

SINGAPORE CHILDREN'S SOCIETY

(UEN No: S62SS0057G)

Statement by the Executive Committee and Financial Statements

Year Ended 31 December 2019

RSM Chio Lim LLP

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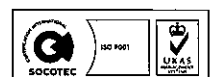
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SINGAPORE CHILDREN'S SOCIETY

Statement by the Executive Committee and Financial Statements

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SINGAPORE CHILDREN'S SOCIETY

Statement by the Executive Committee

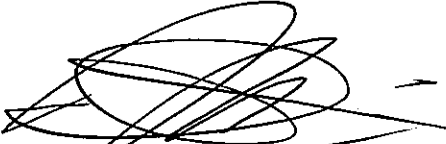
In the opinion of the Executive Committee, the accompanying financial statements are drawn up in accordance with the Societies Act, Chapter 311 (the "Societies Act") and the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations), and Financial Reporting Standards in Singapore (FRSs), so as to present fairly, in all material respects, the state of affairs of Singapore Children's Society (the "Society") as at 31 December 2019 and the results, changes in funds and cash flows of the Society for the reporting year ended.

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

On Behalf of the Executive Committee,



.....
Koh Choon Hui
Chairman



.....
Theresa Sim May Ling
Honorary Treasurer

31 March 2020





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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Singapore Children's Society (the "Society"), which comprise the statement of financial position as at 31 December 2019, and the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the Act), the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2019 and the results, changes in funds and cash flows of the Society for the year ended on that date.

Basis for opinion

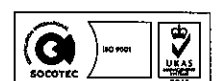
We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the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

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by the executive committee and annual report but does not include the financial statements and our auditor's report thereon.

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

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



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

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Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

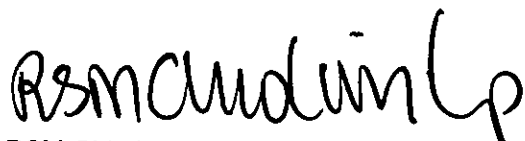
In our opinion:

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

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

- (a) the Society has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Society has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

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



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2020
Effective from reporting year ended 31 December 2015

SINGAPORE CHILDREN'S SOCIETY

Statement of Financial Activities Year Ended 31 December 2019

	<u>Notes</u>	<u>2019</u> \$	<u>2018</u> \$
Incoming Resources:			
Donation income	4	10,662,036	10,794,396
Grant income	5	6,668,031	5,369,791
Other income	6A	2,490,982	2,195,532
Other gains and losses	6B	1,578,786	(1,359,352)
Total incoming resources		<u>21,399,835</u>	<u>17,000,367</u>
Resources Expended:			
Administrative expenses		2,629,128	2,224,722
Children in care		2,689,160	2,595,208
Children's medical fund expenses		1,255,244	405,511
Fund raising expenses		2,355,961	2,047,272
Information and corporate communications expenses		235,683	217,423
Research and advocacy expenses		1,028,521	978,683
Social work service expenses		9,767,797	8,712,875
Total resources expended	8	<u>19,961,494</u>	<u>17,181,694</u>
Surplus/(deficit) for the year		<u>1,438,341</u>	<u>(181,327)</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Fair value changes on equity instruments at FVTOCI		712,465	(802,479)
Items that may be reclassified subsequently to profit or loss:			
Fair value changes on debt instruments at FVTOCI, net of tax		(7,870)	(32,170)
Other comprehensive income	16	<u>704,595</u>	<u>(834,649)</u>
Total comprehensive income		<u>2,142,936</u>	<u>(1,015,976)</u>
Surplus for the year is attributable as follows:			
Unrestricted funds:			
- General Fund	16	2,546,514	692,764
Restricted funds:			
- Children's Medical Fund	16	(286,062)	(198,503)
- Madam Ho Yun Wai Fund	16	-	-
- Professor S.S. Ratnam Memorial Fund	16	5,037	3,936
- Other Restricted Funds	16	(827,148)	(679,524)
		<u>1,438,341</u>	<u>(181,327)</u>
- Other reserves	16	<u>704,595</u>	<u>(834,649)</u>
		<u>2,142,936</u>	<u>(1,015,976)</u>

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

SINGAPORE CHILDREN'S SOCIETY

Statement of Financial Position As at 31 December 2019

	<u>Notes</u>	<u>2019</u> \$	<u>2018</u> \$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	10	968,335	825,097
Right of use – leased asset	19	622,523	–
Intangible asset – building use rights	11	1,115,175	1,354,140
Financial assets - FVTOCI	12	<u>8,181,582</u>	<u>8,775,885</u>
Total non-current assets		<u>10,887,615</u>	<u>10,955,122</u>
<u>Current assets</u>			
Financial assets – FVTOCI	12	2,589,610	1,334,961
Financial assets – FVTPL	12	24,017,727	26,727,769
Other receivables	13	2,581,446	1,747,521
Other assets	14	162,821	53,000
Cash and cash equivalents	15	<u>53,530,999</u>	<u>48,056,866</u>
Total current assets		<u>82,882,603</u>	<u>77,920,117</u>
Total assets		<u>93,770,218</u>	<u>88,875,239</u>
FUNDS AND LIABILITIES			
<u>Unrestricted fund</u>			
General Fund	16	64,426,448	62,798,863
Other Reserves	16	<u>3,094,261</u>	<u>2,342,852</u>
Total unrestricted fund		<u>67,520,709</u>	<u>65,141,715</u>
<u>Restricted funds</u>			
Children's Medical Fund	16	20,563,279	20,849,341
Madam Ho Yun Wai Fund	16	500,000	500,000
Professor S.S. Ratnam Memorial Fund	16	267,610	262,573
Other Restricted Funds	16	<u>3,155</u>	<u>(41,812)</u>
Total restricted fund		<u>21,334,044</u>	<u>21,570,102</u>
Total funds		<u>88,854,753</u>	<u>86,711,817</u>
<u>Non-current liabilities</u>			
Lease liabilities	19	171,881	–
Other liabilities	17	<u>434,598</u>	<u>488,996</u>
Total non-current liabilities		<u>606,479</u>	<u>488,996</u>
<u>Current liabilities</u>			
Trade and other payables	18	2,489,819	1,497,822
Lease liabilities	19	471,015	–
Other liabilities	20	<u>1,348,152</u>	<u>176,604</u>
Total current liabilities		<u>4,308,986</u>	<u>1,674,426</u>
Total liabilities		<u>4,915,465</u>	<u>2,163,422</u>
Total funds and liabilities		<u>93,770,218</u>	<u>88,875,239</u>

