

SOCIETY OF SHENG HONG WELFARE SERVICES

Ref. No. ROS 316/99 WEL

31ST MARCH 2007

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Independent auditors' report to the members of Society of Sheng Hong Welfare Services

We have audited the accompanying financial statements of the Society, which comprise the balance sheet as at 31st March 2007, and the income and expenditure statement and cash flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory notes.

Society's Responsibility

The Society are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31st March 2007 and of the income and expenditure statement and cash flows for the year ended.



CHEW WHYE LEE & CO.
Certified Public Accountants

Singapore, 8th June 2007

Balance sheet

	NOTE	2007 S\$	2006 S\$
ASSETS			
Non-Current Assets			
Plant and equipment	3	-	-
Current Assets			
Children and youth assistance funds		4,680	970
Other receivables	4	109,367	124,147
Cash and cash equivalents	5	290,903	223,552
		404,950	348,669
Total Assets		<u>404,950</u>	<u>348,669</u>
Accumulated Fund			
Balance brought forward		245,251	176,100
Surplus for the year		75,607	69,151
		320,858	245,251
Current Liabilities			
School pocket money funds		9,765	18,165
Provision and other payables	6	74,327	85,253
		84,092	103,418
Total Accumulated Fund And Liabilities		<u>404,950</u>	<u>348,669</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statement of income and expenditure

	NOTE	2007 S\$	2006 S\$
Income	7	694,373	916,052
Less : Expenses			
Bank charges		30	40
Excess of income over expenditure		<u>694,343</u>	<u>916,012</u>
Deficit from Family Service Centre	8	(200,656)	(231,469)
(Deficit) / Surplus from Student Care Centre	9	(34,372)	7,189
Deficit from Childcare Centre	10	(383,708)	(622,581)
Excess of income over expenditure		<u><u>75,607</u></u>	<u><u>69,151</u></u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Cash flow statement

	NOTE	2007 S\$	2006 S\$
Cash Flows From Operating Activities			
Cash receipts		1,770,772	1,735,212
Other cash operating expenses		(1,703,421)	(1,704,144)
Net Cash From Operating Activities		67,351	31,068
Net Cash From Investing Activities		-	-
Net Cash From Financing Activities		-	-
Net increase in cash and cash equivalents		67,351	31,068
Cash and cash equivalents at beginning of the year		223,552	192,484
Cash And Cash Equivalents At End Of The Year	5	<u>290,903</u>	<u>223,552</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the financial statements

1. General information

The financial statements of the Society of Sheng Hong Welfare Services for the year ended 31st March 2007 was authorised for issue in accordance with a resolution by the member on 8th June 2007.

Society Of Sheng Hong Welfare Services has been registered under the Society Act Cap. 311, as well as a charity under the Charities Act, 1994 (Cap. 37). The registered office is located at 15 Arumgam Road, Singapore 409960.

The principal places of activities of the society are located at :

- (i) Block 237 Hougang Street 21, #01-406, Singapore 530237,
- (ii) Block 238 Hougang Avenue 1, #01-292, Singapore 530238 and
- (iii) 175 Macpherson Road, Singapore 348537.

The objects of the society are those of provision of assistance welfare and relief, financial or otherwise to all people without discrimination as to race, language creed or religion and the promotion of education and fostering of friendship and cohesion in the community.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the society, expressed in Singapore dollars, have been prepared in accordance with the historical cost convention.

The financial statements are prepared in accordance with the provision of the Society Act, and the Rules made thereunder and Singapore Financial Reporting Standards.

(b) Management judgements, estimations and assumptions

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Key sources of estimation uncertainties

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 1 year. The carrying amount of the society's plant and equipment as at 31st March 2007 was S\$Nil (2006 : S\$Nil). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(c) Functional currency

The functional currency of the society is Singapore dollars. As income and expenditures are denominated primarily in Singapore dollars and receipts from donations are usually retained in Singapore dollars.

(d) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows :

Computer	1 year
Renovation, plumbing and sanitary	1 year
Electrical work	1 year
Equipment and signage	1 year
Furniture and fittings	1 year

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(e) Other receivables

Receivables are recognised and carried at cost, which is the original invoiced amount less an amount for any uncollectible amounts. Bad receivables are written off and specific allowances are made for those debts considered to be doubtful.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits, and highly liquid investments which are readily convertible to cash and which are subject to an insignificant risk of changes in value and are recorded at cost.

(g) Leases

Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

(h) Other payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the society.

(i) Provisions

Provisions are recognised when the society has 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.

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Financial statements for the year ended 31st March 2007**(j) Employee benefits****(i) Defined contribution plan**

As required by law, the society makes contribution to the state's defined contribution plan, the Central Provident Fund. The society's contributions are recognised in the income statement in the period to which the contributions relate.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the balance sheet date.

(k) Income recognition

Revenue is recognised upon due and received.

(l) Financial instruments

Financial instruments held for activities are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement.

