MAKE-A-WISH FOUNDATION (SINGAPORE) LIMITED
[UEN. 200201965D]

[A company limited by guarantee and not having share capital]
[Incorporated in the Republic of Singapore]

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

CONTENTS

Fiducia LLP
(UEN. T10LL0955L)
Public Accountants and
Chartered Accountants of Singapore

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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Make-A-Wish Foundation (Singapore) Limited (the "Foundation") for the financial year ended 31 December 2018.

In the opinion of the directors,

a) the financial statements of the Foundation are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 December 2018 and the financial performance, changes in funds and cash flows of the Foundation for the financial year then ended; and

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

Directors

The directors of the Foundation in office at the date of this statement are as follows:

Chang Weilong Ivan	(Appointed on 12.03.2018)
Yong Siak Hoong	
Paul Vinod D Souza	
Lau Chun Wah @ Davy Lau	
Rajendra Nandakumar Pai	
Tay Weng Boon Gillian	
Hesh Sean S	(Appointed on 26.09.2018)
Ong Kok Yeong David	

Arrangements to enable directors to acquire shares and/or debentures

Neither at the end of nor at any time during the financial year was the Foundation a party to any arrangement whose object is to enable the directors of the Foundation to acquire benefits by means of the acquisition of shares in, or debentures of, the Foundation or any other body corporate.

Other matters

As the Foundation is limited by guarantee, matters relating to interest in shares, debentures or share options are not applicable.

Independent auditor

The independent auditor, Messrs. Fiducia LLP, Public Accountants and Chartered Accountants of Singapore, has expressed its willingness to accept re-appointment.

On behalf of the directors,

Paul Vinod D Souza
Director

David Ong
Director

Singapore, 10 MAY 2019

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Public Accountants and Chartered Accountants of Singapore

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Independent auditor's report to the members of:

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MAKE-A-WISH FOUNDATION (SINGAPORE) LIMITED** (the "Foundation"), which comprise the statement of financial position as at 31 December 2018, and the statement of financial activities, statement of changes in funds 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 Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Foundation as at 31 December 2018 and of the financial performance, changes in the funds and cash flows of the Foundation 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 Foundation 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 Directors' Statement, 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.

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(CONT'D)

Independent auditor's report to the members of:

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance comprises the directors. Their responsibilities include overseeing the Foundation'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 Foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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 Foundation 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, the accounting and other records required to be kept by the Foundation have been properly kept in accordance with the provisions of the Companies Act, and 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 financial year:

a) the Foundation has not used the donation moneys in accordance with the objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

b) the Foundation has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

Fiducia LLP

Fiducia LLP
Public Accountants and
Chartered Accountants
Singapore, 10 MAY 2019

Partner-in-charge: Looi Chee Bin
PAB No.: 01834

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED DECEMBER 2018

		2018			2017		
		Unrestricted Fund	Restricted Fund	Total Funds	Unrestricted Fund	Restricted Fund	Total Funds
	Note	General fund	Care and Share fund		General fund	Care and Share fund	
INCOME		S$	S$	S$	S$	S$	S$
Income from generating funds							
Voluntary income							
Donations in cash		559,203	0	559,203	553,270	0	553,270
Donations in kind		143,846	0	143,846	108,585	0	108,585
Amortisation of deferred Care and Share Matching Grant for operating expenses	15	0	160,895	160,895	0	246,105	246,105
		703,049	160,895	863,944	661,855	246,105	907,960
Income from fund-raising activities							
Charity Golf		476,892	0	476,892	320,222	0	320,222
Christmas Tree		66,752	0	66,752	0	0	0
Other fund-raising activities		381,118	0	381,118	243,234	0	243,234
Santa Run and Swish-A-Wish		547,046	0	547,046	645,396	0	645,396
YMCA Youth For Causes		23,276	0	23,276	38,439	0	38,439
		1,495,084	0	1,495,084	1,247,291	0	1,247,291
Investment income							
Interest income		19,648	0	19,648	13,706	0	13,706
Fair value adjustment on investment quoted securities		(14,478)	0	(14,478)	13,000	0	13,000
		5,170	0	5,170	26,706	0	26,706
Other income							
Special Employment Credit		1,817	0	1,817	4,773	0	4,773
Job credit and other subsidies		19,706	0	19,706	11,252	0	11,252
Amortisation of deferred Care and Share Matching Grant for capital expenditure	15	0	59,069	59,069	0	58,767	58,767
		21,523	59,069	80,592	16,025	58,767	74,792
TOTAL INCOME		2,224,826	219,964	2,444,790	1,951,877	304,872	2,256,749

