

**SOCIETY OF SHENG HONG
WELFARE SERVICES**

UEN : T00SS0066C

Ref. No. ROS 0316/1999

Charity. No. 1437

(Registered in the Republic of Singapore)

31ST MARCH 2018

Index to the financial statements

	Page
General information	1
Statement by the board of management committee	2
Honorable auditor's report to the committee members	3
Independent auditors' report to the members	4-5
Statement of financial position	6
Statement of financial activities	7-8
Statement of cash flows	9
Notes to the financial statements	10

Society Of Sheng Hong Welfare Services

(UEN : T00SS0066C)

(Registered in the Republic of Singapore)

Year ended 31st March 2018

General information**Management Committee**

Name	Date of appointment	Position held
Ling Kin Huat, PBM	01/09/2017	President
Lim Chwee Kim, PBM	01/09/2017	1st Vice President
Ong Kuan, PBM	01/09/2017	Vice President
Soon Cheok Kah	01/09/2017	Vice President
Tan Thiam Lye, BBM	01/09/2017	Honorary Secretary
Chung Kwang Tong	01/09/2017	Assistant Secretary
Tan Eng Wat	01/09/2017	Treasurer
Sim Wai Chin, BBM (L)	01/09/2017	Assistant Treasurer
Goh Geok Choo	01/09/2017	Member
Lim Chin Poh	01/09/2017	Member
Ong Aii Ley	01/09/2017	Member
Soong Kok Chee	01/09/2017	Member
Chew Geok Hoon Jennifer, PBM	01/09/2017	Member

Honorable Auditors

Lim Tiam Teng Raymond, PBM	01/09/2017	Internal Auditor
Long Say Keng Adrian	01/09/2017	Internal Auditor

Charity Status

Charity Registration No : 1437
Charity Registration Date : 9th May 2000

IPC Status

Effective Date : 3rd November 2000
Central Fund : A member of NCSS

Registered office

15 Arumugam Road
Singapore 409960

Bankers

Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd
Malayan Banking Berhad

Auditors

Chew Whye Lee PAC
Public Accountants and Chartered Accountants
Singapore

Statement by the board of management committee

We, Ling Kin Huat, Tan Thiam Lye and Tan Eng Wat, being the President, Honorary Secretary and Treasurer of Society Of Sheng Hong Welfare Services, respectively, do hereby state that in our opinion, the accompanying statement of financial position, statement of financial activities and statement of cash flows together with the notes thereon are properly drawn up so as to give a true and fair view of the state of affairs of the charity as at 31st March 2018 and of the results of its financial activities and cash flows of the charity for year then ended.


On behalf of the Board of Management



LING KIN HUAT
President



TAN THIAM LYE
Honorary Secretary



TAN ENG WAT
Treasurer

Date : 29th June 2018

Honorable auditors' report to the committee members

We, being the honorable auditors elected at Annual General Meeting of Society Of Sheng Hong Welfare Services, do hereby state that in our opinion, the accompanying statement of financial position, statement of financial activities and statement of cash flows together with the notes thereon are properly drawn up so as to give a true and fair view of the state of affairs of the charity as at 31st March 2018 and of the results of its financial activities and cash flows of the charity for the year ended on that date.


LIM TIAM TENG RAYMOND
Internal Auditor


LONG SAY KENG ADRIAN
Internal Auditor

Date : 29th June 2018

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Society Of Sheng Hong Welfare Services ("the charity"), which comprise the statement of financial position as at 31st March 2018, and the statement of financial activities and statement of cash flows for the year then 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 Standards in Singapore (CASs) so as to present fairly, in all material respects, the state of affairs of the Charity as at 31st March 2018 and the results and cash flows of the Charity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Charity 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

The Management Committee is responsible for the other information. The other information comprises the Statement by the Management Committee set out on page 2, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 Charity's Management Committee for the Financial Statements

The 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 CASs, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Committee is responsible for assessing the Charity'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 the Management Committee either intends to liquidate the Charity or to cease operations, or has no realistic alternative but to do so.

