,158	447	5,374,826		10,901,781	
Net assets / total funds	78,929,060	352,426	20,968,042	500,000	271,364	2,198,616		103,219,508	

SINGAPORE CHILDREN'S SOCIETY

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

	Unrestricted Funds		Restricted Funds					Total
	General Fund (i)	Other Reserves (ii)	Children's Medical Fund (iii)	Madam Ho Yun Wai Fund (iv)	Professor S.S. Ratnam Memorial Fund (v)	Other Restricted Funds Note 16A		
2020:								
Non-current assets								
Plant and equipment	1,048,942	-	-	-	-	76,705	1,125,647	
Right-of-use assets	1,357,989	-	-	-	-	-	1,357,989	
Intangible asset – building use rights	876,209	-	-	-	-	-	876,209	
Other financial assets	7,912,390	-	-	-	-	-	7,912,390	
Current assets								
Other financial assets	17,077,271	2,386,272	12,040,839	-	-	-	31,504,382	
Other receivables	1,969,871	-	10,387	860	88	1,079,946	3,061,152	
Other assets	125,675	-	-	-	-	3,049	128,724	
Interfund balances	-	-	129,016	-	-	2,148,892	2,277,908	
Cash and cash equivalents	43,867,492	-	8,830,024	530,974	271,081	1,003,235	54,502,806	
Total assets	74,235,839	2,386,272	21,010,266	531,834	271,169	4,311,827	102,747,207	
Non-current liabilities								
Lease Liabilities	956,159	-	-	-	-	-	956,159	
Other liabilities	434,273	-	-	-	-	91,653	525,926	
Current liabilities								
Trade and other payables	2,192,658	-	31,377	-	-	786,252	3,010,287	
Lease Liabilities	423,337	-	-	-	-	-	423,337	
Interfund balances	1,283,155	-	-	31,834	447	962,472	2,277,908	
Other liabilities	488,012	-	-	-	-	1,582,912	2,070,924	
Total liabilities	5,777,594	-	31,377	31,834	447	3,423,289	9,264,541	
Net assets / total funds	68,458,245	2,386,272	20,978,889	500,000	270,722	888,538	93,482,666	

SINGAPORE CHILDREN'S SOCIETY

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

16A. Other Restricted Funds

Other Restricted Funds -- Funded Programmes

	Appropriate Adult Scheme for Young Suspect (vi)	ComCare Fund (vii)	Family Service Centre - Yishun (viii)	Integrated Service Provider (ix)	KidSTART (x)	Pre-FGO (xi)	Safe and Strong Families - Reunification (Team) (xii)	Shared Gifting Circle for Children and Youth Mental Health (xiii)	Sunbeam Place (xiv)	Triple P (xv)	Yellow Brick Road (xvi)	The Straits Times School Pocket Money Fund (xviii)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2021:													
Incoming Resources	-	-	6,195	641	-	-	1,495	-	257,138	-	728	-	266,197
Donation income	798,931	-	3,876,977	623,700	880,567	789,481	522,467	45,642	1,540,682	7,054	508,969	134,655	9,729,125
Grants	-	-	(1,348)	-	-	-	-	-	5	-	-	-	(1,343)
Other gains or losses	789,931	-	3,881,824	624,341	880,567	789,481	523,962	45,642	1,797,825	7,054	509,697	134,655	9,993,979
Resources Expended													
Administrative expenses	(99,011)	-	(419,695)	(76,236)	(67,085)	(87,221)	(61,704)	(3,222)	(311,094)	(3,488)	(90,693)	-	(1,219,449)
Children in care	-	-	-	-	-	-	(422,790)	-	(2,124,763)	-	-	-	(2,547,553)
Social work service expenses	(678,416)	-	(2,494,808)	(522,363)	(459,657)	(597,631)	-	(22,075)	-	(23,901)	(621,424)	(134,655)	(5,554,930)
	(777,427)	-	(2,914,503)	(598,599)	(526,742)	(684,852)	(484,494)	(25,297)	(2,435,657)	(27,389)	(712,117)	(134,655)	(9,321,932)
Surplus / (deficit) for the year	21,504	-	967,321	25,742	353,825	104,629	39,468	20,345	(638,032)	(20,335)	(202,420)	-	672,047

