

SINGAPORE CHILDREN'S SOCIETY

(UEN No: S62SS0057G)

Statement by the Board and Financial Statements

Reporting Year Ended 31 December 2020

RSM Chio Lim LLP

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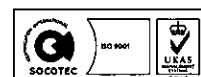
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SINGAPORE CHILDREN'S SOCIETY

Statement by the Board and Financial Statements

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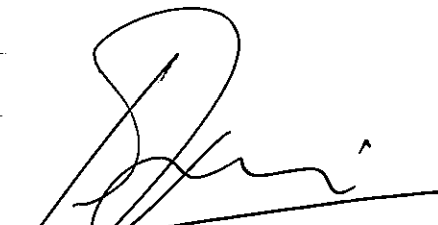
SINGAPORE CHILDREN'S SOCIETY

Statement by the Board

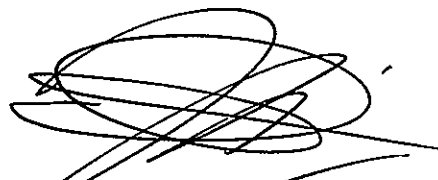
In the opinion of the Board, the accompanying financial statements are drawn up in accordance with the Societies Act, Chapter 311 (the "Societies Act") and the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations"), and Financial Reporting Standards ("FRS"), so as to present fairly, in all material respects, the state of affairs of Singapore Children's Society (the "Society") as at 31 December 2020 and the results, changes in funds and cash flows of the Society for the reporting year ended.

The Board approved and authorised these financial statements for issue.

On Behalf of the Board,



.....
Koh Choon Hui
Chairman



.....
Theresa Sim May Ling
Honorary Treasurer

31 March 2021

**Independent Auditor's Report to the Members of
SINGAPORE CHILDREN'S SOCIETY**Audit@RSMSingapore.sg
www.RSMSingapore.sg**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 2020, 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 "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards ("FRS") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2020 and the results, changes in funds and cash flows of the Society for the reporting year ended on that date.

Basis for opinion

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

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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 enacted 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 Tan Wei Ling.

RSM Chio Lim LLP

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2021
Effective from reporting year ended 31 December 2020

SINGAPORE CHILDREN'S SOCIETY

Statement of Financial Activities Reporting Year Ended 31 December 2020

	Notes	2020 \$	2019 \$
Incoming Resources:			
Donation income	4	10,978,991	10,662,036
Grant income	5	10,797,117	6,668,031
Other income	6A	1,979,068	2,490,982
Other gains and losses	6B	503,341	1,578,786
Total incoming resources		<u>24,258,517</u>	<u>21,399,835</u>
Resources Expended:			
Administrative expenses		2,635,495	2,629,128
Children in care		2,474,721	2,689,160
Children's medical fund expenses		213,239	1,255,244
Fund raising expenses		1,781,492	2,355,961
Information and corporate communications expenses		195,370	235,683
Research and advocacy expenses		1,010,884	1,028,521
Social work service expenses		10,611,414	9,767,797
Total resources expended	8	<u>18,922,615</u>	<u>19,961,494</u>
Surplus for the year		<u>5,335,902</u>	<u>1,438,341</u>
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss:			
Fair value changes on equity instruments at FVTOCI, net of tax		(723,549)	712,465
Items that may be reclassified subsequently to profit or loss:			
Fair value changes on debt instruments at FVTOCI, net of tax		-	(7,870)
Reclassification adjustments included in surplus for the year on maturity of debt asset instruments at FVTOCI		15,560	-
Other comprehensive (loss) / income	16	<u>(707,989)</u>	<u>704,595</u>
Total comprehensive income		<u>4,627,913</u>	<u>2,142,936</u>
Total comprehensive income is attributable as follows:			
Unrestricted funds:			
- General Fund	16	4,396,420	2,546,514
Restricted funds:			
- Children's Medical Fund	16	415,610	(286,062)
- Madam Ho Yun Wai Fund	16	-	-
- Professor S.S. Ratnam Memorial Fund	16	3,112	5,037
- Other Restricted Funds	16	520,760	(827,148)
Surplus for the year		5,335,902	1,438,341
Other reserves	16	(707,989)	704,595
Total comprehensive income		<u>4,627,913</u>	<u>2,142,936</u>

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

SINGAPORE CHILDREN'S SOCIETY

Statement of Financial Position As at 31 December 2020

	<u>Notes</u>	<u>2020</u> \$	<u>2019</u> \$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	10	1,125,647	968,335
Right of use – leased asset	19	1,357,989	622,523
Intangible asset – building use rights	11	876,209	1,115,175
Financial assets – FVTOCI	12	7,912,390	8,181,582
Total non-current assets		11,272,235	10,887,615
<u>Current assets</u>			
Financial assets – FVTOCI	12	1,425,519	2,589,610
Financial assets – FVTPL	12	30,078,863	24,017,727
Other receivables	13	3,061,152	2,581,446
Other non-financial assets	14	128,724	162,821
Cash and cash equivalents	15	54,502,806	53,530,999
Total current assets		89,197,064	82,882,603
Total assets		100,469,299	93,770,218
FUNDS AND LIABILITIES			
<u>Unrestricted fund</u>			
General Fund	16	68,458,245	64,426,448
Other Reserves	16	2,386,272	3,094,261
Total unrestricted fund		70,844,517	67,520,709
<u>Restricted funds</u>			
Children's Medical Fund	16	20,978,889	20,563,279
Madam Ho Yun Wai Fund	16	500,000	500,000
Professor S.S. Ratnam Memorial Fund	16	270,722	267,610
Other Restricted Funds	16	888,538	3,155
Total restricted fund		22,638,149	21,334,044
Total funds		93,482,666	88,854,753
<u>Non-current liabilities</u>			
Lease liabilities	19	956,159	171,881
Other non-financial liabilities	17	525,926	434,598
Total non-current liabilities		1,482,085	606,479
<u>Current liabilities</u>			
Trade and other payables	18	3,010,287	2,489,819
Lease liabilities	19	423,337	471,015
Other non-financial liabilities	20	2,070,924	1,348,152
Total current liabilities		5,504,548	4,308,986
Total liabilities		6,986,633	4,915,465
Total funds and liabilities		100,469,299	93,770,218