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		2018			2017		
		Unrestricted Fund	Restricted Fund	Total Funds	Unrestricted Fund	Restricted Fund	Total Funds
		General fund	Care and Share fund		General fund	Care and Share fund	
	Note	S$	S$	S$	S$	S$	S$
EXPENDITURE							
Cost of generating funds and charitable activities							
Administration fees		3,395	0	3,395	2,920	0	2,920
Affiliate fee		28,443	0	28,443	25,522	0	25,522
Amortisation	11	0	10,341	10,341	0	10,341	10,341
Credit card charges		10,911	0	10,911	13,437	0	13,437
Conference and meeting		0	5,888	5,888	0	6,220	6,220
Depreciation	10	31,884	12,696	44,580	31,661	12,578	44,239
General fund-raising expenses		5,914	0	5,914	2,760	0	2,760
Insurance		1,474	0	1,474	1,111	0	1,111
IT support		0	7,464	7,464	0	24,443	24,443
Management and sinking fund		8,848	0	8,848	8,873	0	8,873
Outreach and communication		0	126,216	126,216	0	102,470	102,470
Postage and courier		537	0	537	615	0	615
Printing and stationery		2,520	0	2,520	3,095	0	3,095
Publication		2,633	0	2,633	4,252	0	4,252
Salaries and CPF		331,722	0	331,722	323,737	38,392	362,129
Staff welfare		3,543	0	3,543	3,800	0	3,800
Telecommunication		2,300	0	2,300	1,912	0	1,912
Transportation		10,958	0	10,958	4,801	0	4,801
Volunteer development and recognition		0	0	0	5,415	0	5,415
Wish granting and support expenses		535,651	0	535,651	629,839	0	629,839
Wish granters training		0	1,710	1,710	0	400	400
Wish granters' handbook		2,900	0	2,900	0	0	0
World Wish day		8,989	0	8,989	2,813	0	2,813
Wish year end party		22,552	0	22,552	48,543	0	48,543
		1,015,174	164,315	1,179,489	1,115,106	194,844	1,309,950
Fund-raising expenses							
Affiliate fee		11,377	0	11,377	10,209	0	10,209
Amortisation	11	0	9,545	9,545	0	9,545	9,545
Bank charges		432	0	432	528	0	528
Christmas Tree		4,240	0	4,240	0	0	0
Depreciation	10	29,431	11,720	41,151	29,226	11,611	40,837
Donor appreciation		0	0	0	203	0	203
Charity Golf		115,404	0	115,404	80,983	0	80,983
Insurance		1,348	0	1,348	1,026	0	1,026
IT support		0	6,824	6,824	0	22,562	22,562
Management and sinking fund		8,089	0	8,089	8,190	0	8,190
Postage and courier		537	0	537	615	0	615
Printing and stationery		2,519	0	2,519	3,095	0	3,095
Publication		2,407	0	2,407	3,925	0	3,925
Salaries and CPF		165,860	0	165,860	161,869	19,196	181,065
Staff welfare		3,238	0	3,238	3,507	0	3,507
Santa Run		147,179	0	147,179	171,434	0	171,434
Telecommunication		2,102	0	2,102	1,765	0	1,765
		494,163	28,089	522,252	476,575	62,914	539,489

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		2018			2017		
		Unrestricted Fund	Restricted Fund	Total Funds	Unrestricted Fund	Restricted Fund	Total Funds
		General fund	Care and Share fund		General fund	Care and Share fund	
	Note	S$	S$	S$	S$	S$	S$
EXPENDITURE (CONT'D)							
Governance costs							
Affiliate fee		17,066	0	17,066	15,313	0	15,313
Amortisation	11	0	6,629	6,629	0	6,629	6,629
Audit fee		6,000	0	6,000	6,420	0	6,420
Bank charges		432	0	432	528	0	528
Depreciation	10	20,438	8,138	28,576	20,296	8,063	28,359
General expenses		12,481	0	12,481	9,846	0	9,846
Insurance		969	0	969	712	0	712
IT support		0	4,905	4,905	0	15,668	15,668
Interns and contract staff		6,109	0	6,109	4,239	0	4,239
Management and sinking fund		5,814	0	5,814	5,688	0	5,688
Office supplies		0	0	0	165	0	165
Postage and courier		1,075	0	1,075	1,229	0	1,229
Printing and stationery		5,039	0	5,039	6,193	0	6,193
Professional fees		5,486	0	5,486	20,358	0	20,358
Publication		1,730	0	1,730	2,726	0	2,726
Repairs and maintenance		2,781	0	2,781	1,450	0	1,450
Recruitment expenses		1,055	0	1,055	839	0	839
Salaries and CPF		94,778	0	94,778	92,496	10,969	103,465
Staff training and development		1,014	7,888	8,902	1,100	5,785	6,885
Staff welfare		2,328	0	2,328	2,436	0	2,436
Storage rental		2,888	0	2,888	2,888	0	2,888
Telecommunication		1,511	0	1,511	1,225	0	1,225
Utilities		2,232	0	2,232	2,071	0	2,071
Volunteer development and recognition		0	0	0	5,416	0	5,416
		191,226	27,560	218,786	203,634	47,114	250,748
Other resources expended							
Interest expense		21,631	0	21,631	34,446	0	34,446
TOTAL EXPENDITURE		1,722,194	219,964	1,942,158	1,829,761	304,872	2,134,633
NET SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR		502,632	0	502,632	122,116	0	122,116