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

SINGAPORE CHILDREN'S SOCIETY

Statement of Changes in Funds Year Ended 31 December 2019

	Restricted 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 2019	62,798,863	2,342,852	20,849,341	500,000	262,573	(41,812)	86,711,817
Movements in funds:							
Total comprehensive income (Note 16)	2,546,514	704,595	(286,062)	-	5,037	(827,148)	2,142,936
Transfer from Children's Society's General Funds	(872,115)	-	-	-	-	872,115	-
Transferred from equity instrument at FVTOCI reserve (Note 12A)	(46,814)	46,814	-	-	-	-	-
	<u>1,627,585</u>	<u>751,409</u>	<u>(286,062)</u>	<u>-</u>	<u>5,037</u>	<u>44,967</u>	<u>2,142,936</u>
Closing balance at 31 December 2019	<u>64,426,448</u>	<u>3,094,261</u>	<u>20,563,279</u>	<u>500,000</u>	<u>267,610</u>	<u>3,155</u>	<u>88,854,753</u>
Previous year:							
Opening balance at 1 January 2018	62,684,202	3,242,089	21,047,844	500,000	258,637	(4,979)	87,727,793
Movements in funds:							
Total comprehensive income (Note 16)	692,764	(834,649)	(198,503)	-	3,936	(679,524)	(1,015,976)
Transfer from Children's Society's General Funds	(642,691)	-	-	-	-	642,691	-
Transferred from equity instrument at FVTOCI reserve	64,588	(64,588)	-	-	-	-	-
	<u>114,661</u>	<u>(899,237)</u>	<u>(198,503)</u>	<u>-</u>	<u>3,936</u>	<u>(36,833)</u>	<u>(1,015,976)</u>
Closing balance at 31 December 2018	<u>62,798,863</u>	<u>2,342,852</u>	<u>20,849,341</u>	<u>500,000</u>	<u>262,573</u>	<u>(41,812)</u>	<u>86,711,817</u>

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

SINGAPORE CHILDREN'S SOCIETY

Statement of Cash Flows Year Ended 31 December 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
<u>Cash flows from operating activities</u>		
Surplus/(deficit) for the year	1,438,341	(181,327)
Adjustments for:		
Depreciation and amortisation	1,152,979	511,042
Dividend income	(692,485)	(699,100)
Interest income	(1,649,484)	(1,351,076)
Interest expense	45,694	-
Loss on disposal of plant and equipment	19,603	1,539
Foreign exchange translation (gains)/losses	(20,519)	93,335
(Gains)/loss on fair value changes of investments at FVTPL	(1,551,829)	1,264,478
Management fees for fund managers	206,163	203,711
Operating deficit before changes in working capital	(1,051,537)	(157,398)
Other receivables	(691,639)	141,364
Other assets	(109,821)	32,721
Other liabilities	1,117,151	(26,585)
Trade and other payables	991,996	274,390
Net cash flows from operating activities	256,150	264,492
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment (Note 10)	(514,745)	(493,630)
Proceeds from maturity of financial assets	4,850,822	-
Increase in building use rights	-	(238,965)
Interest received	938,083	683,428
Dividend received	395,000	472,558
Proceeds from disposal of investments at FVTOCI	178,335	533,232
Purchase of other financial assets	(42,080)	-
Net cash flows from investing activities	5,805,415	956,623
<u>Cash flows from financing activities</u>		
Leases liabilities – Lease payments made	(587,432)	-
Net cash flows used in financing activities	(587,432)	-
Net increase in cash and cash equivalents	5,474,133	1,221,115
Cash and cash equivalents, beginning balance	48,056,866	46,835,751
Cash and cash equivalents, ending balance (Note 15)	53,530,999	48,056,866

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

SINGAPORE CHILDREN'S SOCIETY

Notes to the Financial Statements 31 December 2019

1. General

The Singapore Children's Society (the "Society") is a society registered in the Republic of Singapore under the Societies Act, Cap. 311. It was granted the status of an Institutions of a Public Character (IPC Registration No. IPC000756) under the Charities Act, Chapter 37 until 30 June 2021 subject to renewal. The financial statements are presented in Singapore dollars.

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

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

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

Statement of compliance with financial reporting standards

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

Accounting convention

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

Basis of preparation of the financial statements

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

SINGAPORE CHILDREN'S SOCIETY

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

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

(i) Donations and sponsorships

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.

(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. The grant related to assets is deducted in calculating the carrying amount of the asset and therefore the grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(v) Sale of 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 (cont'd)

Gifts in kind

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

Employee benefits

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

Income tax

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

Foreign currency transactions

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

Building use rights

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

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

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

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

Leases

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
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SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Leases (cont'd)

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. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and 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.

Impairment of non-financial assets

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

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. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

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

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.

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

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.

2B. Other explanatory information

Provisions

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

SINGAPORE CHILDREN'S SOCIETY

2. 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.

Leases – estimating the incremental borrowing rate

The Society cannot readily determine the interest rate implicit in the leases, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Society would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Society 'would have to pay' which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the leases. The Society estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of right-of-use assets

Significant judgement is applied by management when determining impairment of the right-of-use asset. Impairment is assessed for leased premises that have been or will be vacated in the near future. The impairment is sensitive to changes in estimated future expected sub-lease income and sub-lease period. Judgement is also involved when determining whether sub-lease contracts are financial or operational, as well as when determining lease term for contracts that has extension or termination options. The amount at the end of the reporting year was \$622,523.

SINGAPORE CHILDREN'S SOCIETY

3. Related party relationships and transactions

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

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

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

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

3A. Key management compensation:

	<u>2019</u>	<u>2018</u>
	\$	\$
Salaries and other short-term employee benefits	2,439,701	2,529,356
Number of key management personnel	<u>21</u>	<u>20</u>

The above amounts are included under employee benefits expense.