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

SINGAPORE CHILDREN'S SOCIETY

Statement of Changes in Funds Reporting Year Ended 31 December 2020

	Unrestricted Funds		Restricted Funds					
	General Fund	Other Reserves	Children's Medical Fund	Madam Ho Yun Wai Fund	Professor S.S. Ratnam Memorial Fund	Other Restricted Funds	Total	
	\$	\$	\$	\$	\$	\$	\$	
Current year:								
Opening balance at 1 January 2020	64,426,448	3,094,261	20,563,279	500,000	267,610	3,155	88,854,753	
Changes in funds:								
Total comprehensive income (Note 16)	4,396,420	(707,989)	415,610	-	3,112	520,760	4,627,913	
Transfer from Children's Society's General Funds	(364,623)	-	-	-	-	364,623	-	
Closing balance at 31 December 2020	68,458,245	2,386,272	20,978,889	500,000	270,722	885,383	93,482,666	
Previous 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	
Changes 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	-	-	-	-	-	
Closing balance at 31 December 2019	64,426,448	3,094,261	20,563,279	500,000	267,610	3,155	88,854,753	

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

SINGAPORE CHILDREN'S SOCIETY

Statement of Cash Flows
Reporting Year Ended 31 December 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
<u>Cash flows from operating activities</u>		
Surplus for the year	5,335,902	1,438,341
Adjustments for:		
Depreciation and amortisation	1,227,479	1,152,979
Dividend income	(514,490)	(692,485)
Fair value (gains)/losses on derivatives	(37,394)	30,305
Fair value gains on financial investments at FVTPL	(527,429)	(1,551,829)
Foreign exchange translation losses/(gains)	47,377	(50,824)
Interest expense	38,170	45,694
Interest income	(1,307,719)	(1,649,484)
Loss on disposal of plant and equipment	1,174	19,603
Management fees for fund managers	191,779	206,163
Reclassification adjustments included in surplus for the year on maturity of debt asset instruments at FVTOCI	15,560	-
Operating surplus/(deficit) before changes in working capital	4,470,409	(1,051,537)
Other receivables	(735,010)	(691,639)
Other non-financial assets	34,097	(109,821)
Other non-financial liabilities	651,856	1,117,151
Trade and other payables	520,468	991,996
Net cash flows from operating activities	4,941,820	256,150
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	(509,258)	(514,745)
Proceeds from maturity/ disposal of financial assets	1,000,000	5,029,157
Interest income received	986,230	938,083
Dividend received	355,814	395,000
Purchase of other financial assets	(5,290,266)	(42,080)
Net cash flows (used in)/from investing activities	(3,457,480)	5,805,415
<u>Cash flows from financing activities</u>		
Repayment of principal portion of lease liabilities	(474,363)	541,738)
Interest expense paid	(38,170)	(45,694)
Net cash flows used in financing activities	(512,533)	(587,432)
Net increase in cash and cash equivalents	971,807	5,474,133
Cash and cash equivalents, beginning balance	53,530,999	48,056,866
Cash and cash equivalents, ending balance (Note 15)	54,502,806	53,530,999

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

SINGAPORE CHILDREN'S SOCIETY

Notes to the Financial Statements 31 December 2020

1. General

Singapore Children's Society (the "Society") is a society registered in the Republic of Singapore under the Societies Act, Chapter 311. It was granted the status of an Institution of a Public Character ("IPC") under the Charities Act, Chapter 37 until 30 June 2021 subject to renewal. The financial statements are presented in Singapore Dollar.

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

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

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

Covid-19 pandemic and the aftermath

Management has reviewed the estimated potential impact and plausible downside scenarios, along with its responses as a result of the Covid-19 pandemic. No material uncertainties were identified in connection with the Society's ability to continue in operational existence for the foreseeable future.

Statement of compliance with financial reporting standards

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

Accounting convention

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

SINGAPORE CHILDREN'S SOCIETY

1. General (cont'd)

Basis of preparation of the financial statements

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

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue and income recognition

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

(i) Donations and sponsorships

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

(ii) Interest income

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

(iii) Dividend income

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

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies

Revenue and income recognition (cont'd)

(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).

Gifts in kind

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

Employee benefits

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

Borrowing costs

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

Income tax

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

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Foreign currency transactions

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

Building use rights

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

Plant and equipment

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

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

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

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The 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 residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

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

Plant and equipment (cont'd)

Leases of lessee and right-of-use assets

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:

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

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

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

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

Classification and measurement of financial assets:

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

SINGAPORE CHILDREN'S SOCIETY

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

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

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

Classification and measurement of financial liabilities:

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

Cash and cash equivalents

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

Derivative financial instruments

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

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

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

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the Society 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 management team.