The Management Committee are responsible for overseeing the Charity'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.
- 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 Charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee'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 Charity'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 Charity 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 the Management Committee 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, the accounting and other records required to be kept by the Charity have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

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


CHEW WHYE LEE PAC
Public Accountants and
Chartered Accountants
Singapore

Dated : 29th June 2018

Statement of financial position

	NOTE	2018 S\$	2017 S\$
ASSETS			
Non-Current Asset			
Property, plant and equipment	3	326,634	217,907
Current Assets			
Trade and other receivables	4	91,275	285,376
Cash and cash equivalents	5	4,375,101	3,991,468
		4,466,376	4,276,844
Total Assets		<u>4,793,010</u>	<u>4,494,751</u>
FUNDS AND LIABILITIES			
Restricted fund	6	2,561,077	2,407,176
Unrestricted fund	6	2,003,788	1,849,036
		4,564,865	4,256,212
Current Liabilities			
Trade and other payables	7	168,363	168,282
Special funds	8	59,782	70,257
		228,145	238,539
Total Funds And Liabilities		<u>4,793,010</u>	<u>4,494,751</u>

Statement of financial activities

2018

	Unrestricted Funds			Restricted Funds			
	Society Of Sheng Hong Welfare Services S\$	Hougang Sheng Hong Student Care Centre S\$	Macpherson Sheng Hong Childcare Centre S\$	Lifepoint S\$	Hougang Sheng Hong Family Service Centre S\$	Total S\$	
Income							
Voluntary income	438,853	-	-	5,030	910	444,793	
Funds generating activities	878,353	255,578	1,515,135	310,720	1,822,899	4,782,685	
Other income	3,727	3,624	40,568	3,677	34,275	85,871	
Total income	1,320,933	259,202	1,555,703	319,427	1,858,084	5,313,349	
Expenditure							
Cost of charitable activities	225,564	292,128	2,190,782	530,084	1,690,524	4,929,082	
Governance costs	4,848	6,004	39,778	11,325	13,659	75,614	
Total expenditure	230,412	298,132	2,230,560	541,409	1,704,183	5,004,696	
Surplus / (deficit) for the year	1,090,521	(38,930)	(674,857)	(221,982)	153,901	308,653	
Transfer between funds	(713,787)	38,930	674,857	-	-	-	
Transfer between funds	(221,982)	-	-	221,982	-	-	
Net surplus for the year	154,752	-	-	-	153,901	308,653	
Total funds brought forward	1,849,036	-	-	-	2,407,176	4,256,212	
Total funds carried forward	2,003,788	-	-	-	2,561,077	4,564,865	

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

Statement of financial activities

2017

	Unrestricted Funds			Restricted Funds		
	Society Of Sheng Hong Welfare Services S\$	Hougang Sheng Hong Student Care Centre S\$	Macpherson Sheng Hong Childcare Centre S\$	Lifepoint S\$	Hougang Sheng Hong Family Service Centre S\$	Total S\$
Income						
Voluntary income	67,180	-	2,200	39,770	970	110,120
Funds generating activities	156,270	210,462	1,581,378	368,643	1,683,532	4,000,285
Other income	30	21,335	59,629	21,930	60,535	163,459
Total income	223,480	231,797	1,643,207	430,343	1,745,037	4,273,864
Expenditure						
Cost of charitable activities	156,457	284,264	2,230,412	443,544	1,638,508	4,753,185
Governance costs	2,640	11,252	23,939	12,631	10,877	61,339
Total expenditure	159,097	295,516	2,254,351	456,175	1,649,385	4,814,524
Surplus / (deficit) for the year	64,383	(63,719)	(611,144)	(25,832)	95,652	(540,660)
Transfer between funds	(674,863)	63,719	611,144	-	-	-
Transfer between funds	(25,832)	-	-	25,832	-	-
Net (deficit) / surplus for the year	(636,312)	-	-	-	95,652	(540,660)
Total funds brought forward	2,485,348	-	-	-	2,311,524	4,796,872
Total funds carried forward	1,849,036	-	-	-	2,407,176	4,256,212

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

Statement of cash flows

	NOTE	2018 S\$	2017 S\$
Cash Flows From Operating Activities			
Surplus / (deficit) for the year		308,653	(540,660)
Adjustment for :			
Depreciation of property, plant and equipment		121,542	136,873
Fixed deposit interest received		(5,715)	-
		424,480	(403,787)
Trade and other receivables		194,101	(207,338)
Trade and other payables		81	19,450
Special funds		(10,475)	(32,920)
Cash generated from / (used in) operations		608,187	(624,595)
Net Cash Inflow / (Outflow) From Operating Activities		608,187	(624,595)
Cash Flows From Investing Activities			
Purchase of property, plant and equipment	3	(230,269)	(71,607)
Fixed deposit interest received		5,715	-
Net Cash Outflow From Investing Activities		(224,554)	(71,607)
Cash Flows From Financing Activities			
Net increase / (decrease) in cash and cash equivalents		383,633	(696,202)
Cash and cash equivalents at beginning of year		3,991,468	4,687,670
Cash And Cash Equivalents At End Of Year	5	4,375,101	3,991,468

Notes to the financial statements

1. General information

Society Of Sheng Hong Welfare Services has been registered under the Societies Act, Cap. 311, as well as a charity under the Charities Act, Cap. 37.