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

SINGAPORE CHILDREN'S SOCIETY

4. Donation income

	<u>2019</u>	<u>2018</u>
	\$	\$
Donation income	10,414,059	10,688,926
Donations-in-kind	247,977	105,470
Total	<u>10,662,036</u>	<u>10,794,396</u>

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

There are no fund-raising appeals with gross receipt of more than \$1 million in 2019.

5. Grants income

	<u>2019</u>	<u>2018</u>
	\$	\$
Government grants	6,598,419	4,850,759
Special employment and wage credit	18,947	449,073
Childcare and maternity leave	50,665	69,959
Total	<u>6,668,031</u>	<u>5,369,791</u>

6. Other income and gains (and losses)

6A. Other income

	<u>2019</u>	<u>2018</u>
	\$	\$
Interest income:		
– Debt asset instruments	771,500	699,104
– Fixed deposits	877,984	651,972
Dividend income:		
– Equity shares at FVTPL	205,479	190,883
– Equity shares at FVTOCI	487,006	508,217
Others	149,013	145,356
	<u>2,490,982</u>	<u>2,195,532</u>

6B. Other gains and losses

	<u>2019</u>	<u>2018</u>
	\$	\$
Fair value gains/ (losses) on financial instruments at FVTPL	1,551,907	(1,264,478)
Fair value losses on derivatives	(30,305)	(70,807)
Foreign exchange translation gains/(losses)	50,824	(22,528)
Losses from disposals of plant and equipment	(19,603)	(1,539)
Others	25,963	–
	<u>1,578,786</u>	<u>(1,359,352)</u>

SINGAPORE CHILDREN'S SOCIETY

7. Tax exempt receipts

The Society enjoys a concessionary tax treatment whereby qualifying donors are granted tax deduction for the donations made to the funds of the Society. The quantum of the tax deduction for each calendar year may vary as announced in the Singapore Budget. The Institutions of a Public Character status granted to the Society for donations is for the period from 1 July 2018 to 30 June 2021.

	<u>2019</u>	<u>2018</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u>9,085,030</u>	<u>9,427,386</u>

8. Total resources expended by natural classification

	<u>2019</u>	<u>2018</u>
	\$	\$
Audit fees and related expenses	64,362	56,085
Amortisation on building use rights (Note 11)	238,965	79,655
Depreciation on property, plant and equipment (Note 10)	351,904	431,387
Depreciation on right of use – leased asset (Note 19)	562,110	–
Employee benefits expense (Note 9)	13,515,704	12,344,726
Employee training, dental and medical expenses	487,875	285,463
Financial assistance and funding of medical fees	1,429,103	485,096
Management fees	206,163	203,711
Operating lease expenses (Note 19)	49,451	605,438
Programme related expense	1,749,360	1,629,581
Others	<u>1,306,497</u>	<u>1,060,552</u>
	<u>19,961,494</u>	<u>17,181,694</u>

9. Employee benefits expense

	<u>2019</u>	<u>2018</u>
	\$	\$
Salaries and related costs	11,695,962	10,688,893
Contributions to defined contribution plan	<u>1,819,742</u>	<u>1,655,833</u>
Total employee benefits expense (Note 8)	<u>13,515,704</u>	<u>12,344,726</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 2018	105,906	1,620,255	1,851,463	3,577,624
Additions	-	263,878	397,263	661,141
Disposals	-	(58,235)	-	(58,235)
At 31 December 2018	105,906	1,825,898	2,248,726	4,180,530
Additions	-	284,413	230,332	514,745
Disposals	-	(267,473)	(567,387)	(834,860)
At 31 December 2019	105,906	1,842,838	1,911,671	3,860,415
<u>Accumulated depreciation:</u>				
At 1 January 2018	56,060	1,286,819	1,637,863	2,980,742
Depreciation for the year	10,682	162,786	257,919	431,387
Disposals	-	(56,696)	-	(56,696)
At 31 December 2018	66,742	1,392,909	1,895,782	3,355,433
Depreciation for the year	10,681	177,243	163,980	351,904
Disposals	-	(257,465)	(557,792)	(815,257)
At 31 December 2019	77,423	1,312,687	1,501,970	2,892,080
<u>Net book value:</u>				
At 1 January 2018	49,846	333,436	213,600	596,882
At 31 December 2018	39,164	432,989	352,944	825,097
At 31 December 2019	28,483	530,151	409,701	968,335

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

	<u>2019</u> \$	<u>2018</u> \$
Administrative expenses	14,551	22,617
Children in care	45,334	43,712
Fund raising expenses	12,504	20,305
Information and corporate communications expenses	43	-
Research and advocacy expenses	25,443	26,523
Social work service expenses	254,029	318,230
Total	<u>351,904</u>	<u>431,387</u>

SINGAPORE CHILDREN'S SOCIETY

11. Intangible asset – building use rights

	<u>2019</u>	<u>2018</u>
	\$	\$
<u>Cost:</u>		
At the beginning of the reporting year	1,433,795	–
Transferred from other assets	–	1,194,830
Additions	–	238,965
Balance at end of the reporting year	<u>1,433,795</u>	<u>1,433,795</u>
<u>Accumulated amortisation:</u>		
At beginning of the reporting year	(79,655)	–
Amortisation for the reporting year	(238,965)	(79,655)
Balance at end of the reporting year	<u>(318,620)</u>	<u>(79,655)</u>
Net book value at end of the reporting year	<u>1,115,175</u>	<u>1,354,140</u>

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

12. Financial assets

Other financial assets are classified as follows:

	<u>2019</u>	<u>2018</u>
	\$	\$
FVTOCI		
– equity	9,754,942	9,086,726
– debts	1,016,250	1,024,120
	<u>10,771,192</u>	<u>10,110,846</u>
FVTPL		
– equity	8,050,677	6,712,263
– debts	15,244,187	18,580,272
– cash	668,985	1,351,050
– derivatives	53,878	84,183
	<u>24,017,727</u>	<u>26,727,768</u>
Total	<u>34,788,919</u>	<u>36,838,614</u>
Less: Current		
FVTOCI	(2,589,610)	(1,334,960)
FVTPL	(24,017,727)	(26,727,769)
Total Non-current	<u>8,181,582</u>	<u>8,775,885</u>

Total investments managed by the independent fund managers are \$24,017,727 (2018: \$26,727,768) and are classified as investments at FVTPL.