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 S$	2017 S$
ASSETS			
Current assets			
Cash and cash equivalents	6	837,769	636,660
Fixed deposits	7	1,798,740	1,536,092
Financial assets, at fair value through profit or loss	8	498,522	513,000
Other receivables	9	135,039	235,873
		3,270,070	2,921,625
Non-current assets			
Property, plant and equipment	10	3,607,032	3,719,829
Intangible asset	11	79,543	106,058
		3,686,575	3,825,887
Total assets		6,956,645	6,747,512
LIABILITIES			
Current liabilities			
Other payables and accruals	12	172,797	209,737
Borrowings	13	37,539	36,657
Deferred Care and Share Matching Grant	15	37,806	58,766
		248,142	305,160
Non-current liabilities			
Borrowings	13	848,695	886,172
Care and Share matching Grant	14	78,177	240,583
Deferred Care and Share Matching Grant	15	59,900	96,498
		986,772	1,223,253
Total liabilities		1,234,914	1,528,413
NET ASSETS		5,721,731	5,219,099
FUNDS			
Unrestricted fund			
General fund	16	5,721,731	5,219,099

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Balance at beginning of financial year S$	Net surplus for the year S$	Balance at end of financial year S$
2018			
Unrestricted Fund			
General fund	5,219,099	502,632	5,721,731
Total funds	5,219,099	502,632	5,721,731

	Balance at beginning of financial year S$	Net deficit for the year S$	Balance at end of financial year S$
2017			
Unrestricted Fund			
General fund	5,096,983	122,116	5,219,099
Total funds	5,096,983	122,116	5,219,099

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 S$	2017 S$
Cash flows from operating activities			
Net surplus		502,632	122,116
Adjustments for:			
- Loss/(gain) on fair value adjustment on financial assets, at FVTPL	8	14,478	(13,000)
- Interest income		(19,648)	(13,706)
- Amortisation of intangible asset	11	26,515	26,515
- Depreciation of property, plant and equipment	10	114,306	113,435
- Interest expense		21,631	34,446
Operating cash flow before working capital changes		659,914	269,806
Changes in operating assets and liabilities:			
- Other receivables		100,834	976
- Other payables and accruals		(256,904)	(231,859)
Net cash generated from operating activities		503,844	38,923
Cash flows from investing activities			
Placement of fixed deposits		(262,648)	(499,354)
Investment in financial assets, at fair value through profit or loss	8	0	(500,000)
Purchase of property, plant and equipment	10	(1,509)	(9,341)
Acquisition of intangible asset	11	0	(132,573)
Interest received		19,648	13,706
Net cash used in investing activities		(244,509)	(1,127,562)
Cash flows from financing activities			
Interest paid		(21,631)	(293,002)
Repayment of borrowings		(36,595)	(34,446)
Net cash used in financing activities		(58,226)	(327,448)
Net increase/(decrease) in cash and cash equivalents		201,109	(1,416,087)
Cash and cash equivalents at beginning of financial year		636,660	2,052,747
Cash and cash equivalents at end of financial year	6	837,769	636,660

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

1. General information

The Foundation is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 1 Coleman Street #04-18 The Adelphi Singapore 179803.

The principal activity of the Foundation is to grant the wishes of children with life threatening illnesses.

The Foundation was incorporated on 13 March 2002 as a company limited by guarantee and not having a share capital. The members of the Foundation guarantee to contribute a sum not more than S$100 each to the assets of the Foundation in the event of winding up. The Foundation has 8 (2017: 8) members as at 31 December 2018.

The Foundation was registered as a charity under the Charities Act (Chapter 37) since 08 July 2002. The Foundation has been accorded an Institute of a Public Character ("IPC") status for the period from 1 September 2017 to 29 February 2020.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard in Singapore ("FRSs") and the provisions of the Companies Act, the Charities Act and Regulations. These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

The preparation of these financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Foundation's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2018

On 1 January 2018, the Foundation adopted the new or amended FRSs and Interpretations of FRSs ("INT FRSs") that are mandatory for application for the financial year. Changes to the Foundation's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the accounting policies of the Foundation and had no material effect on the amounts reported for the current or prior financial years.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Standards issued but not yet effective

The Foundation has not adopted the following relevant new/revised FRSs, INT FRSs and amendments to FRSs that were issued but not yet effective:

FRS	Effective date	Title
INT FRS 123	1.1.2019	Uncertainty over Income Tax Treatments
FRS 109	1.1.2019	Amendments to FRS 109: Prepayment Features with Negative Compensation
FRS 116	1.1.2019	Leases

Except for FRS 116, the management expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of the initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 is described below.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. FRS 116 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Foundation is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

2.2 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Foundation and the income can be reliably measured. Income is measured at fair value of the consideration received or receivable in the ordinary course of the Foundation's activities. Income is recognised as follows:

2.2.1 Donations

Donations are recognised in the statement of financial activities upon receipt. Donations subject to donor-imposed conditions that specify the time period in which the expenditure can take place are accounted for as deferred income and recognised as a liability until the financial period in which the Foundation is allowed by the condition to expend the income. Donations-in-kinds are recognised when the fair value of the assets received can be reasonably ascertained.

