

**Pertapis Education and Welfare  
Centre**

[UEN. S71SS0014H]

[A Society registered under the Societies Act  
(Chapter 311) in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2020**

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**Suhaimi Salleh &  
Associates**

[UEN. S88PF0247L]

Public Accountants and  
Chartered Accountants of Singapore

71 Ubi Crescent  
Excalibur Centre #08-01  
Singapore 408571  
T: (65) 6846.8376  
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## STATEMENT BY THE EXECUTIVE COMMITTEE

In the opinion of the Executive Committee, the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of the Pertapis Education and Welfare Centre (the "Society") as at 31 March 2020, and the financial results, changes in funds and cash flows of the Society for the financial year then ended.

At the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Executive Committee, comprising the following, authorised the issue of these financial statements on

**01 OCT 2020**

President	Hussaini Abdullah	
Vice President I	Abdul Rahim Abdul Khan	
Vice President II	D'Cruz Firdaus Lionel Wilfred	
Secretary-General	Mohd Maser Mansor	
Finance Secretary	Abdul Samad Bin Haron	
Committee Member	Ja'afar Mohd Kamari	
Committee Member	Mahmood Abdullah Bamadhaj	
Committee Member	Mokssin Saujaji	
Committee Member	Amasha Mohamed Yusof	(Resigned on 01 December 2019)
Committee Member	Abdul Latiff Omar	
Committee Member	Dr. Muhammad Fadzli Hassan	
Committee Member	Muhammad Hasyim Mohamed Azmi	
Committee Member	Dr. Mohamed Elmie Nekmat	(Resigned on 25 July 2020)

For and on behalf of the Executive Committee,



Hussaini Abdullah  
President



Mohd Maser Mansor  
Secretary-General



Abdul Samad Bin Haron  
Finance Secretary

Singapore, **01 OCT 2020**

## **Suhaimi Salleh & Associates**

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Independent auditor's report to the members of:

### **Pertapis Education and Welfare Centre**

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in the Republic of Singapore]

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the accompanying financial statements of Pertapis Education and Welfare Centre (the "Society"), which comprise the statement of financial position of the Society as at 31 March 2020, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Society for the financial year ended, and notes to the financial statements, including a summary of 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 Charities Accounting Standard in Singapore ("CAS") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 March 2020, and of the financial results, changes in funds and cash flows of the Society for the financial 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 Statement by the Executive Committee 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.

## **Suhaimi Salleh & Associates**

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(CONT'D)

Independent auditor's report to the members of:

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### **Other Information (Cont'd)**

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

### **Responsibilities of the Executive Committee and Those Charged with Governance for the Financial Statements**

Management Committee 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 CAS, 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, Executive Committee 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:

- 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.

## **Suhaimi Salleh & Associates**

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(CONT'D)

Independent auditor's report to the members of:

### **Pertapis Education and Welfare Centre**

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#### **Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- 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.

#### **Report on Other Legal and Regulatory Requirements**

In our opinion,

- (a) the accounting and other records required to be kept 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 fundraising appeals held during the financial year ended 31 March 2020 have been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund raising appeals.

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## **Suhaimi Salleh & Associates**

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### **Report on Other Legal and Regulatory Requirements (Cont'd)**

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

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



**Suhaimi Salleh & Associates**  
Public Accountants and  
Chartered Accountants

Singapore, **01 OCT 2020**

Partner-in-charge: Soo Hon Weng  
PAB No.: 01089

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Note	2020		2019	
		Unrestricted funds S\$	Restricted funds S\$ (Note 13)	Unrestricted funds S\$	Restricted funds S\$ (Note 13)
<b>INCOME</b>					
<b>Income from generating funds</b>					
Voluntary income		1,515,652	1,677,110	1,617,482	3,080,941
Grants and subsidies		147,288	0	233,119	233,119
Activities income		1,378,871	55,116	1,746,065	1,787,969
Investment income		212,087	0	133,138	133,138
Other income	6	214,290	0	209,272	209,272
		3,468,188	1,732,226	3,939,076	5,444,439
<b>Administrative fees</b>		888,000	0	888,000	888,000
<b>Income from charitable activities</b>					
Grants & subsidies		0	9,297,381	0	7,608,010
Amortisation of grants		0	578,139	0	466,624
Activities income		0	88,660	0	105,406
Miscellaneous income		0	61,014	0	61,035
		0	10,025,194	0	8,241,075
<b>Total income</b>		4,356,188	11,757,420	4,827,076	14,573,514
<b>LESS: EXPENDITURES</b>					
<b>Cost of generating funds</b>					
Advertisements		0	0	0	1,185
Amortisation of capital grants		0	45,664	0	55,685
Depreciation of property, plant and equipment		75,604	0	91,174	91,174
Fundraising expenses	10	132,917	0	224,844	224,844
Salaries and related costs		734,368	0	686,821	686,821
Staff employer CPF and SDL		88,819	0	75,927	75,927
Staff welfare		0	143	0	0
Staff training		142	195	251	15,896
Residents and students expenses		94,097	0	109,869	109,869
Miscellaneous expenses		111,804	8,796	162,770	169,028
		1,237,751	54,798	1,351,656	1,430,680

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)**

	Note	2020		2019		Total funds S\$
		Unrestricted funds S\$	Restricted funds S\$ (Note 13)	Unrestricted funds S\$	Restricted funds S\$ (Note 13)	
<b>LESS: EXPENDITURES (CONT'D)</b>						
<b>Cost of charitable activities</b>						
Amortisation of capital grants		0	665,361	0	599,197	599,197
Depreciation of property, plant and equipment	10	0	617,380	0	515,753	515,753
Donations		0	522,598	0	453,704	453,704
Salaries and related costs		0	2,837,200	0	2,712,434	2,712,434
Staff employer CPF and SDL		0	470,525	0	479,946	479,946
Residents programme		0	414,256	0	233,654	233,654
Residents and students expenses		0	1,041,683	0	949,289	949,289
Miscellaneous expenses		0	1,726,353	0	1,741,146	1,741,146
Property, plant and equipment written off	10	0	0	0	81,878	81,878
		0	8,295,356	0	7,767,001	7,767,001
<b>Governance and other administrative costs</b>						
Administrative fees charged		150,000	738,000	150,000	738,000	888,000
Advertisements		69,525	5,353	54,955	939	55,894
Audit fees		17,600	16,505	17,600	16,000	33,600
Bank charges		1,805	10	1,502	33	1,535
Depreciation of property, plant and equipment	10	109,971	0	125,584	0	125,584
Reversal of depreciation of investment properties	9	(63,238)	0	0	0	0
General donations		12,100	0	7,400	0	7,400
General expenses		8,531	886	10,042	1,315	11,357
Gifts and souvenirs		14,544	1,416	17,906	59	17,965
Insurance		8,549	0	12,563	0	12,563
Licence fees		1,479	0	0	0	0
Low value assets		1,941	2,653	2,311	5,198	7,509
Property, plant and equipment written off	10	0	0	28,152	0	28,152
Meals and entertainment		39,807	2,174	16,974	4,213	21,187
Meeting, function and seminar expenses		126,806	9,063	118,725	31,667	150,392
Expenses from movers service		310	44,063	6,902	50,528	57,430
Newspapers and periodicals		413	0	583	0	583
Penalty and interest charges		500	0	0	0	0
Printing, postage and stationery		148,084	88	104,210	103	104,313
Professional and legal fees		6,200	0	10,627	0	10,627
Balance carried forward		654,927	820,211	686,036	848,055	1,534,091