The registered office is located at 15 Arumugam Road, Singapore 409960.

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

- (i) Block 237 Hougang Street 21, #01-406, Singapore 530237;
- (ii) Block 238 Hougang Avenue 1, #01-292, Singapore 530238;
- (iii) 175 Macpherson Road, Singapore 348537; and
- (iv) 133 New Bridge Road, #04-08 Chinatown Point, Singapore 059413.

The objectives of the charity 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.

The financial statements of the charity for the year ended 31st March 2018 were authorised for issue in accordance with a resolution by the management committee on 29th June 2018.

2. Significant accounting policies and estimates

(a) Statement of compliance

The financial statements have been prepared in accordance with the Charities Accounting Standards (CAS) issued by the Accounting Standards Council of Singapore, the Societies Act, Cap. 311 ("the Act") and the Singapore Charities Act, Cap. 37 ("the Charities Act").

(b) Basis of preparation

(i) Functional and presentation currency

The financial statements are expressed in Singapore dollars which is the charity's functional and presentation currency.

(ii) Basis of measurement

The financial statements have been prepared under the historical cost convention except as described in the accounting policies below.

2. Significant accounting policies and estimates – cont'd

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. All items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Any trade discounts and rebates are deducted in arriving at purchase price. Expenditure incurred after the property, plant and equipment have been put into operation, such as repair and maintenance and overhaul costs, is normally charged to the statement of financial activities in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in and increase in the future economic benefits expected to be obtained from the use of an items of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

Individual assets items which cost at least S\$1,000 are capitalised when acquired.

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

	<u>Useful lives</u>
Computer	- 3 years
Office equipment	- 3 years
Furniture and fittings	- 5 years
Renovation	- 5 years
School equipment	- 3 years

The residual value, useful lives and depreciation method are reviewed at each financial year end 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. Any gain or loss on derecognition of the asset is included in the statement of financial activities in the year the assets is derecognised.

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

(d) Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the charity becomes a party to the contractual provisions of the financial instrument.

Investments in financial assets are initially recognised at the transaction price excluding transaction costs, if any, which shall be recognised as expenditure immediately in the statement of financial activities. Subsequent to initial measurement, investments in financial assets are measured at cost less any accumulated impairment losses.

Impairment of financial assets

At the end of each reporting period, financial assets are assessed for any objective evidence of impairment. If there is objective evidence of impairment, an impairment loss is recognised immediately in the statement of financial activities.

2. Significant accounting policies and estimates – cont'd

(d) Financial assets – cont'd

Reversal of impairment loss

If, in a subsequent period, 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. Any reversal, however, shall not exceed what the carrying amount would have been had the impairment not been recognised previously. The reversed amount shall be recognised in the statement of financial activities immediately.

(e) Trade and other receivables

Trade and other 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.

After initial recognition, trade and other receivable excluding prepayments are measured at cost less any accumulated impairment losses. Prepayments are measured at the amount paid less the economic resources received or consumed during the financial year.

(f) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, fixed deposit and cash on hand.

(g) Financial liabilities

Financial liabilities are recognised as soon as there is a present legal or constructive obligation to the expenditure. Liabilities arise when there is a present obligation to make a transfer of value to another party as a result of past transaction or event.

(h) Trade and other payables

Trade and 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 are recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payables.

(i) Government grants

Government grants are recognised as income in the Statement Of Financial Activities when the charity has unconditional entitlement to the receipts.

The grants from Ministry of Social and Family Development ("MSF"), Community Development Councils, National Council of Social Service ("NCSS") and Tote Board Social Service Fund ("TBSSF") relating to school fees, centre fees and other fees are calculated based on formulae set by the respective government bodies. Any over or under funding will be adjusted against the current's year income.

Government grants that compensate expenditure are presented separately as other income to match with the related costs incurred.

2. Significant accounting policies and estimates – cont'd

(j) 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 expenditure in statement of financial activities 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 expenses over the lease term on a straight-line basis.

(k) Related parties

Related parties include all of the following :

- a) A person or a close member of that person's family is related to a charity if that person :
 - (i) has control or joint control over the charity;
 - (ii) has significant influence over the charity; or
 - (iii) is a governing board member, trustee or member of the key management personnel of the charity or of a parent of the charity.
- b) An entity is related to the charity if any of the following conditions applies :
 - (i) the entity and the charity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) the entity is an associate or joint venture of the charity (or an associate or joint venture of a member of a group of which the charity is a member) and vice versa;
 - (iii) the entity and the charity are joint ventures of the same third party;
 - (iv) The entity is a joint venture of a third entity and the charity is an associate of the third entity and vice versa;
 - (v) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vi) a person identified in (a)(i) has significant influence over the entity or is a governing board member, trustee or member of the key management personnel of the entity (or of a parent of the entity).