SINGAPORE CHILDREN'S SOCIETY

12. Other financial assets (cont'd)

12A. Investments at FVTOCI

	<u>2019</u>	<u>2018</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	10,110,846	11,441,568
Additions	134,087	37,159
Disposals	(178,335)	(533,232)
Increase/ (decrease) in FVTOCI	<u>704,594</u>	<u>(834,649)</u>
Fair value at end of the year	<u>10,771,192</u>	<u>10,110,846</u>

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

During the reporting year certain investments in equity instruments measured at FVTOCI were derecognised. The fair value of the investments at the date of derecognition was \$178,335, including cumulative loss on disposal of \$46,814 which was transferred to retained earnings. The dividend income of \$3,160 from investments derecognised during the reporting year is disclosed in Note 6A.

The investment are held by reputable custodians.

12B. Disclosures relating to investments at FVTOCI

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

	Level	<u>2019</u>	<u>2018</u>
		\$	\$
<u>Quoted equity securities</u>			
Singapore	1	9,754,942	9,086,726
<u>Quoted debt securities</u>			
Singapore	1	<u>1,016,250</u>	<u>1,024,120</u>
		<u>10,771,192</u>	<u>10,110,846</u>

The quoted debt securities have a maturity expiring date ending 31 August 2020. The rate of interest is at 4.3% (2018: 4.3%) per annum.

12C. Investments at FVTPL

	<u>2019</u>	<u>2018</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	26,727,769	27,604,024
Additions*	568,354	481,558
Redemption upon maturity of portfolio	(4,850,822)	-
Fair value losses on derivatives	(30,305)	(70,807)
Foreign exchange translation gains/(losses)	50,824	(22,528)
Increase/ (Decrease) in FVTPL	<u>1,551,907</u>	<u>(1,264,478)</u>
Fair value at end of the year	<u>24,017,727</u>	<u>26,727,769</u>

* Additions include reinvestments made by fund managers.

SINGAPORE CHILDREN'S SOCIETY

12. Other financial assets (cont'd)

12D. Disclosures relating to investments at FVTPL

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

	<u>Level</u>	<u>2019</u> \$	<u>2018</u> \$
<u>Quoted equity securities</u>			
Singapore	1	134,576	180,044
US	1	4,928,601	2,940,245
Europe	1	1,161,457	1,383,925
Others	1	1,826,042	2,208,049
		<u>8,050,676</u>	<u>6,712,263</u>
<u>Quoted debt securities</u>			
Singapore	1	13,322,264	15,763,304
US	1	1,921,920	2,816,968
		<u>15,244,184</u>	<u>18,580,272</u>

The quoted debt securities have a maturity expiring date ranging from April 2020 to October 2027 (2018: April 2019 to October 2027). The rate of interest ranges from 1.6% to 5.8% (2018: 1.6% to 5.8%) per annum.

Cash and cash equivalents

	<u>2019</u> \$	<u>2018</u> \$
Cash and cash equivalents		
Singapore	563,048	362,267
US	68,214	477,393
Others	37,723	511,390
	<u>668,985</u>	<u>1,351,050</u>

Derivatives financial instruments

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

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

Forward currency contracts

	<u>Contract Notional Amounts</u>	<u>Assets</u> \$	<u>Liabilities</u> \$	<u>Net Assets/ (liabilities)</u> \$
<u>2019:</u>				
Forward currency contract - Purchases	161,532	-	(1,158)	(1,158)
Forward currency contract - Sales	(9,220,808)	65,359	(10,323)	55,036
		<u>65,359</u>	<u>(11,481)</u>	<u>53,878</u>

SINGAPORE CHILDREN'S SOCIETY

12. Other financial assets (cont'd)

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

Derivatives financial instruments (cont'd)

Forward currency contracts

	Contract Notional Amounts	Assets \$	Liabilities \$	Net Assets/ (liabilities) \$
<u>2018:</u>				
Forward currency contract - Purchases	564,315	-	(7,979)	(7,979)
Forward currency contract - Sales	(8,910,501)	92,162	-	92,162
		<u>92,162</u>	<u>(7,979)</u>	<u>84,183</u>

The above contracts have maturity dates within one year.

The fair value loss of \$30,305 (2018: loss \$70,807) had been recognised as part of the funds held with the external fund managers.

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

12E. Disclosures relating to credit loss on financial instruments

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

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

	<u>2019</u> \$	<u>2018</u> \$
A hypothetical 10% increase / decrease in the fair value of quoted equity and debt securities would increase / decrease other comprehensive income by the following amount	<u>1,077,119</u>	<u>1,011,085</u>

	<u>2019</u> \$	<u>2018</u> \$
A hypothetical 10% increase / decrease in the fair value of quoted equity and debt securities would increase / decrease surplus by the following amount	<u>2,329,486</u>	<u>2,529,257</u>

The above sensitivity has not changed significantly from last year.

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

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13. Other receivables

	<u>2019</u>	<u>2018</u>
	\$	\$
Refundable deposits	169,200	172,833
Interest receivables	621,466	479,180
Other receivables:		
– Grants	1,510,325	807,158
– Donations	257,513	272,561
– Others	22,942	15,789
	<u>2,581,446</u>	<u>1,747,521</u>

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

14. Other assets

	<u>2019</u>	<u>2018</u>
	\$	\$
Prepayments	<u>162,821</u>	<u>53,000</u>

15. Cash and cash equivalents

	<u>2019</u>	<u>2018</u>
	\$	\$
Cash and bank balances	13,834,246	8,392,392
Fixed deposits with financial institutions	<u>39,696,753</u>	<u>39,664,474</u>
	<u>53,530,999</u>	<u>48,056,866</u>
Interest earnings balances	<u>49,213,829</u>	<u>41,650,526</u>

The fixed deposits earn interest at rates ranging from 1.53% to 2.49% (2018: from 1.33% to 2.27%) per annum. Interest rates reprice at intervals of six to twelve months (2018: six to twelve months).