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

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

SINGAPORE CHILDREN'S SOCIETY

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

3A. Key management compensation

	<u>2020</u>	<u>2019</u>
	\$	\$
Salaries and other short-term employee benefits	2,773,308	2,439,701
Number of key management personnel	<u>22</u>	<u>21</u>

The above amounts are included under employee benefits expense.

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

4. Donation income

	<u>2020</u>	<u>2019</u>
	\$	\$
Donation income	10,951,632	10,414,059
Donation-in-kind	<u>27,359</u>	<u>247,977</u>
Total	<u>10,978,991</u>	<u>10,662,036</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 receipts of more than \$1 million in 2020.

5. Grants income

	<u>2020</u>	<u>2019</u>
	\$	\$
Government grants ¹	7,817,406	6,598,419
Jobs Support Scheme ²	2,609,364	-
Special employment and wage credit	258,944	18,947
Childcare and maternity leave	<u>111,403</u>	<u>50,665</u>
Total	<u>10,797,117</u>	<u>6,668,031</u>

¹ The grants included \$1,714,405 (2019: \$1,231,997) of funding received from Tote Board Social Service Fund.

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

SINGAPORE CHILDREN'S SOCIETY

6. Other income and gains (and losses)

6A. Other income

	<u>2020</u>	<u>2019</u>
	\$	\$
Interest income:		
– Debt asset instruments	623,610	771,500
– Fixed deposits	684,109	877,984
Dividend income:		
– Equity shares at FVTPL	158,676	205,479
– Equity shares at FVTOCI	355,814	487,006
Others	156,859	149,013
Total	<u>1,979,068</u>	<u>2,490,982</u>

6B. Other gains and losses

	<u>2020</u>	<u>2019</u>
	\$	\$
Fair value gains on financial instruments at FVTPL	527,429	1,551,907
Fair value gains/(losses) on derivatives	37,394	(30,305)
Foreign exchange translation (losses)/gains	(47,377)	50,824
Reclassification adjustments included in surplus for the year on maturity of debt asset instruments at FVTOCI from reserves	(15,560)	–
Losses from disposals of plant and equipment	(1,174)	(19,603)
Others	2,629	25,963
Total	<u>503,341</u>	<u>1,578,786</u>

7. Tax exempt receipts

The Society enjoys a concessionary tax treatment whereby qualifying donors are granted tax deduction for the donations made to the funds of the Society. The quantum of the tax deduction for each calendar year may vary as announced in the Singapore Budget. The Institution of a Public Character status granted to the Society for donations is for the period from 1 July 2017 to 30 June 2021.

	<u>2020</u>	<u>2019</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u>9,557,213</u>	<u>9,085,030</u>

8. Total resources expended by nature classification

	<u>2020</u>	<u>2019</u>
	\$	\$
Audit fees and related expenses	71,699	64,362
Amortisation on building use rights (Note 11)	238,966	238,965
Depreciation on property, plant and equipment (Note 10)	442,571	351,904
Depreciation on right-of-use assets (Note 19)	545,942	562,110
Employee benefits expense (Note 9)	14,488,000	13,515,704
Employee training, dental and medical expenses	223,455	487,875
Financial assistance and funding of medical fees	506,470	1,429,103
Management fees	191,779	206,163
Operating lease expenses (Note 19)	68,920	49,451
Programme related expense	992,078	1,749,360
Others	1,152,735	1,306,497
Total	<u>18,922,615</u>	<u>19,961,494</u>

SINGAPORE CHILDREN'S SOCIETY

9. Employee benefits expense

	<u>2020</u> \$	<u>2019</u> \$
Salaries and related costs	12,573,486	11,695,962
Contributions to defined contribution plan	1,914,514	1,819,742
Total employee benefits expense (Note 8)	<u>14,488,000</u>	<u>13,515,704</u>

10. Plant and equipment

	<u>Motor Vehicles</u> \$	<u>Furniture and Fittings</u> \$	<u>Renovation</u> \$	<u>Total</u> \$
<u>Cost:</u>				
At 1 January 2019	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
Additions	–	363,946	237,111	601,057
Disposals	(52,500)	(101,415)	(242,338)	(396,253)
At 31 December 2020	<u>53,406</u>	<u>2,105,369</u>	<u>1,906,444</u>	<u>4,065,219</u>
<u>Accumulated depreciation:</u>				
At 1 January 2019	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
Depreciation for the year	10,681	199,203	232,687	442,571
Disposals	(52,500)	(101,084)	(241,495)	(395,079)
At 31 December 2020	<u>35,604</u>	<u>1,410,806</u>	<u>1,493,162</u>	<u>2,939,572</u>
<u>Net book value:</u>				
At 1 January 2019	<u>39,164</u>	<u>432,989</u>	<u>352,944</u>	<u>825,097</u>
At 31 December 2019	<u>28,483</u>	<u>530,151</u>	<u>409,701</u>	<u>968,335</u>
At 31 December 2020	<u>17,802</u>	<u>694,563</u>	<u>413,282</u>	<u>1,125,647</u>