2. Significant accounting policies and estimates – cont'd

(l) Recognition of income

Income is recognised in the statement of financial activities when the effect of a transaction or other event results in an increase in the charity's net assets. Income is recognised when the following three factors are met :

(i) Entitlement

The charity has control over the rights or other access to the resource, enabling the charity to determine its future application;

(ii) Certainty

It is probable that the income will be received; and

(iii) Measurement

The amount of the income can be measured by the charity with sufficient reliability.

The following specific recognition criteria must also be met before income is recognised :

(i) Donation

- Donation are only included in the Statement Of Financial Activities when the charity has unconditional entitlement to the receipts; and
- Gifts in kind that are of substantial monetary value and can be estimated with sufficient reliability are accounted for at a reasonable estimate of their value to the charity or the amount actually realised.

(ii) Programme fees

Programme fees represent income from rendering of services to individuals and families. Such fees are recognised as income once the services are rendered.

(m) Recognition of expenditures

Expenditures are recognised in the statement of financial activities once the goods or services have been received unless the expenditure qualifies for capitalisation as assets such as inventory and property, plant and equipment. Expenditure on performance-related grants are recognised to the extent the specified service or goods have been provided. Expenditures in the statement of financial activities are classified under the cost of generating funds, cost of charitable activities and governance costs.

(i) Classification

Cost of generating funds

All cost associated with generating income from all sources other than from undertaking charitable activities are included under cost of generating funds.

2. Significant accounting policies and estimates – cont'd

(m) Recognition of expenditures – cont'd

(i) Classification – cont'd

Cost of charitable activities

All resources applied in undertaking activities to meet the charity's charitable objectives are classified under cost of charitable activities.

Governance costs

This includes costs of governance arrangements that relate to the general running of the charity as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work. These activities provide the governance infrastructure, which allows the charity to operate, and to generate the information required for public accountability. They include the strategic planning processes that contribute to future development of the charity.

(ii) Allocation of costs

Where appropriate, expenditures that are specifically identifiable to each cost classification are allocated directly to the type of costs incurred. Where apportionment between each costs classification is necessary, the following apportionment bases are applied :

- Usage;
- Head count i.e. on the number of people employed within an activity;
- Floor area occupied by an activity;
- On time basis; and
- Expenditure total.

(n) Employee benefits

(i) Pensions and other post employment benefits

Contributions on the employees' salaries are made to the Central Provident Fund (CPF), as defined contribution plans in Singapore as required by law. The CPF contributions are recognised as expenses in the period when the employees rendered their services.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

(o) Income tax

The charity is an approved charity organisation under the Charities Act, Chapter 37. No provision for taxation has been made in the financial statements, as the charity is exempt from income tax in accordance with the provisions of Section 13(1) (zm) of the Income Tax Act, Chapter 134.

2. Significant accounting policies and estimates – cont'd

(p) Significant accounting judgements and estimates

The preparation of the charity's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements – In the process of applying the charity's accounting policies, management did not make any critical judgement, apart from those involving estimations, which has a significant effect on the amounts recognised in the financial statements.

Estimates and assumptions – The key assumptions concerning the future and other key sources of estimation involving uncertainty 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 :

(i) Estimated allowance for impairment of receivables

The charity assesses whether objective evidence of impairment exists for receivables that are individually significant, and collectively for receivables that are not individually significant.

Allowance for impairment of receivables is maintained at a level considered adequate to provide for potentially uncollectible receivables.

Trade and other receivables amounted to S\$61,806 and S\$57,238 as of 31st March 2018 and 2016 respectively. Based on management's assessment, no allowance for debt impairment is required in 2017 and 2016 respectively.

(ii) Estimated useful lives of property, plant and equipment

Management determines the estimated useful lives and the related depreciation for its property, plant and equipment based on the period over which the property, plant and equipment are expected to provide economic benefits. Management's estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of property and equipment and intangible assets. Management will increase the depreciation where useful lives are less than what have previously been estimated.

A reduction in the estimated useful lives of property, plant and equipment and would increase recorded expenses and decrease non-current assets. Based on management's assessment, no change in the estimated useful lives of property, plant and equipment is required as of the reporting date. The carrying value of property, plant and equipment as of 31st March 2018 and 2016 amounted to S\$217,907 and S\$283,173 respectively.