**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)**

	Note	2020		2019		Total funds S\$
		Unrestricted funds S\$	Restricted funds S\$ (Note 13)	Unrestricted funds S\$	Restricted funds S\$ (Note 13)	
<b>LESS: EXPENDITURES (CONT'D)</b>						
<b>Governance and other administrative costs (Cont'd)</b>						
Balance brought forward		654,927	820,211	686,036	848,055	1,534,091
Property tax		8,570	0	9,076	0	9,076
Recruitments		527	0	0	0	0
Repairs and maintenance		39,112	61,168	31,422	64,217	95,639
Rental of premises		192,688	0	193,094	0	193,094
Salaries and related costs		1,111,106	58,262	1,037,433	43,000	1,080,433
Staff employer CPF and SDL		157,428	0	143,545	0	143,545
Staff medical expenses		1,740	0	1,266	0	1,266
Staff welfare		13,674	0	53,583	0	53,583
Staff training		622	366	17,180	8,567	25,747
Subscriptions		139	0	950	0	950
Transport		7,154	898	5,646	7,104	12,750
Utilities		25,087	0	23,720	0	23,720
		<u>2,212,774</u>	<u>940,905</u>	<u>2,202,951</u>	<u>970,943</u>	<u>3,173,894</u>
<b>Total expenditure</b>		<b>3,450,525</b>	<b>9,291,059</b>	<b>3,554,607</b>	<b>8,816,968</b>	<b>12,371,575</b>
<b>Net income for the financial year</b>		<b>905,663</b>	<b>2,466,361</b>	<b>1,272,469</b>	<b>929,470</b>	<b>2,201,939</b>

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

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	Note	2020 S\$	2019 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	7	16,554,816	13,883,160
Fees and other receivables	8	<u>1,228,744</u>	<u>715,165</u>
		<u>17,783,560</u>	<u>14,598,325</u>
<b>Non-current assets</b>			
Investment properties	9	4,672,000	4,608,762
Property, plant and equipment	10	<u>3,246,498</u>	<u>3,115,442</u>
		<u>7,918,498</u>	<u>7,724,204</u>
<b>Total assets</b>		<u>25,702,058</u>	<u>22,322,529</u>
<b>LIABILITIES</b>			
<b>Current liability</b>			
Other payables	11	<u>1,347,704</u>	<u>1,340,199</u>
<b>Total liability</b>		<u>1,347,704</u>	<u>1,340,199</u>
<b>NET ASSETS</b>		<u>24,354,354</u>	<u>20,982,330</u>
<b>FUNDS</b>			
Unrestricted funds	12	16,950,009	16,035,110
Restricted funds	13	<u>7,404,345</u>	<u>4,947,220</u>
<b>TOTAL FUNDS</b>		<u>24,354,354</u>	<u>20,982,330</u>

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

**STATEMENT OF CHANGES IN FUNDS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Note	At beginning of financial year S\$	Net income / (expenditure) for the year S\$	Transfer of funds (Note 14) S\$	At end of financial year S\$
<b>2020</b>					
<b>Unrestricted funds</b>					
General fund	12	16,679,685	908,421	8,134	17,596,240
Childcare fund	12	(644,575)	(2,758)	1,102	(646,231)
		<u>16,035,110</u>	<u>905,663</u>	<u>9,236</u>	<u>16,950,009</u>
<b>Restricted funds</b>					
Designated Capital Grant fund	13	1,511,726	(711,025)	1,136,578	1,937,279
Community Silver Trust fund	13	214,605	34,916	0	249,521
Care & Share Grant fund	13	235,433	(71,072)	(158,267)	6,094
The Rising Star Project Grant fund	13	12,730	0	(12,730)	0
Yellow Ribbon Grant fund	13	29,700	(29,700)	0	0
President Challenge fund	13	64,175	(15,730)	(17,408)	31,037
Welfare Trust and Zakat fund	13	633,379	55,626	0	689,005
Women and Girls Home fund	13	178,338	1,778,210	41,621	1,998,169
Halfway House fund	13	3,143,613	839,224	(1,018,108)	2,964,729
Children Home fund	13	26,429	563,492	17,217	607,138
Senior Citizen Fellowship Home fund	13	(1,102,908)	22,420	1,861	(1,078,627)
		<u>4,947,220</u>	<u>2,466,361</u>	<u>(9,236)</u>	<u>7,404,345</u>
<b>TOTAL FUNDS</b>		<u>20,982,330</u>	<u>3,372,024</u>	<u>0</u>	<u>24,354,354</u>

**STATEMENT OF CHANGES IN FUNDS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)**

	Note	At beginning of financial year S\$	Net income / (expenditure) for the year S\$	Transfer of funds (Note 14) S\$	At end of financial year S\$
<b>2019</b>					
<b>Unrestricted funds</b>					
General fund	12	15,341,185	1,351,235	(12,735)	16,679,685
Childcare fund	12	(591,165)	(78,766)	25,356	(644,575)
		<u>14,750,020</u>	<u>1,272,469</u>	<u>12,621</u>	<u>16,035,110</u>
<b>Restricted funds</b>					
Designated Capital Grant fund	13	1,937,119	(654,882)	229,489	1,511,726
Community Silver Trust fund	13	48,856	165,749	0	214,605
Care & Share Grant fund	13	672,822	(102,804)	(334,585)	235,433
HR & Corporate Development fund	13	(12,735)	0	12,735	0
The Rising Star Project Grant fund	13	2,730	10,000	0	12,730
Yellow Ribbon Grant fund	13	27,000	2,700	0	29,700
President Challenge fund	13	0	64,175	0	64,175
Welfare Trust and Zakat fund	13	322,931	310,448	0	633,379
Women and Girls Home fund	13	7,766	155,943	14,629	178,338
Halfway House fund	13	2,034,670	1,071,159	37,784	3,143,613
Children Home fund	13	(55,726)	57,916	24,239	26,429
Senior Citizen Fellowship Home fund	13	(955,062)	(150,934)	3,088	(1,102,908)
		<u>4,030,371</u>	<u>929,470</u>	<u>(12,621)</u>	<u>4,947,220</u>
<b>TOTAL FUNDS</b>		<u>18,780,391</u>	<u>2,201,939</u>	<u>0</u>	<u>20,982,330</u>

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

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Note	2020 S\$	2019 S\$
<b>Cash flows from operating activities</b>			
Net income for the financial year		3,372,024	2,201,939
Adjustments for:			
- Depreciation of property, plant and equipment	10	802,955	732,511
- Reversal of depreciation of investment properties	9	(63,238)	0
- Property, plant and equipment written off	10	0	110,030
- Interest income		(87,685)	(48,577)
Operating cash flow before working capital changes		4,024,056	2,995,903
Changes in operating assets and liabilities:			
- Other receivables		(462,989)	(418,923)
- Other payables		7,505	503,580
Cash generated from operating activities		3,568,572	3,080,560
Interest received		37,095	48,577
<b>Net cash generated from operating activities</b>		<u>3,605,667</u>	<u>3,129,137</u>
<b>Cash flows from investing activities</b>			
Increased in fixed deposits pledged		(2,585)	(2,543)
Purchase of property, plant and equipment	10	(934,011)	(1,676,751)
<b>Net cash used in investing activities</b>		<u>(936,596)</u>	<u>(1,679,294)</u>
<b>Net increase in cash and cash equivalents</b>		2,669,071	1,449,843
Cash and cash equivalents at beginning of financial year		13,651,551	12,201,708
<b>Cash and cash equivalents at end of financial year</b>	7	<u>16,320,622</u>	<u>13,651,551</u>

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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. General information

Pertapis Education and Welfare Centre (the "Society") was registered on 15 March 1971 under the Societies Act, Chapter 311 and is a charity registered under the Charities Act, Chapter 37 since 17 February 1984.