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

	<u>2020</u> \$	<u>2019</u> \$
Administrative expenses	19,567	14,551
Children in care	55,378	45,334
Fund raising expenses	11,929	12,504
Information and corporate communications expenses	792	43
Research and advocacy expenses	22,467	25,443
Social work service expenses	332,438	254,029
Total	<u>442,571</u>	<u>351,904</u>

SINGAPORE CHILDREN'S SOCIETY

11. Intangible asset – building use rights

	<u>2020</u>	<u>2019</u>
	\$	\$
<u>Cost:</u>		
At the beginning and 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	(318,620)	(79,655)
Amortisation for the reporting year	<u>(238,966)</u>	<u>(238,965)</u>
Balance at end of the reporting year	<u>(557,586)</u>	<u>(318,620)</u>
<u>Net book value:</u>		
At beginning of the year	<u>1,115,175</u>	<u>1,354,140</u>
At end of the year	<u>876,209</u>	<u>1,115,175</u>

The amortisation expense is charged to Statement of Financial Activities under:

	<u>2020</u>	<u>2019</u>
	\$	\$
Research and advocacy expenses	52,274	52,274
Social work service expenses	<u>186,692</u>	<u>186,691</u>
Total	<u>238,966</u>	<u>238,965</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

Presented in the statement of financial position as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
FVTOCI		
– equity	9,337,909	9,754,942
– debts	–	1,016,250
Sub-total	<u>9,337,909</u>	<u>10,771,192</u>
FVTPL		
– equity	11,034,402	8,050,677
– debts	18,083,391	15,244,187
– cash	869,798	668,985
– derivatives	91,272	53,878
Sub-total	<u>30,078,863</u>	<u>24,017,727</u>
Total	<u>39,416,772</u>	<u>34,788,919</u>
Less: Current		
FVTOCI	(1,425,519)	(2,589,610)
FVTPL	<u>(30,078,863)</u>	<u>(24,017,727)</u>
Total Non-current	<u>7,912,390</u>	<u>8,181,582</u>

Total investments managed by the independent fund managers amounted to \$30,078,863 (2019: \$24,017,727) and are classified as investments at FVTPL.

SINGAPORE CHILDREN'S SOCIETY

12. Other financial assets (cont'd)

12A. Investments at FVTOCI

	<u>2020</u>	<u>2019</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	10,771,192	10,110,846
Additions	290,266	134,087
Disposals	–	(178,335)
Redemption upon maturity of debt security	(1,000,000)	–
(Decrease)/ increase in FVTOCI	(723,549)	704,594
Fair value at end of the year	<u>9,337,909</u>	<u>10,771,192</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 fixed income instruments measured at FVTOCI were derecognised. The fair value of the investments at the date of derecognition was \$1,000,000, including cumulative loss on maturity of \$15,560 which was reclassified to surplus for the year (2019: \$46,814 was transferred to retained earnings for equity instruments).

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

12B. Disclosures relating to investments at FVTOCI

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

	Level	<u>2020</u>	<u>2019</u>
		\$	\$
<u>Quoted equity securities</u>			
Singapore	1	9,337,909	9,754,942
<u>Quoted debt securities</u>			
Singapore	1	–	1,016,250
		<u>9,337,909</u>	<u>10,771,192</u>

The quoted debt security which borne interest at 4.3% (2019: 4.3%) per annum, matured on 31 August 2020.

12C. Investments at FVTPL

	<u>2020</u>	<u>2019</u>
	\$	\$
Movements during the year:		
Fair value at beginning of the year	24,017,727	26,727,769
Additions*	5,543,690	568,354
Redemption upon maturity of portfolio	–	(4,850,822)
Fair value gains/(losses) on derivatives	37,394	(30,305)
Foreign exchange translation (losses)/gains	(47,377)	50,824
Increase in FVTPL	527,429	1,551,907
Fair value at end of the year	<u>30,078,863</u>	<u>24,017,727</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 concentrations within the investment portfolio including their fair value hierarchy, where necessary.

Equity / Debts Instruments	Level	2020	2019
		\$	\$
<u>Quoted equity securities</u>			
Singapore	1	217,952	134,576
US	1	7,076,375	4,928,601
Europe	1	1,566,232	1,161,457
Others	1	2,173,843	1,826,043
		<u>11,034,402</u>	<u>8,050,677</u>
<u>Quoted debt securities</u>			
Singapore	1	16,360,471	13,322,264
US	1	1,722,920	1,921,923
		<u>18,083,391</u>	<u>15,244,187</u>

The quoted debt securities have a maturity expiring date ranging from January 2021 to January 2030 (2019: April 2020 to October 2027). The rate of interest ranges from 2.95% to 5.8% (2019: 1.6% to 5.8%) per annum.

Cash and cash equivalents

	2020	2019
	\$	\$
Singapore	765,140	563,048
US	97,443	68,214
Others	7,215	37,723
	<u>869,798</u>	<u>668,985</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

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

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 (cont'd)

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

The above contracts have maturity dates within one year.