2. Significant accounting policies and estimates – cont'd

(q) Events after the reporting date

Post year-end events that provide additional information about the charity'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. Property, plant and equipment

	Computer S\$	Office Equipment S\$	Furniture And Fittings S\$	Renovation S\$	School Equipment S\$	Total S\$
Cost						
As at 01/04/16	77,419	39,387	41,863	471,558	2,247	632,474
Additions	12,883	36,434	17,559	1,393	3,338	71,607
Disposals	(6,791)	-	-	-	-	(6,791)
As at 31/03/17	83,511	75,821	59,422	472,951	5,585	697,290
Additions	6,371	13,297	-	210,601	-	230,269
Disposals	-	-	-	-	-	-
As at 31/03/18	89,882	89,118	59,422	683,552	5,585	927,559
Accumulated depreciation						
As at 01/04/16	66,184	33,989	22,113	225,517	1,498	349,301
Depreciation charge for the year	13,307	15,674	11,885	94,590	1,417	136,873
Disposals	(6,791)	-	-	-	-	(6,791)
As at 31/03/17	72,700	49,663	33,998	320,107	2,915	479,383
Depreciation charge for the year	7,462	16,002	11,264	85,256	1,558	121,542
Disposals	-	-	-	-	-	-
As at 31/03/18	80,162	65,665	45,262	405,363	4,473	600,925
Carrying amount						
As at 31/03/17	10,811	26,158	25,424	152,844	2,670	217,907
As at 31/03/18	9,720	23,453	14,160	278,189	1,112	326,634

4. Trade and other receivables

	2018 S\$	2017 S\$
Trade and other receivables	68,945	61,806
Deposits	8,941	7,234
Prepayments	13,389	216,336
	<u>91,275</u>	<u>285,376</u>

5. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following :

	2018 S\$	2017 S\$
Bank balances - children and youth assistance funds	12,388	12,713
Bank balances	3,360,480	3,977,075
Fixed deposits	1,000,000	-
Cash balances	2,233	1,680
	<u>4,375,101</u>	<u>3,991,468</u>

6. Funds of charities

(i) Funds held

- Restricted Fund – Restricted funds are funds subject to specific restrictions which may be declared by the donor(s) with their authority or created through legal process, but still within the wider objects of the charity. Currently, it refers to income and expenditure of Hougang Sheng Hong Family Service and Life Point.
- Unrestricted Fund – This fund is expendable at the discretion of the Charity's Board of Management in furtherance of the charity's objects.

Society Of Sheng Hong Welfare Services

(UEN : T00SS0066C)

(Registered in the Republic of Singapore)

Financial statements for the year ended 31st March 2018**6. Funds of charities – cont'd****(ii) Movement of major funds**

<u>Fund name</u>	<u>Accumulated fund brought forward S\$</u>	<u>Surplus / (Deficit) for the year S\$</u>	<u>Transfer S\$</u>	<u>Accumulated fund carried forward S\$</u>
<u>2017</u>				
Restricted funds	2,311,524	69,820	25,832	2,407,176
Unrestricted funds	2,485,348	(610,480)	(25,832)	1,849,036
	<u>4,796,872</u>	<u>(540,660)</u>	<u>-</u>	<u>4,256,212</u>
<u>2018</u>				
Restricted funds	2,407,176	(68,081)	221,982	2,561,077
Unrestricted funds	1,849,036	376,734	(221,982)	2,003,788
	<u>4,256,212</u>	<u>308,653</u>	<u>-</u>	<u>4,564,865</u>

Transfers between funds

<u>From fund</u>	<u>To fund</u>	<u>Reason</u>	<u>Amount S\$</u>
<u>2017</u>			
Unrestricted fund	Restricted fund	Surplus transfer from unrestricted fund to cover Lifepoint deficit.	25,832
<u>2018</u>			
Unrestricted fund	Restricted fund	Surplus transfer from unrestricted fund to cover Lifepoint deficit.	221,982

7. Trade and other payables

	<u>2018 S\$</u>	<u>2017 S\$</u>
Trade payables	23,170	17,274
Other payables	269	2,166
Accruals	40,814	43,304
Deposit received	103,110	105,520
School fee received in advance	1,000	18
	<u>168,363</u>	<u>168,282</u>

Society Of Sheng Hong Welfare Services

(UEN : T00SS0066C)

(Registered in the Republic of Singapore)

Financial statements for the year ended 31st March 2018**8. Special funds**

	2018 S\$	2017 S\$
SPMF	8,490	11,747
Lee Foundation	-	4,550
SRJC Fund	43,532	46,732
SP MSF ComCare	6,793	6,261
YMCA	967	967
	<u>59,782</u>	<u>70,257</u>