The Society's has been accorded the Institutions of a Public Character ("IPC") status until 31 December 2019. The Society has renewed its IPC status from 1 January 2020 to 30 June 2022.

The principal activities of the Society are to engage in self-help projects for the betterment of the community welfare in Singapore.

The Society's registered office and principal place of business is located at Blk 1 Joo Chiat Road, #04-1001 Joo Chiat Complex, Singapore 420001.

The Society is comprised of four (4) welfare centres and one (1) education centre as follows:

#### Welfare centres

1. Pertapis Children's Home
2. Pertapis Centre for Women and Girls
3. Pertapis Halfway House
4. Pertapis Senior Citizens' Fellowship Home

#### Education centres

1. Pertapis Childcare Centres

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Charities Accounting Standard ("CAS") and the disclosure requirements of the Societies Act and the Charities Act, Chapter 37. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("S\$"), which is the Society's functional currency.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### 2.2 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured, regardless of when the payment is made. Income is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment.

## **2. Significant accounting policies (Cont'd)**

### **2.2 Income recognition (Cont'd)**

Income is recognised as follows:

#### **2.2.1 Cash donations**

Cash donations which are still in collection containers at public and other premises or are in transit to the Society are not recognised as income until they have been received by the Society. Donations are recognised on a receipt basis. No value is ascribed to volunteer services, donated services, assets donated for continuing use or similar donations-in-kind, unless the benefit to the Society is reasonably quantifiable and measurable in which case an equivalent amount is recorded in expenditure, or capitalised as appropriate.

#### **2.2.2 Donations-in-kind**

Donations-in-kind received for continuing use are capitalised and included in the statement of financial position at a reasonable estimate or in the event that it is not practicable to do so, a nominal value of S\$1 is assigned to capitalise the useable assets.

Items received which are donated for resale, distribution or consumption are not recorded when received as it is usually not practical to ascertain the value of the items involved.

#### **2.2.3 Grants and subsidies**

The recognition of a promised grant or subsidies is evidence of entitlement which normally exists when the grant is formally expressed in writing. Where the entitlement is demonstrable, and no conditions are attached, such promises are recognised as income once the criteria or certainty and measurability are met. When conditions are attached, they must be fulfilled before the Society has unconditional entitlement to the income. Income is deferred as a liability where uncertainty exists as to whether the Society can meet the conditions and is recognised as income when there is sufficient evidence that the conditions imposed can be met.

#### **2.2.4 Allocation of Zakat and income from fund-raising projects**

Allocation of Zakat and income from fund-raising projects are taken up in the financial statements as income on receipt basis.

#### **2.2.5 School fees**

School fees are recognised over the school term.

#### **2.2.6 Registration fees**

Registration fees are recognised when received.

#### **2.2.7 Sales of books**

Revenue from the sale of books is recognised when the significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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## **2. Significant accounting policies (Cont'd)**

### **2.2 Income recognition (Cont'd)**

Income is recognised as follows: (Cont'd)

#### **2.2.8 Rental income**

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term.

#### **2.2.9 Other income**

Other income is recognised when received.

### **2.3 Expenditure recognition**

All expenditures are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

#### **2.3.1 Cost of generating funds**

Cost of generating funds comprises all directly attributable costs incurred in the generating voluntary income and fundraising activities. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

#### **2.3.2 Cost of charitable activities**

Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Society. Those costs, where not wholly attributable, are apportioned between the categories of charitable expenditure. The total costs of charitable activities are apportionment of overhead and shared costs.

#### **2.3.3 Governance and administrative costs**

Governance costs include the cost of governance arrangement, which related to the general running of the Society, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

### **2.4 Investment properties**

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment loss, if any.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss arising on the retirement or disposal of an investment property is recognised in the statement of financial activities in the financial year of retirement or disposal.



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## 2. Significant accounting policies (Cont'd)

### 2.4 Investment properties (Cont'd)

Freehold properties have an unlimited useful life and therefore is not depreciated.

The estimated useful lives, residual values and depreciation method of the investment properties are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for fixed assets as set out in Note 2.5 up to the date of the change in use.

### 2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computers	3 years
Furniture and fittings	5 years
Gymnastics equipment	5 years
Office equipment	5 years
Motor vehicles	5 years
Renovation	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in statement of financial activities in the year the asset is derecognised.

Fully depreciated assets still in use are retained in the financial statements.

## **2. Significant accounting policies (Cont'd)**

### **2.6 Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

An impairment loss for an asset is reversed if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

### **2.7 Financial assets**

#### **2.7.1 Recognition and measurement**

Receivables, excluding prepayments, are initially recognised at their transaction price, excluding transaction costs, if any. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Prepayments are initially recognised at the amount paid in advance for the economic resources expected to be received in the future.

Receivables in financial assets are subsequently measured at cost less accumulated impairment losses.

#### **2.7.2 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

#### **2.7.3 Impairment**

The Society assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

## **2. Significant accounting policies (Cont'd)**

### **2.7 Financial assets (Cont'd)**

#### **2.7.3 Impairment (Cont'd)**

An allowance for impairment of other receivables is recognised when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the statement of financial activities within "Cost of generating funds", "Cost of charitable activities" and "Governance and other administrative costs".

Subsequently, if the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss will be reversed. The reversal will not result in any carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of reversal is recognised in the statement of financial activities.

### **2.8 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits with financial institutions that are subject to an insignificant risk of changes in value.

### **2.9 Financial liabilities**

Financial liabilities are recognised when the Society becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities includes "Other payables".

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expired. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

### **2.10 Other payables**

Other payables, excluding accruals, are recognised at their transaction price, excluding transaction costs, if any, both at initial recognition and at subsequent measurement. Transaction costs will be recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

### **2.11 Provisions for other liabilities and charges**

Provisions for other liabilities and charges are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

## **2. Significant accounting policies (Cont'd)**

### **2.12 Leases**

#### **2.12.1 As lessor**

The Society leases out the investment property under operating leases to non-related parties.

Leases of an investment property where the Society retains substantially all risks and rewards incidental to ownership is classified as operating leases. Initial direct costs incurred by the Society in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the statement of financial activities over the lease term on the same basis as the rental income.