2.2.2 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Foundation will comply with all attached conditions. Government grants, relating to cost, are deferred and recognised in the statement of financial activities over the period necessary to match them with the costs they are intended to compensate.

2. Significant accounting policies (Cont'd)

2.2 Income recognition (Cont'd)

2.2.3 Interest income

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

2.2.4 Other income

Other income is recognised when earned.

2.3 Expenses recognition

All expenses 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

The cost of generating funds are those costs attributable to generating income for the Foundation other than those costs incurred in undertaking charitable activities.

2.3.2 Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the Foundation. Such cost include the direct costs of the charitable activities of the Foundation together with any support costs incurred that enable these activities to be undertaken.

2.3.3 Governance costs

Governance costs comprise all costs attributable to the general running of the Foundation in providing the governance infrastructure and in ensuring public accountability. These costs include costs related to constitutional and statutory requirements, and include an apportionment of overhead and support costs.

2.4 Property, plant and equipment

2.4.1 Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any costs that are 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 and restoration is included as a consequence of acquiring or using the property, plant and equipment.

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

2.4.2 Depreciation

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

	Useful life
Leasehold improvements	5 years
Leasehold properties	50 years
Office equipment and furniture	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in the statement of financial activities for the financial year in which the changes arise.

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities.

2.5 Intangible assets

Intangible assets which comprise of software development is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other indirectly attributable costs of preparing the assets for its intended use. Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

These costs are amortised to profit or loss using the straight-line method over their estimated useful live of five years. The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) 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, the 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 is reduced to its recoverable amount.

2. Significant accounting policies (Cont'd)

2.6 Impairment of non-financial assets (Cont'd)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed only 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 this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.7 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

2.7.1 Classification

The Foundation classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term.

Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Foundation investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Other receivables", "cash and cash equivalents" and "fixed deposits" on the balance sheet.

2. Significant accounting policies (Cont'd)

2.7 Financial assets (Cont'd)

The accounting for financial assets before 1 January 2018 are as follows:

2.7.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Foundation commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to statement of financial activities.

2.7.2 Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

2.7.3 Subsequent measurement

Financial assets at FVPL are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

2.7.4 Impairment

The Foundation assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loan and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in statement of financial activities.

2. Significant accounting policies (Cont'd)

2.7 Financial assets (Cont'd)

The accounting for financial assets from 1 January 2018 are as follows:

2.7.5 Classification and measurement

The Foundation classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

The classification depends on the Foundation's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Foundation reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Foundation measures a financial asset at its fair value plus, in case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of financial activities.

At subsequent measurement

(i) Debt instrument

Debt instruments of the Foundation mainly comprise of cash and cash equivalents, fixed deposits, and other receivables.

There are three prescribed subsequent measurement categories, depending on the Foundation's business model in managing the assets and the cash flow characteristic of the assets. The Foundation managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

(ii) Equity investments

The Foundation subsequently measures all its equity investments at their fair values. Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "investment income".

2. Significant accounting policies (Cont'd)

2.7 Financial assets (Cont'd)

The accounting for financial assets from 1 January 2018 are as follows:

2.7.6 Impairment

The Foundation assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. For cash and cash equivalents, fixed deposits and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.7.7 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Foundation commits to purchase or sell the asset.

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

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in the statement of financial activities. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the statement of financial activities.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, and deposits with financial institutions, which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at cost.

Fixed deposits that have short maturities of three months or less from the date of acquisition are reported as cash and cash equivalent. All other fixed deposits are reported separately in the statement of financial position.

2.9 Financial liabilities

Financial liabilities are recognised when the Foundation 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 include "Other payables and accruals" and "Borrowings".

Financial liabilities are derecognised when the obligations under the liability is discharged, cancelled or expires. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability 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 and accruals

Other payables and accruals are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2. Significant accounting policies (Cont'd)

2.11 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the statement of financial position date are presented as current borrowings in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the statement of financial position date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the statement of financial position date are presented as non-current borrowings in the statement of financial position.

2.12 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Foundation 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.

2.13 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values due to their short-term nature.

2.14 Funds

Fund balances are restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Board of Directors. Externally restricted funds may only be utilised in accordance with the purposes for which they are established. The Board of Directors retains full control over the use of unrestricted funds in furtherance of the Foundation's objects. Care and Share Matching Fund is classified as restricted fund.

2.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>The Foundation as lessee</u>

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.16 Employee compensation

<u>Defined contribution plans</u>

Defined contribution plans are post-employment benefit plans under which the Foundation pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Foundation has no further payment obligations once the contribution has been paid. The Foundation's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

2. Significant accounting policies (Cont'd)

2.16 Employee compensation (Cont'd)

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Foundation is of the opinion that there are no significant judgments made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Critical judgements in applying the entity's accounting policies

The critical judgements in applying the entity's accounting policies 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.

3.2.1 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 Foundation 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 Foundation if the conditions are not met.