Special fund name	Purpose and restrictions
SPMF	- The Straits Times School Pocket Money Fund (SPMF) is a community project initiated by The Straits Times to provide pocket money to children from low-income families to help them through school. As a member of NCSS, the Family Service Centre helps to administer and disburse SPMF to eligible beneficiaries.
Lee Foundation	- This fund refers to the financial assistance that the Family Service Centre helps its clients to acquire from Lee Foundation. After approval, the Family Service Centre will disburse the amount to the clients according to the instructions from the Foundation.
SRJC Fund	- The fund is raised and donated by Serangoon Junior College. It is meant to use for any activities or projects that will bring improvement to livelihood of low income families.
SP MSF ComCare	- ComCare Fund is set aside by MSF and disbursed via the Family Service Centre, for the purpose of meeting the urgent and immediate needs of clients so as to bring temporary relief.
YMCA	The fund given under Citi-YMCA Youth For Causes 2014 for the purpose of engaging youths in meaningful projects and activities.

9. Fees for audit examination of the financial statements

	2018 S\$	2017 S\$
Auditor's fees for reporting on the financial statements	13,800	13,800
Fees paid to auditor for Muster audits	<u>1,880</u>	<u>1,880</u>
	<u>15,680</u>	<u>15,680</u>

No other financial services were provided by the auditors during the year.

Society Of Sheng Hong Welfare Services

(UEN : T00SS0066C)

(Registered in the Republic of Singapore)

Financial statements for the year ended 31st March 2018**10. Voluntary income**

	2018 S\$	2017 S\$
Donation received - Tax exempted		
- Related parties	414,140	49,720
- Others	28,123	19,840
Donation received - Non-tax exempted		
- Others	2,530	37,840
Donation in kind		
- Related parties	-	2,200
- Others	-	520
	<u>444,793</u>	<u>110,120</u>

11. Income from charitable activities

	2018 S\$	2017 S\$
Funding - received from MSF	1,329,820	1,224,972
Funding - received from Tote Board	616,476	581,183
Government grants - care and share	687,692	-
Funding - received from ComChest	70,924	65,332
President's challenge	-	87,000
Government grants - C3A	15,472	3,016
Government grants - others	757,566	805,507
Holiday fee	10,657	8,972
Insurance	1,700	1,850
Membership	2,850	6,360
Other subsidy	16,165	-
Programme fee	328,076	266,864
Registration fees	6,060	5,899
School fees	931,451	933,930
Sundry income	7,776	9,400
	<u>4,782,685</u>	<u>4,000,285</u>

Society Of Sheng Hong Welfare Services

(UEN : T00SS0066C)

(Registered in the Republic of Singapore)

Financial statements for the year ended 31st March 2018**12. Other income**

	2018 S\$	2017 S\$
Other income	10,976	51,457
Fixed deposit interest	5,715	-
Special employment credit	29,921	-
Wage credit scheme	39,259	112,002
	<u>85,871</u>	<u>163,459</u>

13. Employee benefits

	2018 S\$	2017 S\$
(i) Staff costs		
- Salaries, wages and bonus	2,842,412	2,684,878
- Other short-term benefits (i.e. medical, insurance premiums and long service awards)	15,529	39,970
- Employer's CPF contributions	<u>382,910</u>	<u>344,157</u>
(ii) Key management personnel		
- Salaries, bonus and other related costs	282,189	328,909
- Employer's CPF contributions	<u>29,293</u>	<u>36,407</u>

(iii) The salary banding of the top two (YE2017 : three) paid employees who each receives annual remuneration exceeding S\$50,000 is as follows :

	<u>Number of employees</u>	
	2018	2017
<u>Salary band</u>		
S\$50,000 to S\$100,000	1	1
S\$100,000 to S\$200,000	<u>1</u>	<u>2</u>

The annual remuneration consists of salaries, bonus, allowances and employer's CPF.

14. Tax-deductible receipts

During the financial year, the charity issued tax-deductible receipts for donations collected amounting to S\$69,560 (2016 : S\$269,133).

Society Of Sheng Hong Welfare Services

(UEN : T00SS0066C)

(Registered in the Republic of Singapore)

Financial statements for the year ended 31st March 2018**15. Loans**

During the year, there was no loan made to any employees, member of the Board of Management, related parties or third parties.

16. Related party transactions

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year, the charity had the following significant transactions with a related party.

	2018 S\$	2017 S\$
<u>With related party</u>		
Donation received - tax exempted	414,140	49,720
Donation in-kind	-	2,200

No governing board members received any remuneration during the year.