The accounting policy for rental income is set out in Note 2.2.8.

#### **2.12.2 As lessee**

Finance leases which transfer to the Society substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to statement of financial activities. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Society will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

### **2.13 Employee compensation**

#### **2.13.1 Defined contribution plans**

The Society makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### **2.13.2 Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

## **2. Significant accounting policies (Cont'd)**

### **2.14 Funds**

Restricted fund balances are restricted by outside sources and may only be utilised in accordance with the purposes for which they are established. Designated funds are earmarked for specific purposes and are largely made up of funds allocated at the discretion of the Executive Committee. These designated funds are treated as restricted funds as they contain funds restricted by outside sources.

The Executive Committee retains full control over the use of unrestricted funds for any of the Society's purposes.

### **2.15 Contingencies**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

### **2.16 Events after the reporting date**

Post year-end events that provide additional information about the Society's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

## **3. Significant accounting judgements and estimates**

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### **3.1 Judgements made in applying accounting policies**

The key critical judgements in applying the entity's accounting policies concerning the future at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### **Government grants**

Government grants to meet operating expenses are recognised as income in the income and expenditure statement on the accrual basis in the year these operating expenses were incurred and there is reasonable assurance that the Society will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Society if the conditions are not met.

**3. Significant accounting judgements and estimates (Cont'd)**

**3.2 Key sources of estimation uncertainty**

Management is of the opinion that there are no key sources of estimation uncertainty at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**4. Income tax**

Pertapis Education and Welfare Centre (the "Society") is a charity registered under the Charities Act since 17 February 1984. Consequently, the income of the Society is exempted from tax under the provision of Section 13 of the Income Tax Act Cap. 134.

**5. Tax exempt receipts**

Tax exempt receipts issued by the Society for the financial year for these donations received amounted to S\$1,587,499 (2019: S\$1,644,167).

**6. Income from generating funds**

<b>Under Unrestricted Funds:</b>	2020 S\$	2019 S\$
<u>Voluntary income</u>		
Non-tax exempt donations	233,497	65,892
Tax exempt donations	<u>1,282,155</u>	<u>1,551,590</u>
	<u>1,515,652</u>	<u>1,617,482</u>
<u>Grants and subsidies</u>		
Grant received	14,402	44,861
Amortisation of grants	<u>132,886</u>	<u>188,258</u>
	<u>147,288</u>	<u>233,119</u>
<u>Activities income</u>		
Childcare school fees	1,165,191	1,067,563
Registration fees	5,120	2,994
Sales of books	8,145	6,144
Student insurance	300	0
Fundraising income	<u>200,115</u>	<u>669,364</u>
	<u>1,378,871</u>	<u>1,746,065</u>
<u>Investment income</u>		
Interest income	87,685	48,577
Islamic deposit profit	34,700	34,750
Rental income	<u>89,702</u>	<u>49,811</u>
	<u>212,087</u>	<u>133,138</u>
<u>Other income</u>		
Special employment credit	35,562	29,278
Temporary employment credit	0	11,071
Wage credit scheme	99,615	100,014
Membership fees	2,736	2,717
Miscellaneous income	<u>76,377</u>	<u>66,192</u>
	<u>214,290</u>	<u>209,272</u>
	<u>3,468,188</u>	<u>3,939,076</u>

**7. Cash and bank balances**

	2020 S\$	2019 S\$
Cash on hand	41,053	27,322
Cash at banks	10,279,569	8,624,229
Fixed deposits	<u>6,234,194</u>	<u>5,231,609</u>
	<u>16,554,816</u>	<u>13,883,160</u>

The fixed deposits mature within 1 to 10 months (2019: 1 to 10 months) from the financial year end and earn interest at rate of 0.70% to 1.90% (2019: 1.11% to 1.85%) per annum.

Fixed deposits are included as cash and bank balances as these can be readily converted into cash without incurring significant penalty.

For the purpose of the statement of cash flows, cash and cash equivalents, comprise the following at the reporting date:

	2020 S\$	2019 S\$
Cash and bank balances (as above)	16,554,816	13,883,160
Less: fixed deposits pledged (Note 15)	<u>(234,194)</u>	<u>(231,609)</u>
Cash and cash equivalents	<u>16,320,622</u>	<u>13,651,551</u>

Fixed deposit of S\$234,194 (2019: S\$231,609) are held as collateral for letters of guarantees issued by the bank in respect of rental deposits for Halfway House, Children's Home and Centre for Women and Girls.

Pledged fixed deposits are not included in the determination of cash and cash equivalents in the statement of cash flows because of restriction in use.

**8. Fees and other receivables**

	2020 S\$	2019 S\$
School fees receivables	51,227	42,562
Movers receivables	<u>6,806</u>	<u>7,137</u>
	58,033	49,699
Less: Allowance for impairment - school fees	<u>0</u>	<u>(16,210)</u>
	<u>58,033</u>	<u>33,489</u>
Amount due to a related party	0	0
Grant receivables	492,206	31,326
GST receivables	0	22,220
Other receivables	63,265	40,897
Deposits	149,655	148,376
Prepayments - others	20,165	44,027
Prepaid rentals	394,830	394,830
Interest receivables	<u>50,590</u>	<u>0</u>
	<u>1,170,711</u>	<u>681,676</u>
	<u>1,228,744</u>	<u>715,165</u>

## 8. Fees and other receivables (Cont'd)

The Jobs Support Scheme (JSS) provides wage support to employers to help them retain their local employees (Singapore citizens and Permanent Residents) during this period of economic and pandemic uncertainty. JSS payouts are intended to offset local employees wages and help protect their jobs. At the reporting date, the JSS of S\$460,880 was included in the grant receivables.

### Receivables that are past due but not impaired

The Society had fees receivables amounting to S\$55,714 (2019: S\$32,252) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2020 S\$	2019 S\$
Other receivables past due but not impaired:		
Lesser than 30 days	24,888	12,867
31 – 60 days	2,533	454
61 – 90 days	4,190	2,067
More than 90 days	24,103	16,864
	<u>55,714</u>	<u>32,252</u>

### Receivables that are impaired

The Society's fees receivables that were impaired at the reporting date and the movement of the allowance for impairment was as follows:

	2020 S\$	2019 S\$
Movements in allowance for impairment:		
At beginning of financial year	16,210	0
Allowance made	0	16,210
Allowance written off	(16,210)	0
At end of financial year	<u>0</u>	<u>16,210</u>

Fees receivables that were determined to be impaired at the reporting date relate to debtors that were in significant financial difficulties and had defaulted on payments. These receivables were not secured by any collateral or credit enhancements.



## 9. Investment properties

	2020 S\$	2019 S\$
<b>Cost</b>		
At beginning and end of financial year	<u>4,672,000</u>	<u>4,672,000</u>
<b>Accumulated depreciation</b>		
At beginning of financial year	63,238	63,238
Reversal of depreciation charge	<u>(63,238)</u>	<u>0</u>
At end of financial year	<u>0</u>	<u>63,238</u>
<b>Carrying amount</b>		
At end of financial year	<u>4,672,000</u>	<u>4,608,762</u>

Investment properties of the Society, which are registered in the names of the Trustee, are held in trust by the Trustees on behalf of the Society.