4. Income tax

The Foundation is a charity registered under the Charities Act, Chapter 37 and it is exempted from income tax under the provisions of Section 13(zm) of the Income Tax Act Chapter 134.

5. Tax deductible receipts

During the financial year, the Foundation has tax-exempt donations amounting to S$1,470,691 (2017: S$1,269,844). They are recorded as follows:

	2018 S$	2017 S$
Statement of financial activities		
General fund:		
- Charity golf	340,363	236,606
- Santa run	342,388	349,467
- Monthly donation (individual)	108,719	71,406
- Monthly donation (Corporate)	0	3,600
- General donation (individual)	320,487	296,532
- General donation (Corporate)	52,434	102,346
- Supported Events	306,300	104,173
- Others	0	105,714
	1,470,691	1,269,844

6. Cash and cash equivalents

	2018 S$	2017 S$
Cash on hand	500	500
Cash at banks	837,269	636,160
	837,769	636,660

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair values.

7. Fixed deposits

	2018 S$	2017 S$
Fixed deposits	1,798,740	1,536,092

Fixed deposits at the reporting date had an average maturity of 10 months (2017: 11 months) from that date and had a weighted average effective interest rate of 1.34% (2017: 1.38%) per annum.

Fixed deposit amounting to S$23,072 (2017: S$23,060) is pledged to the credit facility with a financial institution.

At the reporting date, the carrying amounts of fixed deposits approximated their fair values.

8. Financial assets, at fair value through profit or loss

	2018 S$	2017 S$
Quoted equity securities		
Beginning of financial year	513,000	0
Investment during the year	0	500,000
Fair value (loss) / gain	(14,478)	13,000
End of financial year	498,522	513,000

8. Financial assets, at fair value through profit or loss (Cont'd)

The fair value of quoted shares is based on the quoted closing market price on the last market day of the financial year and is classifies as level 1 fair value in the fair value hierarchy.

9. Other receivables

	2018 S$	2017 S$
Donation receivables	116,201	216,163
Deposits	18,298	19,710
Prepayment	540	0
	135,039	235,873

Donation receivables relate to the donation to be received from the donors, Giving.sg or credit card companies for the activities or event held during the financial year.

At the reporting date, the carrying amounts of other receivables approximated their fair values.

10. Property, plant and equipment

	Balance at beginning of financial year S$	Additions S$	Balance at end of financial year S$
2018			
Cost			
Leasehold improvements	102,713	0	102,713
Leasehold properties	4,076,673	0	4,076,673
Office equipment and furniture	121,836	1,509	123,345
	4,301,222	1,509	4,302,731

	Balance at beginning of financial year S$	Additions S$	Balance at end of financial year S$
Accumulated depreciation			
Leasehold improvements	82,171	20,542	102,713
Leasehold properties	407,667	81,534	489,201
Office equipment and furniture	91,555	12,230	103,785
	581,393	114,306	695,699

	Balance at beginning of financial year S$	Balance at end of financial year S$
Carrying Amount		
Leasehold improvements	20,542	0
Leasehold properties	3,669,006	3,587,472
Office equipment and furniture	30,281	19,560
	3,719,829	3,607,032

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

2017	Balance at beginning of financial year S$	Additions S$	Balance at end of financial year S$
Cost			
Leasehold improvements	102,713	0	102,713
Leasehold properties	4,076,673	0	4,076,673
Office equipment and furniture	112,495	9,341	121,836
	4,291,881	9,341	4,301,222

	Balance at beginning of financial year S$	Additions S$	Balance at end of financial year S$
Accumulated depreciation			
Leasehold improvements	61,628	20,543	82,171
Leasehold properties	326,133	81,534	407,667
Office equipment and furniture	80,197	11,358	91,555
	467,958	113,435	581,393

	Balance at beginning of financial year S$	Balance at end of financial year S$
Carrying Amount		
Leasehold improvements	41,085	20,542
Leasehold properties	3,750,540	3,669,006
Office equipment and furniture	32,298	30,281
	3,823,923	3,719,829

Leasehold properties with total carrying amount of S$3,587,472 (2017: S$3,669,006) are mortgaged to the banks to secure bank borrowings as disclosed in note 13.

The depreciation expenses were allocated as follows:

	2018 S$	2017 S$
Cost of generating funds and charitable activities	44,580	44,239
Cost of generating funds and charitable activities - Fund raising expenses	41,151	40,837
Governance costs	28,576	28,359
	114,307	113,435

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

The following property, plant and equipment were purchased through the Care and Share Matching Grant as disclosed in Note 16.