15A. Non-cash transactions

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

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16. Fund account transactions and balances

	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	
2019							
Incoming Resources							
Donation income	10,512,655	-	-	-	-	149,381	10,662,036
Grants	588,728	-	-	-	-	6,079,303	6,668,031
Other income	1,869,667	-	604,623	9,857	5,037	1,798	2,490,982
Other gains and losses	1,259,451	-	319,335	-	-	-	1,578,786
	<u>14,230,501</u>	<u>-</u>	<u>923,958</u>	<u>9,857</u>	<u>5,037</u>	<u>6,230,482</u>	<u>21,399,835</u>
Resources Expended							
Administrative expenses	(1,712,604)	-	45,224	-	-	(961,748)	(2,629,128)
Children in care	(154,200)	-	-	-	-	(2,534,960)	(2,689,160)
Children's medical fund expenses	-	-	(1,255,244)	-	-	-	(1,255,244)
Fund raising expenses	(2,355,961)	-	-	-	-	-	(2,355,961)
Information and corporate communication expenses	(235,683)	-	-	-	-	-	(235,683)
Research and advocacy expenses	(1,028,521)	-	-	-	-	-	(1,028,521)
Social work service expenses	(6,197,018)	-	-	(9,857)	-	(3,560,922)	(9,767,797)
	<u>(11,683,987)</u>	<u>-</u>	<u>(1,210,020)</u>	<u>(9,857)</u>	<u>-</u>	<u>(7,057,630)</u>	<u>(19,961,494)</u>
Surplus (deficit) for the year	<u>2,546,514</u>	<u>-</u>	<u>(286,062)</u>	<u>-</u>	<u>5,037</u>	<u>(827,148)</u>	<u>1,438,341</u>
Other comprehensive income	-	704,595	-	-	-	-	704,595
Total comprehensive income (loss)	<u>2,546,514</u>	<u>704,595</u>	<u>(286,062)</u>	<u>-</u>	<u>5,037</u>	<u>(827,148)</u>	<u>2,142,936</u>

SINGAPORE CHILDREN'S SOCIETY

16. Fund account transactions and balances (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	
	\$	\$	\$	\$	\$	\$	\$
2018							
Incoming Resources							
Donation income	10,484,569	-	52	-	-	309,775	10,794,396
Grants	756,460	-	-	-	-	4,613,331	5,369,791
Other income	1,655,639	-	524,229	8,163	3,936	3,565	2,195,532
Other gains and losses	(1,087,259)	-	(272,049)	-	-	(44)	(1,359,352)
	<u>11,809,409</u>	-	<u>252,232</u>	<u>8,163</u>	<u>3,936</u>	<u>4,926,627</u>	<u>17,000,367</u>
Resources Expended							
Administrative expenses	(1,483,700)	-	(45,224)	-	-	(695,798)	(2,224,722)
Children in care	(251,533)	-	-	-	-	(2,343,675)	(2,595,208)
Children's medical fund expenses	-	-	(405,511)	-	-	-	(405,511)
Fund raising expenses	(2,047,272)	-	-	-	-	-	(2,047,272)
Information and corporate communication expenses	(217,423)	-	-	-	-	-	(217,423)
Research and advocacy expenses	978,683	-	-	-	-	-	978,683
Social work service expenses	(6,138,034)	-	-	(8,163)	-	(2,566,678)	(8,712,875)
	<u>(11,116,645)</u>	-	<u>(450,735)</u>	<u>(8,163)</u>	-	<u>(5,606,151)</u>	<u>(17,181,694)</u>
Surplus (deficit) for the year	<u>692,764</u>	-	<u>(198,503)</u>	-	<u>3,936</u>	<u>(679,524)</u>	<u>(181,327)</u>
Other comprehensive income	-	(834,649)	-	-	-	-	(834,649)
Total comprehensive income (loss)	<u>692,764</u>	<u>(834,649)</u>	<u>(198,503)</u>	-	<u>3,936</u>	<u>(679,524)</u>	<u>(1,015,976)</u>

SINGAPORE CHILDREN'S SOCIETY

16. Fund account transactions and balances (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	
2019							
Non-current assets							
Plant and equipment	857,791	-	-	-	-	110,543	968,334
Right-of-use assets	622,523	-	-	-	-	-	622,523
Intangible asset – building use rights	1,115,175	-	-	-	-	-	1,115,175
Other financial assets	8,181,582	-	-	-	-	-	8,181,582
	<u>10,777,071</u>	-	-	-	-	<u>110,543</u>	<u>10,887,614</u>
Current assets							
Other financial assets	12,192,576	3,094,261	11,320,500	-	-	-	26,607,337
Other receivables	1,262,255	-	71,733	2,570	2,671	1,242,219	2,581,448
Other assets	152,041	-	-	-	-	10,779	162,820
Interfund balances	1,471,738	-	109,225	-	-	492,933	2,073,896
Cash and cash equivalents	42,393,433	-	9,072,363	520,637	265,386	1,279,180	53,530,999
	<u>57,472,043</u>	<u>3,094,261</u>	<u>20,573,821</u>	<u>523,207</u>	<u>268,057</u>	<u>3,025,111</u>	<u>84,956,500</u>
Total assets	<u>68,249,114</u>	<u>3,094,261</u>	<u>20,573,821</u>	<u>523,207</u>	<u>268,057</u>	<u>3,135,654</u>	<u>95,844,114</u>
Non-current liabilities							
Other liabilities	342,945	-	-	-	-	91,653	434,598
Lease Liabilities	171,881	-	-	-	-	-	171,881
Current liabilities							
Trade and other payables	1,877,421	-	10,541	-	-	601,856	2,489,818
Lease Liabilities	471,015	-	-	-	-	-	471,015
Interfund balances	29,411	-	-	23,207	447	2,020,831	2,073,896
Other liabilities	57,878	-	-	-	-	1,290,274	1,348,152
	<u>2,950,551</u>	-	<u>10,541</u>	<u>23,207</u>	<u>447</u>	<u>4,004,614</u>	<u>6,989,361</u>
Transfer from General Funds	(872,115)	-	-	-	-	872,115	-
Net assets	<u>64,426,448</u>	<u>3,094,261</u>	<u>20,563,279</u>	<u>500,000</u>	<u>267,610</u>	<u>3,155</u>	<u>88,854,753</u>