3. Plant and equipment

	Computer S\$	Renovation Plumbing And Sanitary S\$	Electrical Work S\$	Equipment And Signage S\$	Furniture And Fittings S\$	Total S\$
Cost						
As at 01/04/05	36,575	384,243	7,916	61,461	151,294	641,489
Additions	-	-	-	-	-	-
As at 31/03/06	36,575	384,243	7,916	61,461	151,294	641,489
Additions	-	-	-	-	-	-
As at 31/03/07	<u>36,575</u>	<u>384,243</u>	<u>7,916</u>	<u>61,461</u>	<u>151,294</u>	<u>641,489</u>
Accumulated depreciation						
As at 01/04/05	36,575	384,243	7,916	61,461	151,294	641,489
Additions	-	-	-	-	-	-
As at 31/03/06	36,575	384,243	7,916	61,461	151,294	641,489
Additions	-	-	-	-	-	-
As at 31/03/07	<u>36,575</u>	<u>384,243</u>	<u>7,916</u>	<u>61,461</u>	<u>151,294</u>	<u>641,489</u>
Carrying amount						
As at 01/04/05	-	-	-	-	-	-
As at 31/03/06	-	-	-	-	-	-
As at 31/03/07	-	-	-	-	-	-

4. Other receivables

	2007 S\$	2006 S\$
Other receivables	99,801	113,009
Deposits	6,381	6,721
Prepayments	3,185	4,417
	<u>109,367</u>	<u>124,147</u>

5. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :

	2007 S\$	2006 S\$
Bank balances	285,958	215,447
Cash balance	4,945	8,105
	<u>290,903</u>	<u>223,552</u>

6. Provision and other payables

	2007 S\$	2006 S\$
Current		
Accruals	10,339	24,881
Deposit received	63,988	60,372
	<u>74,327</u>	<u>85,253</u>

7. Income

	2007 S\$	2006 S\$
Donation received		
Lorong Koo Chye Sheng Hong Temple Association	330,000	350,000
Others	364,373	566,052
	<u>694,373</u>	<u>916,052</u>

8. Hougang Sheng Hong Family Service Centre

Income And Expenditure

	2007 S\$	2006 S\$
Income		
Government grants	262,492	291,063
Fund received for programme	72,916	-
Membership	374	552
Miscellaneous income	810	2,396
NCSS Singtel subsidy	180	180
President's challenge fund	36,000	-
Total income	372,772	294,191
Other income - Bank interest	32	-
	<u>372,804</u>	<u>294,191</u>
Less : Expenses		
Assistance - general	289	1,242
Audit fee	1,800	1,600
Bank charges	11	93
Communications	3,693	4,301
CPF and SDL	47,800	59,768
Cleaning materials	1,056	726
Insurance	2,663	3,180
Medical expenses	1,874	1,646
Office supplies	11	235
Printing and stationery	4,058	4,407
Professional fee	300	-
Programme expenses	73,492	10,451
Public education and publicity	1,004	-
General expenses	78	130
Purchase of new equipment	23,672	1,469
Recruitment	2,502	495
Rental	5,657	5,657
Repairs and maintenance - building	1,829	5,533
Repairs and maintenance - equipment	11,494	9,822
Salary and bonuses	355,077	387,742
Special project - SFE	-	164
Staff training	12,445	5,366
Staff welfare	3,614	2,650
Subscription	789	700
Transport	2,620	3,585
Utilities	15,632	13,503
VCF - ICT (CORE)	-	1,195
	<u>573,460</u>	<u>525,660</u>
DEFICIT	<u>(200,656)</u>	<u>(231,469)</u>

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9. Hougang Sheng Hong Student Care Centre

Income And Expenditure

	2007 S\$	2006 S\$
Income		
Government grants	43,860	46,101
Holiday charges	9,555	10,360
Other income	560	-
Registration fees	630	930
School fees	105,007	105,359
Total income	159,612	162,750
Other income - Bank interest	-	2
	<u>159,612</u>	<u>162,752</u>
Less : Expenses		
Audit fee	1,000	900
Cleaning materials	1,100	1,006
Communications	571	509
CPF and SDL	14,139	12,058
Food and marketing	16,967	15,108
Insurance	1,499	1,269
Medical fees	1,298	680
Office supplies	96	86
Printing and stationery	2,245	781
Professional fee	300	-
Programme expenses	3,251	(1,012)
Public education and publicity	1,065	195
Purchase of new equipment	6,472	3,773
Recruitment	842	300
Rental	2,797	2,797
Repairs and maintenance - building	690	8,878
Repairs and maintenance - equipment	2,797	472
Salary and bonuses	122,239	95,538
Staff training	1,057	405
Staff welfare	1,780	235
Transport	1,038	1,138
Utilities	10,741	10,447
	<u>193,984</u>	<u>155,563</u>
(DEFICIT) / SURPLUS	<u><u>(34,372)</u></u>	<u><u>7,189</u></u>