	Leasehold Improvements S$	Office equipment and furniture S$	Total S$
2018			
Cost			
Beginning of financial year	102,713	58,547	161,260
Additions	0	1,509	1,509
End of financial year	102,713	60,056	162,769
Accumulated depreciation			
Beginning of financial year	82,171	29,883	112,054
Depreciation charge	20,542	12,012	32,554
End of financial year	102,713	41,895	144,608
Carrying amount at end of financial year	0	18,161	18,161

	Leasehold Improvements S$	Office equipment and furniture S$	Total S$
2017			
Cost			
Beginning of financial year	102,713	49,206	151,919
Additions	0	9,341	9,341
End of financial year	102,713	58,547	161,260
Accumulated depreciation			
Beginning of financial year	61,628	18,174	79,802
Depreciation charge	20,543	11,709	32,252
End of financial year	82,171	29,883	112,054
Carrying amount at end of financial year	20,542	28,664	49,206

11. Intangible asset

Software	Note	2018 S$	2017 S$
Cost			
Beginning of financial year		132,573	0
Addition		0	132,573
End of financial year		132,573	132,573
Accumulated amortisation			
Beginning of financial year		26,515	0
Amortisation		26,515	26,515
End of financial year		53,030	26,515
Carrying amount	16	79,543	106,058

11. Intangible asset (Cont'd)

The amortisation expenses were allocated as follows:

	2018 S$	2017 S$
Cost of generating funds and charitable activities	10,341	10,341
Cost of generating funds and charitable activities - Fund raising expenses	9,545	9,545
Governance costs	6,629	6,629
	26,515	26,515

The software was purchased through the Care and Share Matching Grant.

12. Other payables and accruals

	2018 S$	2017 S$
Other payables	0	43,970
Accrued affiliate fee	57,583	52,589
Accrued expenses	115,214	113,178
	172,797	209,737

At the reporting date, the carrying amounts of other payables and accruals approximated their fair values.

13. Borrowings

	2018 S$	2017 S$
Current		
Term loan 1	37,539	36,657
Non-current		
Term loan 1	848,695	886,172
Total borrowings	886,234	922,829

In October 2012, the Foundation took up a mortgage loan facility of S$1,905,500 repayable in 300 monthly instalments commencing in December 2012. The interest rate (per annum) is charged on a daily rests basis as follows:

- 1st interest period – The prevailing 3-month SIBOR plus 1.68%,
- 2nd to 4th interest periods – The prevailing 3-month SIBOR plus 1.68%, and
- 5th interest period and thereafter – The prevailing 3-month SIBOR plus 3.00%

With effect from 18 Dec 2017, the interest rate has been revised to:

- 1st year – Fixed at 2.38%
- 2nd year – Fixed at 2.38%
- 3rd year and thereafter – The prevailing 3-month SIBOR plus 3.00%

The interest rate for the year was 2.38% (2017: 2.88%). Repayment of this loan is due in December 2037.

13. Borrowings (Cont'd)

The term loan is secured by a legal mortgage of the Foundation's leasehold properties at 1 Coleman Street #04-18/19/20 The Adelphi Singapore 179803 as disclosed in note 10.

14. Care and Share Matching Grant

	Note	2018 S$	2017 S$
Care and Share Matching Grant			
Balance at beginning of financial year		240,583	628,601
Grant received during the year		0	0
Utilised during the year	15	(162,406)	(388,018)
Balance at end of financial year	16	78,177	240,583

15. Deferred Care and Share Matching Grant

	Note	2018 S$	2017 S$
Deferred Care and Share Matching Grant			
Balance at beginning of financial year		155,264	72,118
Grant utilised during the year	14	162,406	388,018
Amortisation during the year			
- Operating expenses		(160,895)	(246,105)
- Capital expenditure		(59,069)	(58,767)
	16	97,706	155,264
Presented as follows:			
Current			
Deferred Care and Share Matching Grant		37,806	58,766
Non-current			
Deferred Care and Share Matching Grant		59,900	96,498
	16	97,706	155,264

Deferred Care and Share Matching Grant is amortised over the period necessary to match the depreciation of the property, plant and equipment purchased with these related grants.

16. Funds

Funds comprise of unrestricted and restricted fund.

Unrestricted Fund

This fund represents accumulated surplus and is for the purpose of meeting operating expenses incurred by the Foundation.

Restricted Fund

Fund balances restricted by outside sources are indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management, externally restricted funds may only be utilised in accordance with the purpose established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its Foundation purposes.

16. Funds (Cont'd)

Restricted Fund (Cont'd)

Restricted Fund comprise:

Care and Share Matching Fund

Care and Share Matching Grant is a grant from Ministry of Social and Family Development ("MSF"), based on qualifying donations, to develop the charitable Foundation's capabilities and capacity in the provision of social services and programmes for its beneficiaries. The unused funds for projects that are withdrawn or terminated prematurely may be clawed back if the new proposed projects were not being approved by MSF.

The Care and Share Matching Grant is restricted and is to be utilised for the following purposes:

(a) Capability building

(i) Organisational development:

Examples include engaging consultants or developing training in areas of strategic planning, business contingency planning, business process re-design, workplace health, research, improving organisation models to ensure financial viability and find raising capacity.

(ii) Manpower development:

Examples include the awarding of scholarships to the Foundation's staff, manpower training, human resource management and development like leadership management, learning needs analysis for Foundation staff and talent development.