SINGAPORE CHILDREN'S SOCIETY

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

16A. Other Restricted Funds

	Appropriate Adult Scheme for Young Suspect (vi)	ComCare Fund (vii)	Family Service Centre – Yishun (viii)	Integrated Service Provider (ix)	KidSTART (x)	Pre-FGO (xi)	Safe and Strong Families – Reunification (Team) (xii)	Shared Gifting Circle for Children and Youth Mental Health (xiii)	Sunbeam Place (xiv)	Triple P (xv)	Yellow Brick Road (xvi)	The Straits Times School Pocket Money Fund (xviii)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2020:													
Incoming Resources													
Donation income	751,412	4,000	3,092,147	668,162	143,552	441,086	2,454	38,837	1,845,041	5,119	410,726	185,305	8,128,618
Grants			6,223						309				6,532
Other gains or losses	751,412	4,000	3,132,138	668,442	143,552	441,086	545,685	38,837	1,968,029	5,119	410,726	185,305	8,294,331
Resources Expended													
Administrative expenses	(93,014)		(399,157)	(91,689)	(5,028)	(45,136)	(59,275)	(4,240)	(319,476)	(2,782)	(71,008)		(1,090,805)
Children in care							(375,216)		(2,013,176)				(2,388,392)
Social work service expenses	(588,793)		(2,128,376)	(580,403)	(31,831)	(285,719)		(26,846)		(17,608)	(449,493)	(185,305)	(4,294,374)
	(681,807)		(2,527,533)	(672,092)	(36,859)	(330,855)	(434,491)	(31,086)	(2,332,652)	(20,390)	(520,501)	(185,305)	(7,773,571)
Surplus / (deficit) for the year	69,605	4,000	604,605	(3,650)	106,693	110,231	111,194	7,751	(364,623)	(15,271)	(109,775)		520,760

SINGAPORE CHILDREN'S SOCIETY

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

16A. Other Restricted Funds (cont'd)

		Other Restricted Funds – Funded Programmes												
		Appropriate Adult Scheme for Young Suspect (vi)	ComCare Fund (vii)	Family Service Centre – Yishun (viii)	Integrated Service Provider (ix)	KidSTARTI (x)	Pre-FGO (xi)	Safe and Strong Families – Reunification (Team) (xii)	Shared Gifting Circle for Children and Youth Mental Health (xiii)	Sunbeam Place (xiv)	Triple P (xv)	Yellow Brick Road (xvi)	The Straits Times School Pocket Money Fund (xviii)	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2021:														
Non-current assets														
Plant and equipment		-	-	336,298	-	-	-	170	-	56,125	-	-	-	392,593
Current assets														
Other receivables		902,644	-	385,723	-	-	-	10,903	-	41,082	-	58	-	1,340,410
Other non-financial assets		-	-	5,127	-	-	-	2,464	-	142,614	-	28,020	-	178,225
Interfund balances		-	-	1,966,074	-	865,244	453,000	75,009	-	638,031	-	-	-	3,997,359
Cash and cash equivalents		-	14,000	434	-	-	-	500	-	12,077	-	1,480,350	157,495	1,664,856
Total assets		902,644	14,000	2,693,656	-	865,244	453,000	89,046	-	889,929	-	1,508,428	157,495	7,573,442
Non-current liabilities														
Other non-financial liabilities		-	-	91,653	-	-	-	-	-	-	-	-	-	91,653
Current liabilities														
Trade and other payables		111,173	-	438,728	37,534	51,692	48,581	56,766	7,815	290,850	4,195	22,738	-	1,070,072
Interfund balances		695,362	-	-	311,035	-	-	-	23,742	336,218	31,410	335,474	-	1,733,241
Other non-financial liabilities		5,000	-	-	30,734	353,034	189,559	153	674	262,860	-	1,480,351	157,495	2,479,860
Total liabilities		811,535	-	530,381	379,303	404,726	238,140	56,918	32,231	889,929	35,605	1,838,563	157,495	5,374,826
Net assets		91,109	14,000	2,163,275	(379,309)	460,518	214,860	32,128	(32,231)	-	(35,605)	(330,135)	-	2,198,616

SINGAPORE CHILDREN'S SOCIETY

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

16A. Other Restricted Funds (cont'd)