SINGAPORE CHILDREN'S SOCIETY

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

	Unrestricted Funds		Unrestricted 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	
2018							
Non-current assets							
Plant and equipment	670,025	-	-	-	-	155,072	825,097
Intangible asset – building use rights	1,354,140	-	-	-	-	-	1,354,140
Other financial assets	8,775,885	-	-	-	-	-	8,775,885
	<u>10,800,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,072</u>	<u>10,955,122</u>
Current assets							
Other financial assets	15,050,928	2,342,852	10,668,950	-	-	-	28,062,730
Other receivables	1,077,699	-	170,535	2,419	2,327	494,541	1,747,521
Other assets	44,910	-	-	-	-	8,090	53,000
Interfund balances	1,034,220	-	-	-	-	292,069	1,326,289
Cash and cash equivalents	37,039,169	-	10,152,746	510,929	260,693	93,329	48,056,866
	<u>54,246,926</u>	<u>2,342,852</u>	<u>20,992,231</u>	<u>513,348</u>	<u>263,020</u>	<u>888,029</u>	<u>79,246,406</u>
Total assets	<u>65,046,976</u>	<u>2,342,852</u>	<u>20,992,231</u>	<u>513,348</u>	<u>263,020</u>	<u>1,043,101</u>	<u>90,201,528</u>
Non-current liabilities							
Other liabilities	417,405	-	-	-	-	71,591	488,996
Current liabilities							
Trade and other payables	1,077,383	-	97,666	-	-	322,773	1,497,822
Interfund balances	-	-	45,224	13,348	447	1,267,270	1,326,289
Other liabilities	110,634	-	-	-	-	65,970	176,604
Total liabilities	<u>1,605,422</u>	<u>-</u>	<u>142,890</u>	<u>13,348</u>	<u>447</u>	<u>1,727,604</u>	<u>3,489,711</u>
Transfer from General Funds	(642,691)	-	-	-	-	642,691	-
Net assets	<u>62,798,863</u>	<u>2,342,852</u>	<u>20,849,341</u>	<u>500,000</u>	<u>262,573</u>	<u>(41,812)</u>	<u>86,711,817</u>

SINGAPORE CHILDREN'S SOCIETY

16A. Other Restricted Funds

		Other Restricted Funds – Funded Programmes									
		Appropriate Adult Scheme for Young Suspect					Shared				
		ComCare Fund (vii)	Family Service Centre – Yishun (viii)	Integrated Service Provider (ix)	Project Light (x)	Safe and Strong Families – Reunification (Team) (xi)	Gifting Circle for Children and Youth Mental Health (xii)	Sunbeam Place (xiii)	Yellow Brick Road (xiv)	The Straits Times School Pocket Money Fund (xv)	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
2019											
Incoming Resources											
Donation income		-	4,770	665	-	-	-	143,946	-	149,381	
Grants		675,423	2,563,420	701,800	45,575	474,581	65,624	1,407,538	10,500	6,079,303	
Other income		-	1,650	-	-	-	-	148	-	1,798	
		675,423	2,569,840	702,465	45,575	474,581	65,624	1,551,632	10,500	6,230,482	
Resources Expended											
Administrative expenses		(89,885)	(353,335)	(115,529)	(6,518)	(71,915)	(16,761)	(316,914)	(3,784)	(961,748)	
Children in care		-	-	-	-	(470,473)	-	(2,059,462)	-	(2,534,960)	
Social work service expenses		(585,538)	(1,915,039)	(752,590)	(42,456)	-	(109,189)	-	(24,655)	(3,560,922)	
		(675,423)	(2,268,374)	(868,119)	(48,974)	(542,388)	(125,950)	(2,372,376)	(28,439)	(7,055,630)	
Surplus/ (deficit) for the year		-	301,466	(165,654)	(3,399)	(67,807)	(60,326)	(824,744)	(17,939)	(827,148)	
Total comprehensive income/ (loss)		-	301,466	(165,654)	(3,399)	(67,807)	(60,326)	(824,744)	(17,939)	(827,148)	

SINGAPORE CHILDREN'S SOCIETY

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)	Project Light (x)	Safe and Strong Families – Reunification (Team) (xi)	Shared Gifting Circle for Children and Youth Mental Health (xii)	Sunbeam Place (xiii)	Yellow Brick Road (xiv)	The Straits Times School Pocket Money Fund (xv)	Total
2018											
Incoming Resources											
Donation income	4,800	-	7,320	61	-	251	-	297,343	-	-	309,775
Grants	377,031	-	2,090,745	362,330	9,692	459,855	-	1,224,353	-	89,325	4,613,331
Other income	-	-	520	-	-	520	-	2,525	-	-	3,565
Other gains and losses	(44)	-	-	-	-	-	-	-	-	-	(44)
	381,787	-	2,098,585	362,391	9,692	460,626	-	1,524,221	-	89,325	4,926,627
Resources Expended											
Administrative expenses	(44,504)	-	(226,305)	(74,235)	(6,660)	(62,259)	-	(268,942)	-	(12,893)	(695,798)
Children in care	-	-	-	-	-	(439,370)	-	(1,897,970)	-	(6,335)	(2,343,675)
Social work service expenses	(314,033)	-	(1,597,085)	(523,897)	(47,003)	-	-	-	-	(84,660)	(2,566,678)
	(358,537)	-	(1,823,390)	(598,132)	(53,663)	(501,629)	-	(2,166,912)	-	(103,888)	(5,606,151)
Surplus/ (deficit) for the year	23,250	-	275,195	(235,741)	(43,971)	(41,003)	-	(642,691)	-	(14,563)	(679,524)
Total comprehensive income/ (loss)	23,250	-	275,195	(235,741)	(43,971)	(41,003)	-	(642,691)	-	(14,563)	(679,524)