(b) Capacity building

Examples include the purchase of additional equipment to enhance social service delivery (E.g. wheelchairs), investment in technology (E.g. the purchase of electronic devices for staff to boost productivity so as to better serve the Foundation's beneficiaries) and physical infrastructure developments (e.g. renovation of the Foundation's premises, expansion of physical space).

(c) New programmes to meet emerging or unmet needs and enhancements/ expansion of existing services. Examples include inter-agency projects to meet specific needs in the community or enhanced services to provide more upstream intervention.

(d) Critical existing needs

Examples include the Foundation's recurring operating costs and costs that are crucial to the continued operations of the Foundation.

16. Funds (Cont'd)

Restricted Fund (Cont'd)

Care and Share Matching Fund (Cont'd)

The net assets of the Care and Share Matching Fund are as follows:

	Note	2018 S$	2017 S$
Total restricted Fund		0	0
Represented by:			
Cash and bank balances		78,179	240,583
Property, plant and equipment	10	18,161	49,206
Intangible assets	11	79,543	106,058
Care and Share Matching Grant	14	(78,177)	(240,583)
Deferred Care and Share Matching Grant	15	(97,706)	(155,264)
		0	0

17. Operating lease commitments

At the reporting date, the Foundation has commitments future minimum lease payments in respect of leasing of office equipment under non-cancellable operating leases as follows:

	2018 S$	2017 S$
Not later than one year	2,054	1,942
Later than one year but not later than five years	6,848	0
	8,902	1,942

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

18. Remuneration of key management personnel

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

	2018 S$	2017 S$
Salaries, allowance and bonuses and other post-employment benefits	191,844	231,985

The annual remuneration of key management personnel are classified as follows:

Remuneration band (S$)	2018 No. of personnel	2017 No. of personnel
Between S$50,001 to S$100,000	2	2
Below S$50,000	0	2

18. Remuneration of key management personnel (Cont'd)

Other than above, the directors are volunteers and neither they nor any immediate member of their families received any compensation or remuneration from the Foundation during the financial year.

19. Reserve position and policy

The Foundation's reserve position for financial year ended 31 December 2018 and 31 December 2017 is as follows:

		2018	2017	Increase/ (decrease)
		S$'000	S$'000	%
A	Unrestricted Funds			
	General Funds	5,722	5,219	9.6
B	Restricted or Designated Funds			
	Designated Funds	0	0	0
	Restricted Funds	0	0	0
C	Endowment Funds	0	0	0
D	Total Funds	5,722	5,219	10
E	Total Annual Operating Expenditure	1,942	2,135	(9.6)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.95	2.44	

Reference:

C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
D. Total Funds include unrestricted, restricted / designated and endowment funds.
E. Total Annual Operating Expenditure includes expenses related to Cost of Charitable Activities and Governance and Other Administrative Costs.

The primary objective in the management of the Foundation's reserve is to ensure that it maintains strong and healthy level of reserves and working fund ratio in order to support its operation. The Foundation has a cash reserve policy of holding not more than 3 years' (2017: 3 years') operating expenditure. Such reserve shall be invested in financially prudent deposits.

20. Basis of apportionment of support costs

During the year 2018, the following support costs were allocated as follows:

Support Costs	(A) Cost of generating funds and charitable activities	(B) Cost of generating funds and charitable activities – Fund raising expenses	(C) Governance costs	Total Support Costs	Basis of Apportionment (A)	(B)	(C)
	S$	S$	S$	S$	%	%	%
Affiliate fee	28,443	11,377	17,066	56,886	50	20	30
Amortisation	10,341	9,545	6,629	26,515	39	36	25
Bank charges	0	432	432	864	0	50	50
Depreciation	44,580	41,151	28,576	114,307	39	36	25
Insurance	1,474	1,348	969	3,791	39	36	25
IT support	7,464	6,824	4,905	19,193	39	36	25
Management and sinking fund	8,848	8,089	5,814	22,751	39	36	25
Postage and courier	537	537	1,075	2,149	25	25	50
Printing and stationery	2,520	2,519	5,039	10,078	25	25	50
Publication	2,633	2,407	1,730	6,770	39	36	25
Salaries and CPF	331,721	165,860	94,778	592,359	56	28	16
Staff welfare	3,543	3,238	2,328	9,109	39	36	25
Telecommunication	2,300	2,102	1,511	5,913	39	36	25
Conference and meeting	5,888	0	0	5,888	100	0	0

The 2017 support costs were allocated as follows:

Support Costs	(A) Cost of generating funds and charitable activities	(B) Cost of generating funds and charitable activities – Fund raising expenses	(C) Governance costs	Total Support Costs	Basis of Apportionment (A)	(B)	(C)
	S$	S$	S$	S$	%	%	%
Affiliate fee	25,522	10,209	15,313	51,044	50	20	30
Amortisation	10,341	9,545	6,629	26,515	39	36	25
Bank charges	0	528	528	1,056	0	50	50
Depreciation	44,239	40,837	28,359	113,435	39	36	25
Insurance	1,111	1,026	712	2,849	39	36	25
IT support	24,443	22,562	15,668	62,673	39	36	25
Management and sinking fund	8,873	8,190	5,688	22,751	39	36	25
Postage and courier	615	615	1,229	2,459	25	25	50
Printing and stationery	3,095	3,095	6,193	12,383	25	25	50
Publication	4,252	3,925	2,726	10,903	39	36	25
Salaries and CPF	362,129	181,065	103,465	646,659	56	28	16
Staff welfare	3,800	3,507	2,436	9,743	39	36	25
Telecommunication	1,912	1,765	1,225	4,902	39	36	25
Volunteer development and recognition	5,415	0	5,416	10,831	50	0	50