		Other Restricted Funds – Funded Programmes												
		Appropriate Adult Scheme for Young Suspect (vi)	ComCare Fund (vii)	Family Service Centre – Yishun (viii)	Integrated Service Provider (ix)	KidSTART (x)	Pre-EGO (xi)	Safe and Strong Families – Reunification (Team) (xii)	Shared Gifting Circle for Children and Youth Mental Health (xiii)	Sunbeam Place (xiv)	Triple P (xv)	Yellow Brick Road (xvi)	The Straits Times School Pocket Money Fund (xviii)	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2020:														
Non-current assets														
Plant and equipment	-	-	23,428	-	-	-	1,189	-	-	52,088	-	-	-	76,705
Current assets														
Other receivables	510,622	-	203,199	59,977	-	176,251	19,250	-	-	110,647	-	-	-	1,079,946
Other non-financial assets	-	-	126	-	-	-	-	-	-	2,923	-	-	-	3,049
Interfund balances	-	-	1,409,552	-	321,364	18,548	34,805	-	-	364,623	-	-	-	2,148,882
Cash and cash equivalents	-	14,000	3,468	-	-	-	1,000	-	-	8,987	-	877,050	98,730	1,003,235
Total assets	510,622	14,000	1,639,773	59,977	321,364	194,799	56,244	-	-	539,268	-	877,050	98,730	4,311,827
Non-current liabilities														
Other non-financial liabilities	-	-	91,653	-	-	-	-	-	-	-	-	-	-	91,653
Current liabilities														
Trade and other payables	74,404	-	307,101	44,323	-	33,093	54,077	-	-	269,868	3,386	-	-	786,252
Interfund balances	366,613	-	-	359,230	-	-	-	7,346	78,299	11,885	127,714	11,385	11,385	962,472
Other non-financial liabilities	-	-	45,064	61,468	214,671	51,475	9,509	45,229	191,101	-	877,050	87,345	87,345	1,582,912
Total liabilities	441,017	-	443,818	465,021	214,671	84,568	63,586	52,575	539,268	15,271	1,004,764	98,730	98,730	3,423,289
Net assets	69,605	14,000	1,195,955	(405,044)	106,693	110,231	(7,342)	(52,575)	-	(15,271)	(127,714)	-	-	888,538

SINGAPORE CHILDREN'S SOCIETY

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

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

- (i) General Fund – this represents cumulative surpluses available for general use for the furtherance of the Society's objectives.
- (ii) Other reserves – this represents the cumulative fair value movements for equity instruments (item that cannot be recycled to profit or loss) and debt instruments investment assets (item that may be reclassified to profit or loss) under the General Fund.
- (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) 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.
- (v) Professor S.S.Ratnam Memorial Fund – the objective of this fund is to support education of children.
- (vi) Appropriate Adult Scheme for Young Suspect – the programme aims to support young suspects below the age of 16 who have been called in for police interviews by providing an appropriate adult, who is a neutral party to be present during the interview, to assist and provide emotional support to the young suspect. The funds received for this programme are restricted for the operations of this programme only.
- (vii) 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.
- (viii) 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.
- (ix) Integrated Service Provider – Children's Society is one of the agencies appointed by Ministry of Social and Family Development ("MSF") to run a suite of programmes for at-risk youths and young offenders below 21 years of age. The funds received for these programmes are restricted for the operations of these programmes only.
- (x) KidSTART – Children's Society is one of the agencies appointed by Early Childhood Development Agency ("EDCA"). This programme is to enable children, aged 0–6 years, from low-income families, to have a good start in life, by providing them and their parents with upstream and holistic support. The funds received for this programme are restricted for the operations of this programme only.

SINGAPORE CHILDREN'S SOCIETY

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

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

- (xi) Pre-FGO – the programme requires Children's Society to work closely with MSF in all other matters relevant to the guidance of families in their parenting, improving of parent-child relationships, as well as the care, protection and rehabilitation for Children and Young Persons ("CYPs") presenting at-risk behaviours. The funds received for this programme are restricted for the operations of this programme only.
- (xii) 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.
- (xiii) Shared Gifting Circle for Children and Youth Mental Health – this programme seeks to identify youths with mental health concerns. Early intervention, either by way of in-house programmes, counselling or referral to external domain experts will be given to support the youths in need. The funds received for this programme are restricted for the operations of this programme only.
- (xiv) Sunbeam Place – this is a residential home for children in care. In 2021, Sunbeam Place incurred a deficit of \$638,032 (2020: \$364,623). These deficits are fully funded by transfers from the general fund. As of 31 Dec 2021, the transfers to Sunbeam Place from 2006 – 2021 to cover its accumulated deficits totaled \$5,089,195 (2020: \$4,451,163). The funds received for this centre are restricted for the operations of this centre only.
- (xv) Triple P – this programme is an evidence-based parenting and family support program designed to prevent and treat behavioural and emotional problems in children and teenagers. Triple P equips parents/caregivers with simple and practical strategies to help them build strong, healthy relationships, confidently manage their children's behaviour and prevent problems from developing. Triple P is identified as an intervention to supplement the existing programmes in ISPs, namely Triage, Guidance Programme ("GP"), Streetwise Programme ("SWP")/Enhanced Streetwise Programme ("ESWP") and Youth Enhanced Supervision Scheme ("YES"). The funds received for this programme are restricted for the operations of this programme only.
- (xvi) Yellow Brick Road – this programme supports children who have been affected by parental incarceration and aim to nurture the children's cognitive, social and emotional well-being by providing tuition, group work, family bonding activities, casework, parenting workshop and counselling. The funds received for this programme are restricted for the operations of this programme only.
- (xvii) 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 non-financial liabilities, non-current