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

12E. Disclosures relating to credit loss 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>2020</u> \$	<u>2019</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	933,791	1,077,119
A hypothetical 10% increase / decrease in the fair value of quoted equity and debt securities would increase / decrease surplus by the following amount	<u>2,911,781</u>	<u>2,329,486</u>

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

SINGAPORE CHILDREN'S SOCIETY

13. Other receivables

	<u>2020</u>	<u>2019</u>
	\$	\$
Refundable deposits	244,095	169,200
Interest receivables	366,162	621,466
Other receivables:		
– Grants	1,911,951	1,510,325
– Donations and others	538,944	280,455
	<u>3,061,152</u>	<u>2,581,446</u>

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

14. Other non-financial assets

	<u>2020</u>	<u>2019</u>
	\$	\$
Prepayments	<u>128,724</u>	<u>162,821</u>

15. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash and bank balances	12,094,594	13,834,246
Fixed deposits with financial institutions	<u>42,408,212</u>	<u>39,696,753</u>
	<u>54,502,806</u>	<u>53,530,999</u>
Interest earnings balances	<u>47,990,653</u>	<u>49,213,829</u>

The cash earnings balances earn interest at rates ranging from 0.15% to 2.49% (2019: from 1.53% to 2.49%) per annum. Interest rates reprice at intervals of three to twelve months (2019: six to twelve months).

15A. Non-cash transactions

There were additions to plant and equipment for an amount of \$91,799 (2019: Nil) and right-of-use assets of \$70,445 (2019: Nil) being provision for reinstatement cost (Note 17).

SINGAPORE CHILDREN'S SOCIETY

16. Fund account transactions and balances

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

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

	Unrestricted Funds		Restricted Funds					
	General Fund (i)	Other Reserves (ii)	Children's Medical Fund (iii)	Madam Ho Yun Wai Fund (iv)	Professor S.S. Rathnam Memorial Fund (v)	Other Restricted Funds Note 16A	Total	
	\$	\$	\$	\$	\$	\$	\$	
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	2,546,514	-	(286,062)	-	5,037	(827,148)	1,438,341	
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					
	General Fund	Other Reserves	Children's Medical Fund	Madam Ho Yun Wai Fund	Professor S.S. Ratnam Memorial Fund	Other Restricted Funds	Total	
	(i)	(ii)	(iii)	(iv)	(v)	Note 16A		\$
2020								
Non-current assets								
Plant and equipment	1,048,942	-	-	-	-	76,705		1,125,647
Right-of-use assets	1,357,989	-	-	-	-	-		1,357,989
Intangible asset – building use rights	876,209	-	-	-	-	-		876,209
Other financial assets	7,912,390	-	-	-	-	-		7,912,390
Current assets								
Other financial assets	17,077,271	2,386,272	12,040,839	-	-	-		31,504,382
Other receivables	1,969,871	-	10,387	860	88	1,079,946		3,061,152
Other assets	125,675	-	-	-	-	3,049		128,724
Interfund balances	-	-	129,016	-	-	1,784,269		1,913,285
Cash and cash equivalents	43,867,492	-	8,830,024	530,974	271,081	1,003,235		54,502,806
Total assets	74,235,839	2,386,272	21,010,266	531,834	271,169	3,947,204		102,382,584
Non-current liabilities								
Lease Liabilities	956,159	-	-	-	-	-		956,159
Other liabilities	434,273	-	-	-	-	91,653		525,926
Current liabilities								
Trade and other payables	2,192,658	-	31,377	-	-	786,252		3,010,287
Lease Liabilities	423,337	-	-	-	-	-		423,337
Interfund balances	918,532	-	-	31,834	447	962,472		1,913,285
Other liabilities	488,012	-	-	-	-	1,582,912		2,070,924
Total liabilities	5,412,971	-	31,377	31,834	447	3,423,289		8,899,918
Transfer from General Funds	(364,623)	-	-	-	-	364,623		-
Net assets	68,458,245	2,386,272	20,978,889	500,000	270,722	888,538		93,482,666

SINGAPORE CHILDREN'S SOCIETY

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

	Unrestricted Funds		Restricted Funds					
	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	Total	
	\$	\$	\$	\$	\$	\$	\$	
2019								
Non-current assets								
Plant and equipment	857,791	-	-	-	-	110,544	968,335	
Right-of-use assets	622,523	-	-	-	-	-	622,523	
Intangible asset – building use rights	1,115,175	-	-	-	-	-	1,115,175	
Other non-financial assets	8,181,582	-	-	-	-	-	8,181,582	
Current assets								
Other financial assets	12,192,576	3,094,261	11,320,500	-	-	-	26,607,337	
Other receivables	1,262,254	-	71,733	2,570	2,671	1,242,219	2,581,448	
Other assets	152,042	-	-	-	-	10,779	162,820	
Interfund balances	1,471,739	-	109,225	-	-	492,932	2,073,896	
Cash and cash equivalents	42,393,433	-	9,072,363	520,637	265,386	1,279,180	53,530,999	
Total assets	68,249,115	3,094,261	20,573,821	523,207	268,057	3,135,654	95,844,114	
Non-current liabilities								
Other non-financial liabilities	342,945	-	-	-	-	91,653	434,598	
Lease Liabilities	171,881	-	-	-	-	-	171,881	
Current liabilities								
Trade and other payables	1,877,422	-	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 non-financial liabilities	57,878	-	-	-	-	1,290,274	1,348,152	
Total liabilities	2,950,552	-	10,541	23,207	447	4,004,614	6,989,361	
Transfer from General Funds	(872,115)	-	-	-	-	872,115	-	
Net assets	64,426,448	3,094,261	20,563,279	500,000	267,610	3,155	88,854,753	