Investment properties are located at 160 Changi Road, #03-05/06/07 Singapore 419728. The properties are freehold commercial office and are leased out to non-related parties under operating leases.

The Society does not intend to dispose of this investment in the foreseeable future. The Executive Committee does not anticipate that the carrying amount of this investment will be significantly difference from the fair value.

## 10. Property, plant and equipment

	Computers S\$	Furniture and fittings S\$	Office equipment S\$	Motor vehicles S\$	Gymnastics Equipment S\$	Renovation S\$	Assets under construction S\$	Total S\$
<b>Cost</b>								
At 1 April 2018	440,271	590,935	307,756	767,955	2,477	2,358,779	22,773	4,490,946
Additions	86,511	27,730	41,963	59,000	0	0	1,461,547	1,676,751
Write-off	(289,975)	(407,013)	(184,661)	0	0	(391,699)	0	(1,273,348)
At 31 March 2019	<u>236,807</u>	<u>211,652</u>	<u>165,058</u>	<u>826,955</u>	<u>2,477</u>	<u>1,967,080</u>	<u>1,484,320</u>	<u>4,894,349</u>
Additions	34,460	45,701	55,982	0	0	0	797,868	934,011
Transfers	0	0	0	0	0	1,051,794	(1,051,794)	0
At 31 March 2020	<u>271,267</u>	<u>257,353</u>	<u>221,040</u>	<u>826,955</u>	<u>2,477</u>	<u>3,018,874</u>	<u>1,230,394</u>	<u>5,828,360</u>
<b>Accumulated depreciation</b>								
At 1 April 2018	311,347	347,196	177,914	485,952	495	886,810	0	2,209,714
Depreciation charge	91,109	89,793	44,103	98,763	495	408,248	0	732,511
Write-off	(278,488)	(345,336)	(160,561)	0	0	(378,933)	0	(1,163,318)
At 31 March 2019	<u>123,968</u>	<u>91,653</u>	<u>61,456</u>	<u>584,715</u>	<u>990</u>	<u>916,125</u>	<u>0</u>	<u>1,778,907</u>
Depreciation charge	75,211	42,589	43,303	85,799	495	555,558	0	802,955
At 31 March 2020	<u>199,179</u>	<u>134,242</u>	<u>104,759</u>	<u>670,514</u>	<u>1,485</u>	<u>1,471,683</u>	<u>0</u>	<u>2,581,862</u>
<b>Carrying amount</b>								
31 March 2019	<u>112,839</u>	<u>119,999</u>	<u>103,602</u>	<u>242,240</u>	<u>1,487</u>	<u>1,050,955</u>	<u>1,484,320</u>	<u>3,115,442</u>
31 March 2020	<u>72,088</u>	<u>123,111</u>	<u>116,281</u>	<u>156,441</u>	<u>992</u>	<u>1,547,191</u>	<u>1,230,394</u>	<u>3,246,498</u>

**10. Property, plant and equipment (Cont'd)**

	2020			2019		
	Unrestricted funds S\$	Restricted funds S\$	Total S\$	Unrestricted funds S\$	Restricted funds S\$	Total S\$
<u>The breakdown of the depreciation charge as follows:</u>						
Cost of generating funds	75,604	0	75,604	91,174	0	91,174
Cost of charitable activities	0	617,380	617,380	0	515,753	515,753
Governance and other administrative costs	109,971	0	109,971	125,584	0	125,584
	<u>185,575</u>	<u>617,380</u>	<u>802,955</u>	<u>216,758</u>	<u>515,753</u>	<u>732,511</u>

The breakdown of the loss on disposal of plant and equipment are as follows:

Income from charitable activities	0	0	0	0	0	0
Cost of charitable activities	0	0	0	0	(81,878)	(81,878)
Governance and other administrative costs	0	0	0	(28,152)	0	(28,152)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>(28,152)</u>	<u>(81,878)</u>	<u>(110,030)</u>

Asset under construction is the cyclical maintenance renovation works to the Division, Centre for Women and Girls and Senior Citizens' Fellowship Home which are still in progress at the reporting date. The capital commitments in respect of cyclical maintenance renovation works has been disclosed in Note 16.1.

During the current financial year, assets under construction in respect of cyclical maintenance works to the Halfway House was completed and transferred to Renovation under Property, Plant and Equipment.

**11. Other payables**

	2020 S\$	2019 S\$
Accruals	208,747	548,307
Advance school fees received	11,717	6,132
Advanced receipts for rental income	3,718	3,718
Deposit received	88,525	71,479
Deferred grant income - Jobs Support Scheme	460,880	0
GST payable	38,303	0
SCORE – Rental grant received in advance	394,830	394,830
Residents' funds	15,100	20,661
Other payables	125,884	295,072
	<u>1,347,704</u>	<u>1,340,199</u>

The deferred grant income – Jobs Support Scheme (JSS) will be recognised as a grant income, on a systematic basis, over the estimated 10 months of economic uncertainty till January 2021 in which the entity recognises the related salary costs.

**12. Unrestricted funds**

12.1 General fund

This fund is to be used for non-specific purposes at the discretion of the Executive Committee in furtherance of the Society's objects.

12.2 Childcare fund

This fund is set up to account for funds of the Division to carry on the business as operators of childcare centres.

**13. Restricted funds**

13.1 Designated Capital Grant fund

The Capital Grant Fund is set up to account for funds received for the purchase of plant and equipment. The fund will be subsequently amortised on a systematic basis to match the rate of depreciation of the corresponding plant and equipment.

13.2 Community Silver Trust fund

This fund is set up to account for funds received to provide direct social support services that are relevant and critical to helping the disadvantaged.

13.3 Care & Share Grant fund

Care and Share is a national fund-raising and volunteerism movement led by the Ministry of Social and Family Development ("MSF") for the social service sector. It aims to recognise the contributions made by Voluntary Welfare Organisations ("VWOs") in the social service sector. Eligible donations raised by the Society will be matched dollar-for-dollar by MSF. The matched amount will go towards building the Society's capabilities and capacities.

13.4 The Rising Star Project Grant fund

This fund is set up to account for funds received for the purpose of building the capability and capacity of Malay/Muslim Community.

13.5 Yellow Ribbon Fund

This fund is set up to account for funds received from SCORE for the purpose of managing and operating the Residential Aftercare Support Programme (RASP).

13.6 President Challenge fund

This fund is set up to account for funds received from National Council of Social Service ("NCSS") for the purpose of managing and operating social service programmes.

13.7 Welfare Trust and Zakat fund

This fund is set up to account for Zakat and Fidyah receipts and their distributions.

**13. Restricted funds (Cont'd)**

13.8 Women and Girls Home fund

This fund is set up to account for funds of the Division catering for the welfare of young women and girls who need assistance and rehabilitation. These community services are carried out by restoring individual's confidence, organising programme of moral uplifting and counseling.

13.9 Children Home fund

This fund is set up to account for funds of the Division to provide welfare for the under-privileged children to inculcate good values in these children.