	<u>2021</u>	<u>2020</u>
	\$	\$
Provision for restoration costs:		
Balance at beginning of the year	525,926	434,598
Additions for the year	-	162,244
Utilised during the year	-	(70,916)
Balance at end of the year	<u>525,926</u>	<u>525,926</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>2021</u>	<u>2020</u>
	\$	\$
Accrued liabilities	2,310,254	2,767,988
Other payables	331,970	242,299
	<u>2,642,224</u>	<u>3,010,287</u>

19. Right-of-use assets and lease liabilities

The Society has lease contracts for offices. The lease contracts are usually for fixed periods of 3 to 5 years but may have extension options. Lease terms contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Other information about the leasing activities relating to the right-of-use assets are summarised as follows: the leases prohibit the lessees from selling or pledging the underlying leased assets as security unless permitted by the owner; the remaining terms range from 3 to 5 years; there are no variable payments linked to an index; and there are options to extend the leases for further terms

19A Right-of-use assets

	<u>Offices</u>
	\$
<u>Cost:</u>	
At 1 January 2020	1,184,633
Additions	1,281,408
Disposals	(823,057)
At 31 December 2020 and 31 December 2021	<u>1,642,984</u>
<u>Accumulated depreciation:</u>	
At 1 January 2020	562,110
Depreciation	545,942
Disposals	(823,057)
At 31 December 2020	<u>284,995</u>
Depreciation	443,876
At 31 December 2021	<u>728,871</u>

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19. Right-of-use assets and lease liabilities (cont'd)

19A Right-of-use assets (cont'd)

	<u>Offices</u>
	\$
<u>Carrying value:</u>	
At 1 January 2020	622,523
At 31 December 2020	<u>1,357,989</u>
At 31 December 2021	<u>914,113</u>

The depreciation expense is charged to the Statement of Financial Activities as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Administrative expenses	211,804	272,240
Fund raising expenses	141,202	181,489
Research and advocacy expenses	23,630	47,053
Social work service expenses	67,240	45,160
Total	<u>443,876</u>	<u>545,942</u>

19B Lease liabilities

	<u>2021</u>	<u>2020</u>
	\$	\$
Lease liabilities, current	445,952	423,337
Lease liabilities, non-current	510,209	956,159
	<u>956,161</u>	<u>1,379,496</u>

	<u>2021</u>	<u>2020</u>
	\$	\$
At 1 January 2020	1,379,496	642,896
Additions	-	1,210,963
Accretion of interest	59,869	38,170
Lease payments - principal	(423,335)	(474,363)
Lease payments - interest	(59,869)	(38,170)
At 31 December 2021	<u>956,161</u>	<u>1,379,496</u>

A summary of the maturity analysis of lease liabilities is disclosed in Note 22E.

The weighted average incremental borrowing rate applied to lease liabilities recognised was 5% (2020: 5%) per annum.

The total for lease liabilities and the average effective borrowing rate per year is disclosed above. The fair value (Level 2) is a reasonable approximation of the carrying amount.

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19. Right-of-use assets and lease liabilities (cont'd)

19C Apart from the disclosures made in other Notes to the financial statements, amounts relating to leases include the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
Expense relating to short-term leases	<u>83,435</u>	<u>68,920</u>

20. Other non-financial liabilities, current

	<u>2021</u>	<u>2020</u>
	\$	\$
Deferred capital grant (a)	9,116	1,070
Government grant unamortised (b)	-	326,591
Other liabilities (c)	<u>2,770,632</u>	<u>1,743,263</u>
	<u>2,779,748</u>	<u>2,070,924</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) and grant from National Council of Social Service for IT-related costs.

	<u>2021</u>	<u>2020</u>
	\$	\$
Balance at beginning of the year	1,070	2,413
Additions for the year	16,671	-
Utilised during the year	<u>(8,625)</u>	<u>(1,343)</u>
Balance at end of the year	<u>9,116</u>	<u>1,070</u>

b) The government grant unamortised in 2020 relates to the estimated payout under the Jobs Support Scheme until March 2021. The income is recognised over the period where related salary costs are incurred in 2021.

c) Included in other liabilities is an unutilised fund received in advance of \$1,480,350 (2020: \$877,050) which was relating to the Yellow Brick Road programme (Note 16B (xvii)).