SINGAPORE CHILDREN'S SOCIETY

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

16A. Other Restricted Funds

Other Restricted Funds – Funded Programmes														
	Appropriate Adult Scheme for Young Suspect (vi)	ComCare Fund (vii)	Family Service Centre – Yishun (viii)	Integrated Service Provider (ix)	Project Light (x)	KidSTART (xi)	Pre-FGO (xii)	Safe and Strong Families – Reunification (Team) (xiii)	Shared Gifting Circle for Children and Youth Mental Health (xiv)	Sunbeam Place (xv)	Triple P (xvi)	Yellow Brick Road (xvii)	The Straits Times School Pocket Money Fund (xviii)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2020														
Incoming Resources														
Donation income	–	–	33,768	280	–	–	–	2,454	–	122,679	–	–	–	159,181
Grants	751,412	4,000	3,092,147	668,162	–	143,552	441,086	543,231	38,837	1,845,041	5,119	410,726	185,305	8,128,618
Other gains or losses	–	–	6,223	–	–	–	–	–	–	309	–	–	–	6,532
	751,412	4,000	3,132,138	668,442	–	143,552	441,086	545,685	38,837	1,968,029	5,119	410,726	185,305	8,294,331
Resources Expended														
Administrative expenses	(93,014)	–	(399,157)	(91,689)	–	(5,028)	(45,136)	(59,275)	(4,240)	(319,476)	(2,782)	(71,008)	–	(1,090,805)
Children in care	–	–	–	–	–	–	–	(375,216)	–	(2,013,176)	–	–	–	(2,388,392)
Social work service expenses	(588,793)	–	(2,128,376)	(580,403)	–	(31,831)	(285,719)	–	(26,846)	–	(17,608)	(449,493)	(185,305)	(4,294,374)
	(681,807)	–	(2,527,533)	(672,092)	–	(36,859)	(330,855)	(434,491)	(31,086)	(2,332,652)	(20,390)	(520,501)	(185,305)	(7,773,571)
Surplus/(deficit) for the year and total comprehensive income/(loss)	69,605	4,000	604,605	(3,650)	–	106,693	110,231	111,194	7,751	(364,623)	(15,271)	(109,775)	–	520,760

16.	Fund account transactions and balances (cont'd)
16A.	Other Restricted Funds (cont'd)

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SINGAPORE CHILDREN'S SOCIETY

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

16A. Other Restricted Funds (cont'd)

Other Restricted Funds – Funded Programmes													
	Appropriate Adult Scheme for Young Suspect (vi) \$	ComCare Fund (vii)	Family Service Centre – Yishun (viii) \$	Integrated Service Provider (ix) \$	KidSTART (xi) \$	Pre-EGO (xii) \$	Project Light (x) \$	Safe and Strong Families – Reunification (Team) (xiii) \$	Shared Gifting Circle for Children and Youth Mental Health (xiv) \$	Sunbeam Place (xv) \$	Triple P (xvi) \$	Yellow Brick Road (xvii) \$	The Straits Times School Pocket Money Fund (xviii) \$
2020													Total
Non-current assets													
Plant and equipment	-	-	23,428	-	-	-	-	1,189	-	52,088	-	-	76,705
Current assets													
Other receivables	510,622	-	203,199	59,977	-	176,251	-	19,250	-	110,647	-	-	1,079,946
Other non-financial assets	-	-	126	-	-	-	-	-	-	2,923	-	-	3,049
Interfund balances	-	-	1,409,552	-	321,364	18,548	-	34,805	-	-	-	-	1,784,269
Cash and cash equivalents	-	14,000	3,468	-	-	-	-	1,000	-	8,987	-	877,050	98,730
Total assets	510,622	14,000	1,639,773	59,977	321,364	194,799	-	56,244	-	174,645	-	877,050	98,730
Non-current liabilities													
Other non-financial liabilities	-	-	91,653	-	-	-	-	-	-	-	-	-	91,653
Current liabilities													
Trade and other payables	74,404	-	307,101	44,323	-	33,093	-	54,077	-	269,868	3,386	-	786,252
Interfund balances	366,613	-	-	359,230	-	-	-	-	7,346	78,299	11,885	127,714	11,385
Other non-financial liabilities	-	-	45,064	61,468	214,671	51,475	-	9,509	45,229	191,101	-	877,050	87,345
Total liabilities	441,017	-	443,818	465,021	214,671	84,568	-	63,586	52,575	539,268	15,271	1,004,764	98,730
Transfer from General Funds	-	-	-	-	-	-	-	-	-	364,623	-	-	364,623
Net assets	69,605	14,000	1,195,955	(405,044)	106,693	110,231	-	(7,342)	(52,575)	-	(15,271)	(127,714)	888,538