13.10 Halfway House fund

This fund is set up to account for funds of the Division to provide treatment and rehabilitative services to substance abusers to enable them to reintegrate into society. These community services are carried out by restoring the individual's confidence, organising programmes of moral uplifting and counseling.

13.11 Senior Citizen Fellowship Home fund

This fund is set up to account for funds of the Division to house destitutes without family support.

**13. Restricted funds (Cont'd)**

The detailed statement of financial activities for restricted funds as follows:

2020	Designated Capital Grant fund S\$	Community Silver Trust fund S\$	Care & Share Grant fund S\$	Yellow Ribbon Grant fund S\$	President Challenge fund S\$	Welfare Trust and Zakat fund S\$	Women and Girls Home fund S\$	Halfway House fund S\$	Children Home fund S\$	Senior Citizen Fellowship Home fund S\$	Total S\$
<b>INCOME</b>											
<b>Income from generating funds</b>											
Voluntary income	0	0	0	0	0	1,320,630	58,149	6,350	252,659	39,322	1,677,110
Activities income	0	0	0	0	0	0	0	55,116	0	0	55,116
	0	0	0	0	0	1,320,630	58,149	61,466	252,659	39,322	1,732,226
<b>Income from charitable activities</b>											
Grants and subsidies	0	145,855	0	0	0	0	0	0	0	0	145,855
- Agency for Integrated Care (AIC)	0	0	0	0	0	0	2,147,775	0	1,891,040	345,462	4,384,277
- MSF: Per Capita Grant	0	0	0	0	0	0	258,000	0	117,912	0	375,912
- MSF: Rental Grant	0	0	0	0	0	0	0	0	14,580	0	14,580
- MSF: Programme Funding	0	0	0	0	0	0	376,504	0	0	0	376,504
- MSF: Capital Expenditure	0	0	0	0	0	0	648,322	0	0	0	648,322
- MSF: Cyclical Maintenance	0	0	0	0	0	0	0	0	7,046	0	7,046
- MSF: Care Funding	0	0	0	0	0	0	30,450	19,000	28,300	24,250	102,000
- MUJS Grants	0	0	0	0	0	0	0	0	97,215	0	97,215
- NCSS: ComChest	0	0	0	0	0	0	0	0	3,600	0	3,600
- NCSS: PCG Graduate Diploma/ Bachelor Degree Grants	0	0	0	0	0	0	49,121	0	34,538	0	83,659
- NCSS: Tote Board Social Service Grant	0	0	0	0	0	0	14,212	9,996	871	0	25,079
- NCSS: Salary Support for PCPSW	0	0	0	0	0	0	0	211,732	0	0	211,732
- SCORE: Cyclical Maintenance Works	0	0	0	0	0	0	0	2,169,655	0	0	2,169,655
- SCORE: Rental Grant	0	0	0	0	0	0	0	526,440	0	0	526,440
- SCORE: Halfway Service Model	0	0	0	(13,470)	0	0	0	10,160	0	0	(13,470)
- Residential Aftercare Support	0	0	0	0	0	0	62,855	56,119	0	9,841	138,975
- Others	0	0	0	0	0	0	23,652	247,570	292,706	14,211	578,139
Amortisation of grants	0	0	0	0	0	0	0	88,660	0	0	88,660
Activities income	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous income	0	145,855	0	(13,470)	0	0	5,897	16,404	2,259	36,454	61,014
	0	145,855	0	(13,470)	0	0	3,616,788	3,299,617	2,448,971	527,433	10,025,194
<b>Total income</b>	0	145,855	0	(13,470)	0	1,320,630	3,674,937	3,361,083	2,701,630	566,755	11,757,420
<b>LESS: EXPENDITURES</b>											
<b>Cost of generating funds</b>											
Amortisation of capital grants	45,664	0	0	0	0	0	0	0	0	0	45,664
Staff training	0	0	0	0	195	0	0	0	0	0	195
Staff welfare	0	0	0	0	143	0	0	0	0	0	143
Miscellaneous expenses	0	0	0	0	8,796	0	0	0	0	0	8,796
	45,664	0	0	0	9,134	0	0	0	0	0	54,798

**13. Restricted funds (Cont'd)**

2020 (Cont'd)	Designated Capital Grant fund S\$	Community Silver Trust fund S\$	Care & Share Grant fund S\$	Yellow Ribbon Grant fund S\$	President Challenge fund S\$	Welfare Trust and Zakat fund S\$	Women and Girls Home fund S\$	Halfway House fund S\$	Children Home fund S\$	Senior Citizen Fellowship Home fund S\$	Total S\$
<b>LESS: EXPENDITURES (CONT'D)</b>											
<b>Cost of charitable activities</b>											
Amortisation of capital grant	665,361	0	0	0	0	0	25,772	0	0	0	665,361
Depreciation of property, plant and equipment	0	0	0	0	0	0	0	279,374	295,638	16,596	617,380
Donations	0	0	0	0	0	522,598	0	0	0	0	522,598
Salaries and related costs	0	0	0	0	3,140	0	753,674	816,952	848,654	414,780	2,837,200
Staff employer CPF and SDL	0	0	0	0	0	0	124,949	122,501	159,717	63,358	470,525
Residents programme	0	73,407	0	0	0	0	78,429	55,305	43,808	28,229	414,256
Residents & students expenses	0	1,916	0	16,230	0	135,078	280,433	264,718	319,697	158,689	1,041,683
Miscellaneous expenses	0	35,616	0	0	3,456	0	456,170	828,809	310,324	91,978	1,726,353
	665,361	110,939	0	16,230	6,596	657,676	1,719,427	2,367,659	1,977,838	773,630	8,295,356
<b>Governance and other administrative costs</b>											
Administrative expenses	0	0	0	0	0	192,000	174,000	150,000	156,000	66,000	738,000
Audit fees	0	0	0	0	0	0	3,300	4,200	4,300	4,705	16,505
Expenses from movers services	0	0	0	0	0	44,063	0	0	0	0	44,063
Meeting, function and seminar expenses	0	0	6,885	0	0	2,178	0	0	0	0	9,063
Salaries and related costs	0	0	0	0	0	58,262	0	0	0	0	58,262
Repairs and maintenance	0	0	61,168	0	0	10,825	0	0	0	0	61,168
Miscellaneous expenses	0	0	3,019	0	0	0	0	0	0	0	13,844
	0	0	71,072	0	0	307,328	177,300	154,200	160,300	70,705	940,905
<b>Total expenditures</b>	711,025	110,939	71,072	16,230	15,730	965,004	1,896,727	2,521,859	2,138,138	844,335	9,291,059
<b>Net income/ (expenditure) before Zakat allocation</b>	(711,025)	34,916	(71,072)	(29,700)	(15,730)	355,626	1,778,210	839,224	563,492	(277,580)	2,466,361
<b>Allocation of Zakat</b>	0	0	0	0	0	(300,000)	0	0	0	300,000	0
<b>Net income/ (expenditure) for the financial year</b>	(711,025)	34,916	(71,072)	(29,700)	(15,730)	55,626	1,778,210	839,224	563,492	22,420	2,466,361

Total donations received during the financial year, amounting to S\$ 36,905 were submitted and matched for CST FY2020 Grant Call and will be channelled to CST's eligible Intermediate and Long-term Care ("ILTC") programmes in the next financial year.