SINGAPORE CHILDREN'S SOCIETY

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) \$	Project Light (x) \$	Safe and Strong Families – Reunification (Team) (xi) \$	Shared Gifting Circle for Children and Youth Mental Health (xii) \$	Sunbeam Place (xiii) \$	Yellow Brick Road (xiv) \$	The Straits Times School Pocket Money Fund (xv) \$	Total \$
2019											
Non-current assets											
Plant and equipment	-	-	32,892	-	-	2,875	-	74,776	-	-	110,543
Total non-current assets	-	-	32,892	-	-	2,875	-	74,776	-	-	110,543
Current assets											
Other receivables	798,454	-	388,352	-	-	10,535	-	44,878	-	-	1,242,219
Other assets	-	-	4,154	-	-	-	-	6,625	-	-	10,779
Interfund balances	-	-	485,688	-	-	-	-	-	-	7,245	492,933
Cash and cash equivalents	-	10,000	4,000	-	-	700	-	9,625	1,243,855	11,000	1,279,180
Total current assets	798,454	10,000	882,194	-	-	11,235	-	61,127	1,243,855	18,245	3,025,111
Total assets	798,454	10,000	915,086	-	-	14,110	-	135,904	1,243,855	18,245	3,135,654
Non-current liabilities											
Other liabilities	-	-	91,653	-	-	-	-	-	-	-	91,653
Current liabilities											
Trade and other payables	59,291	-	232,083	-	-	65,644	-	240,777	4,061	-	601,856
Interfund balances	739,163	-	-	401,394	47,370	64,590	38,450	715,985	13,878	-	2,020,831
Other liabilities	-	-	-	-	-	2,412	21,876	3,887	1,243,855	18,245	1,290,274
Total liabilities	798,454	-	323,736	401,394	47,370	132,646	60,326	960,649	1,261,794	18,245	4,004,614
Transfer from General Funds	-	-	-	-	47,370	-	-	824,745	-	-	872,115
Net assets	-	10,000	591,350	(401,394)	-	(118,536)	(60,326)	-	(17,939)	-	3,155

SINGAPORE CHILDREN'S SOCIETY

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)	Project Light (x)	Safe and Strong Families – Reunification (Team) (xi)	Shared Gifting Circle for Children and Youth Mental Health (xii)	Sunbeam Place (xiii)	Yellow Brick Road (xiv)	The Straits Times School Pocket Money Fund (xv)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-current assets											
Plant and equipment	-	-	61,688	-	-	8,549	-	84,835	-	-	155,072
	-	-	61,688	-	-	8,549	-	84,835	-	-	155,072
Current assets											
Other receivables	302,357	-	120,975	-	-	10,278	-	60,367	-	564	494,541
Other assets	-	-	4,045	-	-	-	-	4,045	-	-	8,090
Interfund balances	-	-	292,069	-	-	-	-	-	-	-	292,069
Cash and cash equivalents	-	10,000	5,458	-	-	1,500	-	8,175	-	68,196	93,329
	302,357	10,000	422,547	-	-	11,778	-	72,587	-	68,760	888,029
Total assets	302,357	10,000	484,235	-	-	20,327	-	157,422	-	68,760	1,043,101
Non-current liabilities											
Other liabilities	-	-	71,591	-	-	-	-	-	-	-	71,591
Current liabilities											
Trade and other payables	33,131	-	117,099	-	-	27,561	-	144,620	-	362	322,773
Interfund balances	269,226	-	-	235,741	43,971	37,621	-	655,493	-	25,218	1,267,270
Other liabilities	-	-	5,661	-	-	5,874	-	-	-	54,435	65,970
Total liabilities	302,357	-	194,351	235,741	43,971	71,056	-	800,113	-	80,015	1,727,604
Transfer from General Funds	-	-	-	-	-	-	-	642,691	-	-	642,691
Net assets	-	10,000	289,884	(235,741)	(43,971)	(50,729)	-	-	-	(11,255)	(41,812)

SINGAPORE CHILDREN'S SOCIETY

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 (item that may be reclassified to profit or loss) investment assets 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 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) Project Light – this programme supports children aged 7 to 12 who have been affected by parental incarceration and aim to nurture the children's cognitive, social and emotional well-being by providing tuition, befriending, family bonding activities and casework and counselling. The funds received for this programme are restricted for the operations of this programme only.
- (xi) Safe & Strong Families – Reunification Team – this programme seeks to enable successful family reunifications. The funds received for this programme are restricted for the operations of this programme only.

SINGAPORE CHILDREN'S SOCIETY

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

- (xii) 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.
- (xiii) Sunbeam Place – this is a residential home for children in care. In 2019, Sunbeam Place incurred a deficit of \$824,744 (2018: \$642,691). These deficits are fully funded by transfers from the general fund. As of 31 Dec 2019, the transfers to Sunbeam Place from 2006 – 2019 to cover its accumulated deficits totaled \$4,086,540 (2018: \$3,261,796). The funds received for this centre are restricted for the operations of this centre only.
- (xiv) 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.
- (xv) The Straits Times School Pocket Money Fund - the fund was started in October 2000 as a community project initiated by The Straits Times, to provide pocket money to children from low-income families to help them through school. The Society is one of the disbursing agencies.

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17. Other liabilities, non-current

	<u>2019</u>	<u>2018</u>
	\$	\$
Provision for restoration costs:		
Balance at beginning of the year	488,996	321,485
Addition for the year	-	167,511
Utilised during the year	<u>(54,398)</u>	<u>-</u>
Balance at end of the year	<u>434,598</u>	<u>488,996</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>2019</u>	<u>2018</u>
	\$	\$
Accrued liabilities	2,229,019	1,246,962
Other payables	<u>260,800</u>	<u>250,860</u>
	<u>2,489,819</u>	<u>1,497,822</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.

Until the 2018 financial year, office leases were classified as operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Society. On transition to the new standard on leases the weighted average incremental borrowing rate applied to lease liabilities recognised was 5% per year. The right-of-use asset and lease liability before the date of initial application are measured at the same amounts as under the new standard. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

a) The right-of-use assets and lease liabilities in the statement of financial position. The movement are as follows:

	<u>Office</u>	<u>Lease liabilities</u>
	\$	\$
At 1 January 2019	1,184,633	1,184,633
Accretion of interest	-	45,694
Lease payments	-	(587,432)
<u>Accumulated depreciation and impairment losses:</u>		
Depreciation	(562,110)	-
Carrying value:		
As at 1 January 2019	<u>1,184,633</u>	<u>1,184,633</u>
At 31 December 2019	<u>622,523</u>	<u>642,896</u>

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

b) Lease liabilities are presented in the statement of financial position as follows:

	<u>2019</u>
	\$
Lease liabilities, Current	471,015
Lease liabilities, non-current	171,881
	<u>642,896</u>

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

<u>2019</u>	<u>Minimum payments</u>	<u>Finance charges</u>	<u>Present value</u>
	\$	\$	\$
Minimum lease payments payable:			
Not later than one year	490,655	(19,640)	471,015
Between one and three years	183,935	(12,054)	171,881
Total	<u>674,590</u>	<u>(31,694)</u>	<u>642,896</u>

c) The new standard on lease has been applied using the modified retrospective transition approach. Therefore no comparative amounts for the year ended 31 December 2018 are presented.

