SERANGOON MORAL FAMILY SERVICE CENTRE

(Established by Singapore Chee Hoon Kog Moral Promotion Society)
Society's UEN: S99SS0090L

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018

CONTENTS **PAGE**

SERANGOON MORAL FAMILY SERVICE CENTRE
Society's UEN.: S99SS0090L

STATEMENT BY THE MANAGEMENT COMMITTEE
For the financial year ended 31 December 2018

In the opinion of the Management Committee,

(i) the financial statements of Serangoon Moral Family Centre (the "Centre") are drawn up in accordance with the provisions of the Co-Operative Societies Act, Chapter 62 (the "Societies Act") and 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 Centre as at 31 December 2018 and the financial performance, changes in funds and reserve and cash flows of the Centre for the financial year then ended;

(ii) at the date of this statement, there are reasonable grounds to believe that the Centre will be able to pay its debts as and when they fall due;

(iii) the accounting and other records required by the Charities Act and Regulations to be kept by the Centre have been properly kept in accordance with the provisions of the Charities Act and Regulations; and

(iv) the use of the donation moneys are in accordance with the objectives of the Centre as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations.

The Members of the Management Committee as at date of this statement are:

Chairman	-	Er Ong Ser Huan
1st Vice Chairman	-	Mr Au Yeong Hoh Wai
2nd Vice Chairman	-	Mr Seah Hung Meng, Philip
3rd Vice Chairman	-	Mr Tay Poey Kiang
Honorary Secretary	-	Ms Koh Ah Nah Winnie
Honorary Treasurer	-	Mr Roger Seah Choon Khee
Assistant Honorary Secretary	-	Er Lim Kwee Guan
Assistant Honorary Treasurer	-	Mdm Leong Chong Hoe
Member	-	Mr Chan Hwee Tong
Member	-	Mr Chiang Kheng Joo Bernard
Member	-	Ms Dawn Lim Ruo Xi
Member	-	Mr Foong Foo Kheong
Member	-	Mr Koh Kee Eng
Member	-	Er Lum Chong Chuen
Member	-	Ms Sim Chay Khing, Julie
Member	-	Mr Tan King Chai Gary

On behalf of the Management Committee

ONG SER HUAN
Chairman

ROGER SEAH CHOON KHEE
Treasurer

Singapore

Date: 21 May 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MANAGEMENT COMMITTEE OF SERANGOON MORAL FAMILY SERVICE CENTRE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Serangoon Moral Family Service Centre (the "Centre"), which comprise the statement of financial position of the Centre as at 31 December 2018, the statement of comprehensive income, statement of changes in funds and reserve and statement of cash flows of the Centre for the financial 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 Co-Operative Societies Act, Chapter 62 (the "Societies 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 Centre as at 31 December 2018 and the financial performance, changes in funds and reserve and cash flows of the Centre 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 Centre 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 Management Committee's Statement set out on page 1.

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 Management Committee and Those Charged with Governance 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 FRSs, 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.

Registration Number: S92PF0459G
133 Cecil Street Keck Seng Tower, #15-02 Singapore 069535
Tel: (65) 6339 2776 Fax: (65) 6339 6716
Email: enquiry@helmitalib.com.sg Website: www.helmitalib.com

Responsibilities of the Management Committee and Those Charged with Governance for the Financial Statements (Continued)

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

Those charged with governance are responsible for overseeing the Centre'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 statement, 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 Centre'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 Centre'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 Centre 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 by the above regulations to be kept by the Centre have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies 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, the Centre has not used the donation moneys in accordance with its objectives as required under Regulation 11 (Use of donations) of the Charities (Institutions of a Public Character) Regulations.