Total donations received during the financial year ended 31 March 2019, amounting to S\$ 170,907 and S\$ 60,413 received during the last financial year 31 March 2018, were submitted and matched for CST FY2019 Grant Call and were channelled to CST's eligible Intermediate and Long-term Care ("ILTC") programmes in the current financial year.

Included in the Halfway House Fund for amounting to S\$44,373 (2019: S\$59,890) under "Activities income" for mover fee charged to the Society for the mover service rendered during the year. And this expense was recorded under "Expenses from movers services".

**13. Restricted funds (Cont'd)**

The detailed statement of financial activities for restricted funds as follows: (cont'd)

2019	Designated Capital Grant fund S\$	Community Silver Trust fund S\$	Care & Share Grant fund S\$	HR & Corporate Dev't fund S\$	The Rising Star Project Grant fund S\$	Yellow Ribbon Grant fund S\$	President Challenge fund S\$	Welfare Trust and Zakat fund S\$	Women and Girls Home fund S\$	Halfway House fund S\$	Children Home fund S\$	Senior Citizen Fellowship Home fund S\$	Total S\$
<b>INCOME</b>													
<b>Income from generating funds</b>													
Voluntary income	0	0	0	0	0	0	0	1,146,142	5,624	15,078	125,708	170,907	1,463,459
Activities income	0	0	0	0	0	0	0	1,146,142	5,624	41,904	0	0	41,904
	0	0	0	0	0	0	0	1,146,142	5,624	56,982	125,708	170,907	1,505,363
<b>Income from charitable activities</b>													
Grants and subsidies	0	240,058	0	0	0	0	0	0	0	0	0	0	240,058
- Agency for Integrated Care (AIC)	0	0	0	0	0	0	0	0	0	0	1,282,278	0	1,282,278
- MSF: Per Capita Grant	0	0	0	0	0	0	0	0	1,495,873	0	117,912	341,713	3,119,864
- MSF: Rental Grant	0	0	0	0	0	0	0	0	258,000	0	0	0	375,912
- MSF: Programme Funding	0	0	0	0	0	0	0	0	0	0	24,000	0	24,000
- MSF: Cyclical Maintenance	0	0	0	0	0	0	0	0	0	0	30,231	0	30,231
- MUIS Grants	0	0	0	0	0	0	0	0	19,286	10,500	18,000	16,050	63,836
- National Youth Council (NYC)	0	0	0	10,000	0	29,700	0	0	0	0	0	0	10,000
- NCSS: ComChest	0	0	0	0	0	0	0	0	0	0	0	0	0
- NCSS: President Challenge Fund	0	0	0	0	0	0	90,000	0	0	0	0	0	90,000
- NCSS: Tote Board Social Service Grant	0	0	0	0	0	0	0	0	90,486	0	191,563	0	282,049
- NCSS: Salary Support for PCPSW	0	0	0	0	0	0	0	0	24,010	14,490	15,610	0	54,110
- SCORE: Cyclical Maintenance Works	0	0	0	0	0	0	0	0	0	756,093	0	0	756,093
- SCORE: Halfway Service Model	0	0	0	0	0	0	0	0	0	1,872,374	0	0	1,872,374
- SCORE: Rental Grant	0	0	0	0	0	0	0	0	0	522,752	0	0	522,752
- Residential Aftercare Support	0	0	0	0	0	0	0	0	0	0	0	0	0
- Others	0	0	0	0	0	0	0	0	22,827	20,434	43,460	11,005	97,726
Amortisation of grants	0	0	0	0	0	0	0	0	40,303	82,816	298,804	44,701	466,624
Activities income	0	0	0	0	0	0	0	0	0	105,406	0	0	105,406
Miscellaneous income	0	0	0	0	0	0	0	0	6,576	17,465	2,728	34,266	61,035
	0	240,058	0	0	10,000	29,700	90,000	0	1,957,361	3,402,330	2,024,586	487,040	8,241,075
<b>Total income</b>	0	240,058	0	0	10,000	29,700	90,000	1,146,142	1,962,985	3,459,312	2,150,294	657,947	9,746,438
<b>LESS: EXPENDITURES</b>													
<b>Cost of generating funds</b>													
Advertisements	0	0	0	0	0	0	1,185	0	0	0	0	0	1,185
Amortisation of capital grants	55,685	0	0	0	0	0	0	0	0	0	0	0	55,685
Staff training	0	0	0	0	0	0	15,896	0	0	0	0	0	15,896
Miscellaneous expenses	0	0	0	0	0	0	6,258	0	0	0	0	0	6,258
	55,685	0	0	0	0	0	23,339	0	0	0	0	0	79,024

**13. Restricted funds (Cont'd)**

2019 (Cont'd)	Designated Capital Grant fund S\$	Community Silver Trust fund S\$	Care & Share Grant fund S\$	HR & Corporate Dev't fund S\$	The Rising Star Project Grant fund S\$	Yellow Ribbon Grant fund S\$	President Challenge fund S\$	Welfare Trust and Zakat fund S\$	Women and Girls Home fund S\$	Halfway House fund S\$	Children Home fund S\$	Senior Citizen Fellowship Home fund S\$	Total S\$
Amortisation of capital grant	599,197	0	0	0	0	0	0	0	0	0	0	0	599,197
Depreciation of property, plant and equipment	0	0	0	0	0	0	0	0	35,400	134,681	317,017	28,655	515,753
Donations	0	0	0	0	0	0	0	453,704	0	0	0	0	453,704
Salaries and related costs	0	21,313	0	0	0	0	0	0	677,570	803,206	834,606	375,739	2,712,434
Staff employer CPF and SDL	0	3,131	0	0	0	0	0	0	117,957	124,820	171,656	62,382	479,946
Residents programme	0	18,644	0	0	0	0	0	50,851	68,275	28,512	37,837	29,535	233,654
Residents & students expenses	0	1,119	0	0	0	27,000	0	0	268,788	232,730	276,176	143,476	949,289
Miscellaneous expenses	0	30,102	0	0	0	0	2,486	0	449,849	889,944	270,564	98,201	1,741,146
Plant and equipment written off	0	0	0	0	0	0	0	0	11,903	19,760	23,422	26,793	81,878
	599,197	74,309	0	0	0	27,000	2,486	504,555	1,629,742	2,233,653	1,931,278	764,781	7,767,001
<b>Governance and other administrative costs</b>													
Administrative expenses	0	0	0	0	0	0	0	192,000	174,000	150,000	156,000	66,000	738,000
Audit fees	0	0	0	0	0	0	0	0	3,300	4,500	5,100	3,100	16,000
Expenses from movers services	0	0	0	0	0	0	0	50,528	0	0	0	0	50,528
Meeting, function and seminar expenses	0	0	25,006	0	0	0	0	6,661	0	0	0	0	31,667
Salaries and related costs	0	0	0	0	0	0	0	43,000	0	0	0	0	43,000
Repairs and maintenance	0	0	64,033	0	0	0	0	184	0	0	0	0	64,217
Miscellaneous expenses	0	0	13,765	0	0	0	0	13,766	0	0	0	0	27,531
	0	0	102,804	0	0	0	0	306,139	177,300	154,500	161,100	69,100	970,943
<b>Total expenditures</b>	654,882	74,309	102,804	0	0	27,000	25,825	810,694	1,807,042	2,388,153	2,092,378	833,881	8,816,968
<b>Net income/ (expenditure) before Zakat allocation</b>	(654,882)	165,749	(102,804)	0	10,000	2,700	64,175	335,448	155,943	1,071,159	57,916	(175,934)	929,470
<b>Allocation of Zakat</b>	0	0	0	0	0	0	0	(25,000)	0	0	0	25,000	0
<b>Net income/ (expenditure) for the financial year</b>	(654,882)	165,749	(102,804)	0	10,000	2,700	64,175	310,448	155,943	1,071,159	57,916	(150,934)	929,470



**14. Transfer of funds**

These transfers related to transfers of funds from one fund to another within the Society to recognise utilisation of funds to respective restricted fund.