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10. Macpherson Sheng Hong Childcare Centre

Income And Expenditure

	2007 S\$	2006 S\$
Income		
Government grants	191,362	102,260
Baby bonus fees	126,676	40,310
Holiday charges	1,940	154
Registration fees	3,070	3,720
School fees	291,440	214,632
Miscellaneous income	2,403	1,090
	616,891	362,166
Other income - Bank interest	8	52
	<u>616,899</u>	<u>362,218</u>
Less : Expenses		
Audit fee	2,000	1,600
Cleaning materials	4,280	3,909
Communications	2,902	1,093
CPF and SDF	51,400	29,770
Food and marketing	25,259	16,842
Insurance	8,484	4,730
Kitchen utensil	73	2,720
Medical fees	4,315	2,588
Office supplies	359	299
Printing and stationery	5,285	7,958
Professional fee	680	-
Programme expenses	30,325	15,370
Public education and publicity	6,457	4,191
Purchase of new equipment	11,050	35,109
Recruitment	2,341	1,848
Rental	326,199	247,136
Rental of school bus	-	28,377
Repairs and maintenance - building	23,650	9,380
Repairs and maintenance - equipment	4,768	7,720
Repairs and maintenance - addition and alteration	-	260,000
Salary and bonuses	438,073	238,195
Staff training	4,486	6,558
Staff welfare	9,254	3,493
Subscription fee	480	-
Teaching materials	12,966	22,198
Transport	16	2,149
Utilities	25,505	19,809
Uniform expenses	-	11,757
	1,000,607	984,799
DEFICIT	<u><u>(383,708)</u></u>	<u><u>(622,581)</u></u>

11. Taxation

- (a) The Society is exempt from tax under Section 13M(2)(b) of the Singapore Income Tax Act.
- (b) During the financial year, the Society issued tax-exempt receipts for donations collected amounting to S\$694,373 (2006 : S\$916,052).

12. Related party

The Society is the welfare arm of Lorong Koo Chye Sheng Hong Temple Association, an association registered in Singapore.

	2007 S\$	2006 S\$
Donation (Note 7)	<u>330,000</u>	<u>350,000</u>

13. Operating lease commitments

At the balance sheet date, the company was committed to making the following lease rental payments under non-cancellable operating leases for office equipment :

	2007 S\$	2006 S\$
Not later than one year	319,499	315,067
Later than one year and not later than five years	<u>120,315</u>	<u>418,733</u>

14. Financial risk management

The society is exposed to various common financial risks arising in the normal course of activities. The society's management policies and guidelines are summarised below :-

(a) Liquidity risk

In the management of liquidity risk, the society monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the society's activities and mitigate the effects of fluctuations in cash flows.

(b) Credit risk

The society has minimal risk because, majority of the activities are on cash basis.

(c) Other risk

The society is not exposed to interest rate risks as it does not have interest bearing asset and liability.

It has no foreign currency risk as it transacts solely in Singapore dollars.

15. Financial instruments

Fair value

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate to their fair values.

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Supplementary schedules for the year ended 31st March 2007

Supplementary schedules for Note 8

Hougang Sheng Hong Family Service Centre

Income And Expenditure

	Programme "I Can" S\$	Programme "Others" S\$	Total S\$
Income			
Government grants	-	262,492	262,492
Fund received for programme	30,129	42,787	72,916
Membership	-	374	374
Miscellaneous income	-	810	810
NCSS Singtel subsidy	-	180	180
President's challenge fund	-	36,000	36,000
Total income	30,129	342,643	372,772
Other income - Bank interest	-	32	32
	<u>30,129</u>	<u>342,675</u>	<u>372,804</u>
Less : Expenses			
Assistance - general	-	289	289
Audit fee	360	1,440	1,800
Bank charges	-	11	11
Communications	738	2,955	3,693
CPF and SDL	3,686	44,114	47,800
Cleaning materials	211	845	1,056
Insurance	533	2,130	2,663
Medical expenses	-	1,874	1,874
Office supplies	-	11	11
Printing and stationery	405	3,653	4,058
Professional fee	-	300	300
Programme expenses	8,946	64,546	73,492
Public education and publicity	200	804	1,004
General expenses	-	78	78
Purchase of new equipment	4,734	18,938	23,672
Recruitment	-	2,502	2,502
Rental	1,131	4,526	5,657
Repairs and maintenance - building	-	1,829	1,829
Repairs and maintenance - equipment	-	11,494	11,494
Salary and bonuses	30,431	324,646	355,077
Staff training	2,489	9,956	12,445
Staff welfare	-	3,614	3,614
Subscription	-	789	789
Transport	524	2,096	2,620
Utilities	3,126	12,506	15,632
	<u>57,514</u>	<u>515,946</u>	<u>573,460</u>
DEFICIT	<u>(27,385)</u>	<u>(173,271)</u>	<u>(200,656)</u>