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21. Reserve policy

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

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

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

The Society is not subject to externally imposed capital requirements.

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

22. Financial instruments: information on financial risks

22A. Categories of financial assets and liabilities

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

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Financial assets:</u>		
Financial assets at amortised cost	56,709,709	57,563,958
Financial assets at FVTPL	45,056,380	30,078,863
Financial assets at FVTOCI	5,389,432	9,337,909
At end of the year	<u>107,155,521</u>	<u>96,980,730</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	3,598,385	4,389,783
At end of the year	<u>3,598,385</u>	<u>4,389,783</u>

Further quantitative disclosures are included throughout these financial statements.

22B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Society'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. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff under the guidance of the Investment Committee. All financial risk management activities are carried out following acceptable market practices.

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.

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

22B. Financial risk management (cont'd)

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

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

The Investment Committee meets regularly to assess and review the risks as well as performance of the investments (see Note 12).

22C. Fair values of financial instruments

The analysis 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.

22D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings.

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

22E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2020: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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

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

22E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

	Less than <u>1 year</u> \$	<u>1 – 3 years</u> \$	<u>Total</u> \$
Non-derivative financial liabilities:			
<u>2021:</u>			
Gross lease liabilities	483,204	525,514	1,008,718
Trade and other payables	<u>2,642,224</u>	-	<u>2,642,224</u>
At end of the year	<u>3,125,428</u>	<u>525,214</u>	<u>3,650,942</u>
	Less than <u>1 year</u> \$	<u>1 – 3 years</u> \$	<u>Total</u> \$
Non-derivative financial liabilities:			
<u>2020:</u>			
Gross lease liabilities	483,204	1,008,718	1,491,922
Trade and other payables	<u>3,010,287</u>	-	<u>3,010,287</u>
At end of the year	<u>3,493,491</u>	<u>1,008,718</u>	<u>4,502,209</u>

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

22F. Interest rate risk

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

	<u>2021</u> \$	<u>2020</u> \$
Financial assets:		
Fixed rates (a)	70,513,681	60,491,603
Floating rates (b)	<u>3,560,305</u>	<u>5,582,441</u>
Total at end of the year	<u>74,073,986</u>	<u>66,074,044</u>
Financial liabilities:		
Fixed rates	<u>956,161</u>	<u>1,379,496</u>
Total at end of the year	<u>956,161</u>	<u>1,379,496</u>

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

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

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

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

22G. Foreign currency risk

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

Analysis of major amounts denominated in non-functional currencies:

	<u>US Dollar</u>	<u>Euro Dollar</u>	<u>Total</u>
	\$	\$	\$
<u>2021:</u>			
<u>Financial assets:</u>			
Financial assets at FVTPL	17,274,618	2,044,999	19,319,617
<u>Financial liabilities:</u>			
Foreign currency contracts	<u>(14,026,846)</u>	<u>(1,252,661)</u>	<u>(15,279,507)</u>
Net financial assets	<u>3,247,772</u>	<u>792,338</u>	<u>4,040,110</u>
<u>2020:</u>			
<u>Financial assets:</u>			
Financial assets at FVTPL	8,896,732	1,566,232	10,462,964
<u>Financial liabilities:</u>			
Foreign currency contracts	<u>(7,373,962)</u>	<u>(1,043,956)</u>	<u>(8,417,918)</u>
Net financial assets	<u>1,522,773</u>	<u>522,276</u>	<u>2,054,049</u>

Sensitivity analysis:

	<u>2021</u>	<u>2020</u>
	\$	\$
A hypothetical 10% increase in the exchange rate of the functional currency S\$ against US Dollars would have an adverse effect on fair value	(324,777)	(152,277)
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>(79,234)</u>	<u>(52,228)</u>

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

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

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23. Changes and adoption of financial reporting standards

For the current reporting year certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. None of these are applicable to the reporting entity for the current reporting year.

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

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the Society for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 16	Amendments to Property, Plant and Equipment: Proceeds before Intended Use	1 Jan 2022
FRS 37	Amendments to FRS 37 Onerous Contracts – Costs of Fulfilling a Contract	1 Jan 2022
FRS 109	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 Jan 2022
FRS 116	Amendments to FRS 116 Covid-19 Related Rent Concessions	1 Jan 2022
Various	Annual Improvements to FRS 2018-2021	1 Jan 2022
FRS 1	Amendments to FRS 1 Classification of Liabilities as Current or Non-current	1 Jan 2023
FRS 8	Amendments to FRS 8 Definition of Accounting Estimates	1 Jan 2023
Various	Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of accounting policies	1 Jan 2023