On transition to the new standard on leases the weighted average incremental borrowing rate applied to lease liabilities recognised was 5%. The right-of-use asset and lease liability before the date of initial application are measured at the same amounts as under the new standard.

Reconciliation of lease commitments and lease liability at the date of initial application:

	<u>2019</u>
	\$
Operating lease commitments as at 31 December 2018	525,547
Discounted using incremental borrowing rate	(77,387)
Reasonably certain extension options	736,473
Total lease liabilities recognised at 1 January 2019	<u>1,184,633</u>

d) The total cash outflow for leases of \$587,432 for the year ended 31 December 2019 are shown in the statement of cash flows.

Reconciliation of movement of liabilities to cash flows arising from financing activities

	<u>Lease Liabilities</u>
	\$
Balance at 1 January 2019	1,184,633
Charges from financing cash flows	
Repayment of lease liabilities	(541,738)
Interest paid	(45,694)
Total charges from financing cash flows	<u>(587,432)</u>
Other changes	
Interest expense	45,694
Balance as at 31 December 2019	<u>642,896</u>

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

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

At reporting year date there were no commitments on leases which had not yet commenced.

- e) Apart from the disclosures made in other Notes to the financial statements, amounts relating to leases include the following:

	<u>2019</u> \$
Expense relating to leases of low-value assets and short-term leases	<u>49,451</u>

There is no commitment on short-term leases at year end date.

20. Other liabilities, current

	<u>2019</u> \$	<u>2018</u> \$
Deferred capital grant (a)	2,413	11,536
Other liabilities (b)	1,345,739	144,462
Lease incentives	-	20,606
	<u>1,348,152</u>	<u>176,604</u>

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

	<u>2019</u> \$	<u>2018</u> \$
Balance at beginning of the year	11,536	23,489
Utilised during the year	<u>(9,123)</u>	<u>(11,953)</u>
Balance at end of the year	<u>2,413</u>	<u>11,536</u>

- b) Included in other liabilities is a funding received in advance of \$1,243,855 relating to the Yellow Brick Road programme (Note 16B (xiv)).

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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 categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>2019</u>	<u>2018</u>
	\$	\$
<u>Financial assets:</u>		
Financial assets at amortised cost	56,112,445	49,804,387
Financial assets at FVTPL	24,017,727	26,727,769
Financial assets at FVTOCI	<u>10,771,192</u>	<u>10,110,846</u>
At end of the year	<u>90,901,364</u>	<u>86,643,002</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	<u>3,132,715</u>	<u>1,497,822</u>
At end of the year	<u>3,132,715</u>	<u>1,497,822</u>

Further quantitative disclosures are included throughout these financial statements.

22B. Financial risk management

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

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

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

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

22B. Financial risk management (cont'd)

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

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 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</u> <u>years</u>	<u>Total</u>
	\$	\$	\$
Non-derivative financial liabilities:			
<u>2019:</u>			
Gross lease liabilities	490,655	183,935	674,590
Trade and other payables	<u>2,489,819</u>	–	<u>2,489,819</u>
At end of the year	<u>2,980,474</u>	<u>183,935</u>	<u>3,164,409</u>

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. 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 (2018: 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.

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

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

22F. Interest rate risk

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

	<u>2019</u>	<u>2018</u>
	\$	\$
Financial assets:		
Fixed rates (a)	55,957,187	59,268,866
Floating rates (b)	<u>9,517,076</u>	<u>1,986,052</u>
Total at end of the year	<u>65,474,263</u>	<u>61,254,918</u>

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

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

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

22G. Foreign currency risk

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

Analysis of major amounts denominated in non-functional currency:

	<u>US Dollars</u>	<u>Euro Dollars</u>	<u>Total</u>
	\$	\$	\$
<u>2019:</u>			
<u>Financial assets:</u>			
Financial assets at FVTPL	6,918,735	1,161,457	8,080,192
<u>Financial liabilities:</u>			
Foreign currency contracts	<u>(6,795,557)</u>	<u>(733,223)</u>	<u>(7,528,780)</u>
Net financial assets	<u>123,178</u>	<u>428,234</u>	<u>551,412</u>
<u>2018:</u>			
<u>Financial assets:</u>			
Financial assets at FVTPL	6,234,636	1,383,925	7,618,561
<u>Financial liabilities:</u>			
Foreign currency contracts	<u>(5,936,207)</u>	<u>(1,122,657)</u>	<u>(7,058,864)</u>
Net financial assets	<u>298,429</u>	<u>261,268</u>	<u>559,697</u>

SINGAPORE CHILDREN'S SOCIETY

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

22G. Foreign currency risk (cont'd)

Sensitivity analysis:

	<u>2019</u>	<u>2018</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	(12,318)	(29,843)
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>(42,823)</u>	<u>(26,127)</u>

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

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

23. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below.

<u>SFRS No.</u>	<u>Title</u>
FRS 116	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)

Leases:

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessee almost all leases are brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Thus, the entity has recognised a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. The amount by which each financial statement line item is impacted (debits / (credits)) in the current reporting year 2019 by the application of the new standard on leases are disclosed in the relevant Notes to the financial statements. The reporting entity elected to apply the modified retrospective approach for this standard new standard on leases. Under the modified retrospective approach the comparative information is not restated and therefore there is no presentation of a third column for the statement of financial position. Any cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings at the date of initial application.

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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 reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in 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>SFRS No.</u>	<u>Title</u>	Effective date for periods beginning <u>on or after</u>
FRS 1 and 8	Definition of Material – Amendments	1 Jan 2020