**15. Contingent liabilities**

At the reporting date, the Society had contingent liabilities amounting to approximately S\$93,978 (2019: S\$134,595) in respect of bank guarantees issued in favour of third parties to guarantee the due performance of the Society, secured against pledged fixed deposits (Note 7).

**16. Commitments**

**16.1 Capital commitments**

At the reporting date, the Society has capital commitments in respect of assets under construction included in Note 10 as follows:

	2020 S\$	2019 S\$
Capital commitment in respect of: Assets under construction (Note 10)	438,076	779,768

The capital commitment in respect of the current financial year is in respect of cyclical maintenance renovation works to the Women and Girls Home and Senior Citizens' Fellowship Home which are still in progress at the reporting date.

**16.2 Operating lease commitments - where the Society is a lessee**

The Society leases office premises and office equipment from non-related parties under non-cancellable operating lease agreement. The lease has renewal rights.

The future minimum rental payable under non-cancellable operating lease contracted for at the reporting date but not recognised as liabilities, are as follows:

	2020 S\$	2019 S\$
<u>Rental of premises</u>		
Not later than one year	816,137	678,976
Later than one year but not later than five years	110,525	838,692
	926,662	1,517,668
	2020 S\$	2019 S\$
<u>Rental of equipment</u>		
Not later than one year	32,228	32,228
Later than one year but not later than five years	11,071	43,299
	43,299	75,527

**16. Commitments (Cont'd)**

**16.3 Operating lease commitments - where the Society is a lessor**

The Society has entered into commercial property leases on its investment property to non-related parties under non-cancellable operating leases.

The future minimum rental receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	2020 S\$	2019 S\$
Not later than one year	95,982	95,982
Later than one year but not later than five years	42,718	138,700
	<u>138,700</u>	<u>234,682</u>

**17. Related party transactions**

**(a) Related party transactions and balances**

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2020 S\$	2019 S\$
<u>Related party - Common Executive Committee/ Directors</u>		
Settlement of liabilities on behalf by the Society	2,280	608
Allocation of Zakat from the Society	<u>100,000</u>	<u>100,000</u>

**(b) Compensation of key management personnel**

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society. The key management personnel include the Senior Executive Director and Executive Director and key executives.

Key management personnel compensation for the financial year is as follows:

	2020 S\$	2019 S\$
Senior and Executive Director's remuneration:		
Salaries and related costs	172,800	168,000
Employer CPF	13,455	13,250
	<u>186,255</u>	<u>181,250</u>

None of the Society's employees were remunerated more than or equal to S\$100,000 during the financial year ended 31 March 2020 and 31 March 2019.

## 18. Fundraising expenses

	2020 S\$	2019 S\$
Gross donations	153,364	564,757
Direct costs of fund raising expenses	12,381	103,813
Percentage of direct fund raising expenses over gross donations and sponsorship	<u>8%</u>	<u>18%</u>

## 19. Reserve policy

The Executive Committee has established a reserve policy for the Society, pursuant to the Code of Governance for Charities and IPCs Guidelines 6.4.1. The reserve measurements are calculated as follows:

	2020 S\$	2019 S\$
Unrestricted funds	16,950,159	16,035,110
A Net liquid assets available to meet expenditure obligations	16,320,622	13,651,551
B Total operating expenditure	<u>12,608,667</u>	<u>12,146,731</u>
Ratio of net liquid assets to total operating expenses (A/B)	<u>1.29</u>	<u>1.12</u>

Reference:

A. Total cash and cash equivalents which available for immediate use to meet the expenditure obligations.

B. Total Annual Operating Expenditure includes expenses related to Cost of Generating Funds, Cost of Charitable Activities, Governance and Other Administrative Costs and excluded fundraising expenses.

The unrestricted funds represent the accumulated surplus and is for the purpose of meeting operating expenses of the Society. This fund does not exceed two years of the Society's expenditure.

The Society does not have any externally imposed capital requirements for the financial years ended 31 March 2020 and 2019. There were no changes in the Society's reserve policy during the financial year.

## 20. Management of conflict of interest

During the current and previous financial year, none of the Executive Committee members received any remuneration from the Society.

Executive Committee are required to disclose any interest that they may have, whether directly or indirectly, that the Society may enter into or in any organisations that the Society has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Society's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Executive Committee may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

## 21. Fund management policy

The primary objective of the Society is to ensure it maintains sufficient cash in order to support its activities. Its approach to management of funds is to balance the allocation of cash and the incurrence of debt. Available cash is deployed primarily to cover operational requirements.

## 22. Events occurring after the reporting date

- i. An outbreak of COVID-19 (Coronavirus Disease 2019) had been reported in China on 31 March 2020. At the date of these financial statements, while the outbreak has been most severe in Asia, it has spread to various regions around the world, including Australia, Europe, Middle East and the United States of America. While the full impact to the Society cannot be quantified reliably, the Society's performance subsequent to the reporting period is likely to be negatively impacted as a result of regional and global travel restrictions, quarantine and/or illness of employees, loss of customers, supply chain disruptions, and other forms of interruptions to business.
- ii. On 16 June 2020, the Society have signed the Letter of Offer with Association of Muslim Professionals ("AMP Singapore") for transfer and dispose off the childcare centre business for total consideration of S\$90,000. The Society would discontinue operating its Kiddy Campus kindergartens with effective from 31 December 2020. This service will be taken over by Kidz Meadow Child Care Centre – an operating unit of AMP Singapore.

## 23. Comparative figures

Certain reclassifications have been made to the comparative information to enhance comparability with current year's financial statements.

The following reclassification were made:-

	As previously reported S\$	Reclassification S\$	As reclassified S\$
<b>2019</b>			
<b><u>Statement of Financial Activities</u></b>			
<b>Unrestricted Funds</b>			
<b>Income from generating funds</b>			
Grant and subsidies	209,795	23,324	233,119
Other income	232,596	(23,324)	209,272
<b>Restricted Funds</b>			
<b>Income from charitable activities</b>			
Grant and subsidies	7,575,418	32,592	7,608,010
Other income	93,627	(32,592)	61,035

## 24. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Executive Committee of the Society on

**01 OCT 2020**