SINGAPORE CHILDREN'S SOCIETY

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

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) (xlii)	Shared Gifting Children and Youth Mental Health (xiv)	Sunbeam Place (xv)	Yellow Brick Road (xvii)	The Straits Times School Pocket Money Fund (xviii)
2019	\$		\$	\$	\$	\$	\$	\$	\$	\$
Non-current assets										
Plant and equipment	-	-	32,892	-	-	2,875	-	74,776	-	110,543
Current assets										
Other receivables	798,454	-	388,352	-	-	10,535	-	44,878	-	1,242,219
Other non-financial assets	-	-	4,154	-	-	-	-	6,625	-	10,779
Interfund balances	-	-	485,688	-	-	-	-	-	-	7,245
Cash and cash equivalents	-	10,000	4,000	-	-	700	-	9,625	1,243,855	11,000
Total assets	798,454	10,000	915,086	-	-	14,110	-	135,904	1,243,855	18,245
Non-current liabilities										
Other non-financial liabilities	-	-	91,653	-	-	-	-	-	-	-
Current liabilities										
Trade and other payables	59,291	-	232,083	-	-	65,644	-	240,777	4,061	-
Interfund balances	739,163	-	-	401,394	47,370	64,590	38,450	715,985	13,878	-
Other non-financial liabilities	-	-	-	-	-	2,412	21,876	3,887	1,243,855	18,245
Total non-financial liabilities	798,454	-	323,736	401,394	47,370	132,646	60,326	960,649	1,261,794	18,245
Transfer from General Funds	-	-	-	-	47,370	-	-	824,745	-	-
Net assets	-	10,000	591,350	(401,394)	-	(118,536)	(60,326)	-	(17,939)	-
										3,155

SINGAPORE CHILDREN'S SOCIETY

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

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

- (i) General Fund – this represents cumulative surpluses available for general use for the furtherance of the Society's objectives.
- (ii) Other reserves – this represents the cumulative fair value movements for equity instruments (item that cannot be recycled to profit or loss) and debt instruments (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 Ministry of Social and Family Development ("MSF") to run a suite of programmes for at-risk youths and young offenders below 21 years of age. The funds received for these programmes are restricted for the operations of these programmes only.
- (x) 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. The programme ended 31 December 2019.
- (xi) KidSTART – Children's Society is one of the agencies appointed by Early Childhood Development Agency ("EDCA"). This programme is to enable children, aged 0–6 years, from low-income families, to have a good start in life, by providing them and their parents with upstream and holistic support. The funds received for this programme are restricted for the operations of this programme only.

SINGAPORE CHILDREN'S SOCIETY

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

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

- (xii) Pre-FGO – the programme requires Children's Society to work closely with MSF in all other matters relevant to the guidance of families in their parenting, improving of parent-child relationships, as well as the care, protection and rehabilitation for Children and Young Persons ("CYPs") presenting at-risk behaviours. The funds received for this programme are restricted for the operations of this programme only.
- (xiii) 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.
- (xiv) 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.
- (xv) Sunbeam Place – this is a residential home for children in care. In 2020, Sunbeam Place incurred a deficit of \$364,623 (2019: \$824,744). These deficits are fully funded by transfers from the general fund. As of 31 Dec 2020, the transfers to Sunbeam Place from 2006 – 2020 to cover its accumulated deficits totaled \$4,451,163 (2019: \$4,086,540). The funds received for this centre are restricted for the operations of this centre only.
- (xvi) Triple P – this programme is an evidence-based parenting and family support program designed to prevent and treat behavioural and emotional problems in children and teenagers. Triple P equips parents/caregivers with simple and practical strategies to help them build strong, healthy relationships, confidently manage their children's behaviour and prevent problems from developing. Triple P is identified as an intervention to supplement the existing programmes in ISPs, namely Triage, Guidance Programme ("GP"), Streetwise Programme ("SWP")/Enhanced Streetwise Programme ("ESWP") and Youth Enhanced Supervision Scheme ("YES"). The funds received for this programme are restricted for the operations of this programme only.
- (xvii) 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.
- (xviii) The Straits Times School Pocket Money Fund – the fund was started in October 2000 as a community project initiated by The Straits Times, to provide pocket money to children from low-income families to help them through school. The Society is one of the disbursing agencies.

SINGAPORE CHILDREN'S SOCIETY

17. Other non-financial liabilities, non-current

	<u>2020</u>	<u>2019</u>
	\$	\$
Provision for restoration costs:		
Balance at beginning of the year	434,598	488,996
Additions for the year	162,244	-
Utilised during the year	<u>(70,916)</u>	<u>(54,398)</u>
Balance at end of the year	<u>525,926</u>	<u>434,598</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>2020</u>	<u>2019</u>
	\$	\$
Accrued liabilities	2,767,988	2,229,019
Other payables	<u>242,299</u>	<u>260,800</u>
	<u>3,010,287</u>	<u>2,489,819</u>

19. Right-of-use assets and lease liabilities

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

a) Right-of-use assets:

	<u>Offices</u>
	\$
<u>Cost:</u>	
At 1 January 2019 and 31 December 2019	1,184,633
Additions	1,281,408
End of lease term	<u>(823,057)</u>
At 31 December 2020	<u>1,642,984</u>
<u>Accumulated depreciation:</u>	
At 1 January 2019	-
Depreciation	562,110
At 31 December 2019	562,110
Depreciation	545,942
End of lease term	<u>(823,057)</u>
At 31 December 2020	<u>284,995</u>

SINGAPORE CHILDREN'S SOCIETY

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

a) Right-of-use assets: (cont'd)

	<u>Offices</u> \$
Carrying value:	
At 1 January 2019	1,184,633
At 31 December 2019	<u>622,523</u>
At 31 December 2020	<u>1,357,989</u>

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

	<u>2020</u> \$	<u>2019</u> \$
Administrative expenses	272,240	231,492
Children in care	-	3,944
Fund raising expenses	181,489	154,332
Research and advocacy expenses	47,053	45,188
Social work service expenses	45,160	127,154
Total	<u>545,942</u>	<u>562,110</u>

b) Lease liabilities:

	<u>2020</u> \$	<u>2019</u> \$
Lease liabilities, current	423,337	471,015
Lease liabilities, non-current	956,159	171,881
	<u>1,379,496</u>	<u>642,896</u>

	<u>2020</u> \$	<u>2019</u> \$
At 1 January 2019	642,896	1,184,633
Additions	1,210,963	-
Accretion of interest	38,170	45,694
Lease payments	(512,533)	(587,432)
At 31 December 2020	<u>1,379,496</u>	<u>642,896</u>

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follow.