17. Operating lease commitments (non-cancellable)

At the reporting date, the charity was committed to making the following lease payments under non-cancellable operating leases for premises :

	2018 S\$	2017 S\$
Within one year	566,603	354,187
Later than one year but within five years	1,035,806	29,872

18. Capital commitments

Capital commitments not provided for in the financial statements are as follows :

	2018 S\$	2017 S\$
Expenditure contracted for renovation works for Hougang Sheng Hong Student Care Centre	-	26,117
Contracted for renovation works has been completed on 31/03/2018, with a total cost of S\$210,601. (Note 3)		
Expenditure contracted for build of a single storey active aging and senior care centre at 175 MacPherson Road	2,548,000	-

19. Reserve policy

The board has established a reserve policy for the charity pursuant to the Code of Governance for Charities and IPCs Guideline 6.4.1. The reserve measurements are calculated as follows :

	2018 S\$	2017 S\$
Unrestricted funds	<u>2,003,788</u>	<u>1,849,035</u>
Net liquid assets available to meet expenditure obligations	4,634,739	4,445,127
Total operating expenditure	<u>2,759,104</u>	<u>2,708,964</u>
Ratio of net liquid assets to total operating expenditure	<u>1.68</u>	<u>1.64</u>

The charity does not have external imposed fund requirements for the financial years ended 31st March 2018 and 31st March 2017. There were no changes in the charity's reserve policy during the financial year.

Statement of financial activities

2018

	Unrestricted Funds			Restricted Funds		
	Society Of Sheng Hong Welfare Services S\$	Hougang Sheng Hong Student Care Centre S\$	Macpherson Sheng Hong Childcare Centre S\$	Lifepoint S\$	Hougang Sheng Hong Family Service Centre S\$	Total S\$
Income						
Voluntary income						
Donation received - Exempt	438,323	-	-	3,340	600	442,263
Donation received - Non-exempt	530	-	-	1,690	310	2,530
Donation in-kind	-	-	-	-	-	-
	438,853	-	-	5,030	910	444,793
Fund generating activities						
Funding - received from MSF	-	-	-	-	1,329,820	1,329,820
Funding - received from Tote Board	-	-	-	261,858	354,618	616,476
Funding - received from ComChest	-	-	-	-	70,924	70,924
Government grants - C3A	-	-	-	15,472	-	15,472
Government grants - Care & Share	687,692	-	-	-	-	687,692
Government grants - others	-	68,683	639,711	-	49,172	757,566
Holiday fee	-	10,657	-	-	-	10,657
Insurance	-	-	1,700	-	-	1,700
Membership	-	-	-	2,850	-	2,850
Other subsidy	256	7,072	-	120	8,717	16,165
Programme fee	190,405	12,162	85,441	30,420	9,648	328,076
Registration fees	-	760	5,300	-	-	6,060
School fees	-	155,944	775,507	-	-	931,451
Sundry income	-	300	7,476	-	-	7,776
	878,353	255,578	1,515,135	310,720	1,822,899	4,782,685
Other income						
Other income	-	140	8,075	30	2,731	10,976
Fixed deposit interest	-	-	-	-	5,715	5,715
Special employment credit	-	2,909	15,541	827	10,644	29,921
Wage credit scheme	3,727	575	16,952	2,820	15,185	39,259
	3,727	3,624	40,568	3,677	34,275	85,871
Total income	1,320,933	259,202	1,555,703	319,427	1,858,084	5,313,349

Detailed statement of financial activities for the year ended 31st March 2018

Statement of financial activities

2018 - cont'd

	Unrestricted Funds			Restricted Funds		
	Society Of	Hougang	Macpherson			
	Sheng Hong Welfare Services	Sheng Hong Student Care Centre	Sheng Hong Childcare Centre			
	S\$	S\$	S\$	S\$	S\$	S\$

Detailed statement of financial activities for the year ended 31st March 2018

Statement of financial activities

2018 - cont'd

	Unrestricted Funds		Restricted Funds		Total
	Society Of Sheng Hong Welfare Services S\$	Hougang Sheng Hong Student Care Centre S\$	Macpherson Sheng Hong Childcare Centre S\$	Lifepoint Sheng Hong Family Service Centre S\$	
Expenditure brought forward	115,312	74,276	956,060	136,792	1,553,877
Salary and bonuses	105,624	199,812	1,127,325	372,898	3,140,130
Staff recruitment	-	590	2,474	-	3,229
Staff training	3,944	465	17,842	11,552	71,642
Staff welfare	684	4,689	23,281	4,123	50,507
Telephone charges	-	755	1,063	1,435	5,467
Transportation	-	61	-	304	5,851
Upkeep of computers	-	1,712	8,315	1,899	14,494
Upkeep of office equipments	-	941	4,084	78	7,940
Upkeep of premises	-	1,111	23,301	16	24,830
Utilities	-	7,716	27,037	987	51,115
	225,564	292,128	2,190,782	530,084	4,929,082
Governance costs					
Audit fee	2,200	2,700	4,580	3,000	18,480
Sundry and reimbursements	314	386	763	429	2,545
Books and resources	-	150	16,195	150	16,550
Licence fee	-	-	809	-	909
Professional fee	1,468	2,598	12,044	-	12,044
Publicity and promotion	866	170	5,146	6,861	21,028
Subscription	4,848	6,004	241	885	4,058
	230,412	298,132	2,230,560	11,325	75,614
Total expenditure					
	230,412	298,132	2,230,560	541,409	5,004,696
Surplus / (deficit) for the year	1,090,521	(38,930)	(674,857)	(221,982)	308,653
Transfer between funds	(713,787)	38,930	674,857	-	-
Transfer between funds	(221,982)	-	-	221,982	-
Net surplus for the year	154,752	-	-	-	308,653
Total funds brought forward	1,849,036	-	-	2,407,176	4,256,212
Total Funds Carried Forward	2,003,788	-	-	2,561,077	4,564,865