21. Financial instruments

The financial assets and liabilities of the Foundation as at the financial reporting date are as follows:

The carrying amounts of financial assets measured at fair value (fair value through profit and loss) are disclosed on the face of the balance sheet and in Note 8 to the financial statements.

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised cost are as follows:

	2018
	S$
Financial assets, at amortised cost	
Cash and cash equivalents	837,769
Fixed deposits	1,798,740
Other receivables, excluding prepayments	134,499
	2,771,008
Financial liabilities, at amortised cost	
Other payables and accruals	172,797
Borrowings	886,234
	1,059,031

	2017
	S$
Loan and receivables	
Cash and cash equivalents	636,660
Fixed deposits	1,536,092
Other receivables	235,873
	2,408,625
Financial liabilities, at amortised cost	
Other payables and accruals	209,737
Borrowings	922,829
	1,132,566

22. Financial risk management

The Foundation's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Board of Directors on an informal basis.

Liquidity risk

Liquidity risk reflects the risk that the Foundation will have insufficient resources to meet its financial liabilities as and when they fall due.

The Foundation manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the Board of Directors to fund the Foundation's activities. It places its cash with creditworthy institutions.

22. Financial risk management

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Foundation's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

2018	Within one year S$	Later than one year S$	Total S$
Financial assets			
Cash and cash equivalents	837,769	0	837,769
Fixed deposits	1,798,740	0	1,798,740
Financial assets at fair value through profit or loss	498,522	0	498,522
Other receivables, excluding prepayment	134,499	0	134,499
	3,269,530	0	3,269,530
Financial liabilities			
Other payables and accruals	(172,797)	0	(172,797)
Borrowings	(58,224)	(1,048,032)	(1,106,256)
	(231,021)	(1,048,032)	(1,279,053)
Net financial assets/(liabilities)	3,058,509	(1,048,032)	1,990,477

2017	Within one year S$	Later than one year S$	Total S$
Financial assets			
Cash and cash equivalents	636,660	0	636,660
Fixed deposits	1,536,092	0	1,536,092
Financial assets at fair value through profit or loss	513,000	0	513,000
Other receivables	235,873	0	235,873
	2,921,625	0	2,921,625
Financial liabilities			
Other payables and accruals	(209,737)	0	(209,737)
Borrowings	(58,224)	(1,106,256)	(1,164,480)
	(267,961)	(1,106,256)	(1,374,217)
Net financial assets/(liabilities)	2,653,664	(1,106,256)	1,547,408

Interest rate risk

The Foundation's exposure to changes in interest rate risk primarily relates to variable rate bank borrowings. The sensitivity analysis below have been determined based on the exposure to interest rates for these instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

22. Financial risk management (Cont'd)

Interest rate risk (cont'd)

If interest rate had been 1% higher/lower and all other variables were held constant, the Foundation's result for the year ended 31 December 2018 would deteriorate/improve by approximately S$8,900 (2017: S$9,200). A 100 basis point increase or decrease is use when reporting interest rate risk internally to key management personnel and represent management's assessment of the possible change in interest rate.

Credit risk

The Foundation has minimal exposure to credit risks due to the nature of its activities. As at the date of this report, major receivables have been collected.

The credit risk on liquid funds is limited because the counter parties are banks with high credit rating assigned by international credit agencies.

Price risk

The Foundation is exposed to equity securities price risk because of the investments held by the Foundation, which are classified as fair value through profit or loss. The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. If prices for equity securities changed by 10% with all other variables including tax rate being constant, the effects on other comprehensive income will be approximately S$49,900 (2017: 51,300).

Fair values

The Foundation had adopted the amendments to FRS, which requires disclosure of fair value measurement by level of the following hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(ii) inputs other than quoted prices included (i.e. as prices) or indirectly (i.e. derived from prices)(Level 2); and
(iii) inputs for the assets or liability that are not based on observable market data (unobservable inputs)(Level 3).

The following table presents the assets and liabilities measured at fair value at the end of financial year:

	Level 1 S$	Level 2 S$	Level 3 S$
2018			
Financial assets, at FVPL (Note 8)	498,522	0	0
	Level 1 S$	Level 2 S$	Level 3 S$
2017			
Financial assets, at FVPL (Note 8)	513,000	0	0

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Foundation approximated their fair values due to their short term nature.

Borrowings are approximate their fair value as the interest rate are approximate to market value.

23. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors of the Foundation on 10 MAY 2019