	<u>Minimum payments</u> \$	<u>Finance charges</u> \$	<u>Present value</u> \$
<u>2020</u>			
Minimum lease payments payable:			
Not later than one year	483,204	(59,867)	423,337
Between one and three years	1,008,718	(52,559)	956,159
Total	<u>1,491,922</u>	<u>(112,426)</u>	<u>1,379,496</u>
<u>2019</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>

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

b) Lease liabilities (cont'd):

Total cash outflows from leases are shown in the statement of cash flows.

The weighted average incremental borrowing rate applied to lease liabilities recognised was 5% (2019: 5%) per annum.

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

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

	<u>2020</u>	<u>2019</u>
	\$	\$
Expense relating to short-term leases	<u>68,920</u>	<u>49,451</u>

20. Other non-financial liabilities, current

	<u>2020</u>	<u>2019</u>
	\$	\$
Deferred capital grant (a)	1,070	2,413
Government grant unamortised (b)	326,591	–
Other liabilities (c)	<u>1,743,263</u>	<u>1,345,739</u>
	<u>2,070,924</u>	<u>1,348,152</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>2020</u>	<u>2019</u>
	\$	\$
Balance at beginning of the year	2,413	11,536
Utilised during the year	<u>(1,343)</u>	<u>(9,123)</u>
Balance at end of the year	<u>1,070</u>	<u>2,413</u>

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

c) Included in other liabilities is an unutilised fund of \$877,050 (2019: \$1,243,855) for fund received in advance in 2019 relating to the Yellow Brick Road programme (Note 16B(xvii)).

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21. Reserve policy

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

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

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

The Society is not subject to externally imposed capital requirements.

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

22. Financial instruments: information on financial risks

22A. Categories of financial assets and liabilities

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

	<u>2020</u>	<u>2019</u>
	\$	\$
<u>Financial assets:</u>		
Financial assets at amortised cost	57,563,958	56,112,445
Financial assets at FVTPL	30,078,863	24,017,727
Financial assets at FVTOCI	<u>9,337,909</u>	<u>10,771,192</u>
At end of the year	<u>96,980,730</u>	<u>90,901,364</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	<u>4,389,783</u>	<u>3,132,715</u>
At end of the year	<u>4,389,783</u>	<u>3,132,715</u>

Further quantitative disclosures are included throughout these financial statements.

22B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Society's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The Society has undertaken certain practices for the management of financial risks based on acceptable market practice. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff under the guidance of the Investment Committee. All financial risk management activities are carried out following acceptable market practices.

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

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

22. 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 liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2019: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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

22. Financial instruments: information on financial risks (cont'd)**22E. Liquidity risk – financial liabilities maturity analysis**

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

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

	Less than <u>1 year</u>	<u>1 – 3 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	2,489,819	–	2,489,819
At end of the year	<u>2,980,474</u>	<u>183,935</u>	<u>3,164,409</u>

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

22F. Interest rate risk

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

	<u>2020</u>	<u>2019</u>
	\$	\$
Financial assets:		
Fixed rates (a)	60,491,603	55,957,187
Floating rates (b)	5,582,441	9,517,076
Total at end of the year	<u>66,074,044</u>	<u>65,474,263</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.

22. Financial instruments: information on financial risks (cont'd)**22G. Foreign currency risk**

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

Analysis of major amounts denominated in non-functional currencies:

	<u>US Dollar</u>	<u>Euro Dollar</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>2020:</u>			
<u>Financial assets:</u>			
Financial assets at FVTPL	8,896,732	1,566,232	10,462,964
<u>Financial liabilities:</u>			
Foreign currency contracts	(7,373,962)	(1,043,956)	(8,417,918)
Net financial assets	<u>1,522,773</u>	<u>522,276</u>	<u>2,054,049</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	(6,795,557)	(733,223)	(7,528,780)
Net financial assets	<u>123,178</u>	<u>428,234</u>	<u>551,412</u>
<u>Sensitivity analysis:</u>			
	<u>2020</u>	<u>2019</u>	
	<u>\$</u>	<u>\$</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	(152,277)	(12,318)	
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>(52,228)</u>	<u>(42,823)</u>	

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

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

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23. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the Society are listed below. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 1 and 8	Definition of Material - Amendments
FRS P2	FRS Practice Statement 2 Making Materiality Judgements
FRS 116	Covid-19 related rent concessions – Amendments (effective from 1 June 2020)

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

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

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments	1 Jan 2022
FRS 37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments	1 Jan 2022
FRS 109	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 Jan 2022
FRS 116	Covid-19 Related Rent Concessions – Amendments	1 Jan 2022
Various	Annual Improvements to FRS 2018-2020	1 Jan 2022
FRS 1	Classification of Liabilities as Current or Non-current – Amendments	1 Jan 2023