201729

Statement of financial activities

2017 - cont'd

	Unrestricted Funds		Restricted Funds		Total
	Society Of Sheng Hong Welfare Services S\$	Hougang Sheng Hong Student Care Centre S\$	Macpherson Sheng Hong Childcare Centre S\$	Lifepoint Hougang Sheng Hong Family Service Centre S\$	
Expenditure					
Cost of charitable activities					
Admin expenses	531	1,700	-	1,300	8,871
Bank charges	180	7	1,480	8	1,797
Cleaning fee	-	469	6,267	2,568	10,224
CPF, FWL and SDL	15,165	28,434	169,721	44,857	430,972
Depreciation of property, plant and equipment	-	9,415	110,646	13,003	136,873
Disbursements	2,510	-	-	110	2,620
Email and internet charges	-	1,588	1,780	950	5,906
Food and marketing	-	5,798	29,733	-	35,531
Insurance - employee	289	1,151	6,295	722	13,547
Insurance - others	-	190	3,816	490	4,984
Insurance - students	-	195	600	-	795
Leasing of office equipment	-	-	4,867	-	12,275
Medical expenses	325	2,070	12,402	2,542	24,477
Postage charges	-	-	120	1,765	24,477
Printing and stationery	488	461	6,416	861	1,541
Programme expenses	46,774	11,423	72,477	4,813	16,539
Purchase of new office equipment	88	1,446	1,048	42,262	220,079
Refreshment	-	-	-	1,414	8,415
Rental	-	3,583	532,552	233	1,952
Sundry expenses	-	-	3,387	11,160	555,650
Sundry expenses - Uniform / PE Att / Matt	-	155	945	-	3,387
Expenditure carried forward	66,350	68,085	964,552	128,748	1,497,715

Statement of financial activities

2017 - cont'd

	Unrestricted Funds		Restricted Funds		
	Society Of Sheng Hong Welfare Services	Hougang Sheng Hong Student Care Centre	Macpherson Sheng Hong Childcare Centre	Lifepoint S\$	Hougang Sheng Hong Family Service Centre S\$
	S\$	S\$	S\$	S\$	Total S\$
Expenditure brought forward	66,350	68,085	964,552	128,748	1,497,715
Salary and bonuses	89,242	198,423	1,164,466	296,531	3,011,322
Staff recruitment	-	-	862	290	1,152
Staff training	423	150	23,159	8,228	74,796
Staff welfare	442	3,626	22,559	3,925	55,556
Telephone charges	-	732	1,084	1,419	5,604
Transport	-	-	-	464	6,477
Upkeep of computers	-	2,377	6,263	2,262	15,731
Upkeep of office equipments	-	484	4,980	514	9,119
Upkeep of premises	-	1,703	11,402	334	16,108
Utilities	-	8,684	31,085	829	59,605
	156,457	284,264	2,230,412	443,544	4,753,185
Governance costs					
Audit fee	2,354	2,889	4,980	3,210	16,857
Books and resources	-	-	5,089	450	5,981
Licence fee	-	-	1,073	-	1,173
Professional fee	-	6,822	8,640	-	15,462
Publicity and promotion	-	1,352	4,157	8,265	18,468
Subscription	286	189	-	706	3,398
	2,640	11,252	23,939	12,631	61,339
Total expenditure	159,097	295,516	2,254,351	456,175	4,814,524
Surplus / (deficit) for the year	64,383	(63,719)	(611,144)	(25,832)	(540,860)
Transfer between funds	(674,863)	63,719	611,144	-	-
Transfer between funds	(25,832)	-	-	25,832	-
Net (deficit) / surplus for the year	(636,312)	-	-	-	(540,660)
Total funds brought forward	2,485,348	-	-	-	4,796,872
Total Funds Carried Forward	1,849,036	-	-	-	4,256,212