Helmi Talib & Co

HELMI TALIB & CO
Public Accountants and
Chartered Accountants

Singapore

Date: 21 May 2019

Partner-in-charge : Mari Jane Tiburcio
PAB No. : 01780

SERANGOON MORAL FAMILY SERVICE CENTRE
Society's UEN: S99SS0090L

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

	Note	2018 $	2017 $
INCOME			
Recurrent grants	5	2,293,170	2,119,347
Other government grants	6	53,315	134,675
Donations	7	15,709	5,646
Amortisation of deferred capital grant		25,967	25,967
Income from programmes	8	7,015	7,276
Other income	9	83,132	98,919
		2,478,308	2,391,830
EXPENDITURE			
Employee benefits expense	10	(1,629,477)	(1,467,815)
Depreciation of plant and equipment		(49,869)	(49,823)
Other expenses	11	(276,510)	(305,417)
Net fair value changes on investment securities	17	(57,856)	-
		(2,013,712)	(1,823,055)
Surplus for the financial year		**464,596**	**568,775**
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified subsequently to profit or loss			
- Net fair value changes on available-for-sale financial assets reclassified to profit or loss	22	-	2,335
- Net fair value loss on available-for-sale financial assets	22	-	(28,282)
Other comprehensive loss for the financial year		-	(25,947)
Total comprehensive income for the financial year		**464,596**	**542,828**

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

SERANGOON MORAL FAMILY SERVICE CENTRE
Society's UEN: S99SS0090L

STATEMENT OF FINANCIAL POSITION
For the financial year ended 31 December 2018

	Note	2018 $	2017 $
ASSETS			
Current assets			
Fixed deposits	13	1,871,807	1,867,225
Cash and cash equivalents	14	2,518,597	2,426,503
Other receivables	15	148,246	34,464
Total current assets		4,538,650	4,328,192
Non-current assets			
Plant and equipment	16	22,533	70,901
Investment securities	17	940,048	661,520
Total non-current assets		962,581	732,421
Total assets		5,501,231	5,060,613
LIABILITIES AND FUNDS AND RESERVE			
Liabilities			
Current liabilities			
Other payables	18	9,856	9,368
Trust funds	19	24,920	23,420
Total current liabilities		34,776	32,788
Non-current liabilities			
Deferred capital grant	20	-	25,966
Total non-current liabilities		-	25,966
Total liabilities		34,776	58,754
Funds and reserve			
Restricted fund		5,180,903	4,813,735
Non-restricted fund	21	285,552	285,552
Fair value reserve	22	-	(97,428)
Total funds and reserve		5,466,455	5,001,859
Total liabilities and funds and reserve		5,501,231	5,060,613

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

SERANGOON MORAL FAMILY SERVICE CENTRE
Society's UEN: S99SS0090L

STATEMENT OF CHANGES IN FUNDS AND RESERVE
For the financial year ended 31 December 2018

2018

	Note	Restricted fund $	Non-restricted fund $	Fair value reserve $	Total $
Funds and reserve					
At the beginning of financial year, before restatement		4,813,735	285,552	(97,428)	5,001,859
Cumulative effect of adopting new accounting standards	22	(97,428)	-	97,428	-
At the beginning of financial year, as restated		4,716,307	285,552	-	5,001,859
Comprehensive income					
Surplus for the financial year, representing total comprehensive income for the financial year		464,596	-	-	464,596
At end of financial year		5,180,903	285,552	-	5,466,455

2017

	Restricted fund $	Non-restricted fund $	Fair value reserve $	Total $
Funds and reserve				
At the beginning of financial year	4,246,700	283,812	(71,481)	4,459,031
Comprehensive income				
Surplus for the financial year	567,035	1,740	-	568,775
Other comprehensive income				
- Net loss on fair value changes of available-for-sale financial assets	-	-	(25,947)	(25,947)
Total comprehensive income	567,035	1,740	(25,947)	542,828
At the end of financial year	4,813,735	285,552	(97,428)	5,001,859

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

SERANGOON MORAL FAMILY SERVICE CENTRE
Society's UEN: S99SS0090L

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Surplus for the financial year		464,596	568,775
Adjustments for			
Depreciation of plant and equipment		49,869	49,823
Interest income		(4,798)	(42,242)
Gain on disposal of investment securities		(41,972)	(27,911)
Amortisation of deferred capital grant		(25,966)	(25,967)
Dividend income from investment securities		(31,200)	(21,900)
Total adjustments to surplus account		(54,067)	(68,197)
Total operating cash flows before changes in working capital		410,529	500,578
Changes in working capital			
(Increase) decrease in other receivables		(113,782)	138,982
Increase in other payables		488	545
Increase in trust funds		1,500	7,311
Total changes in working capital		(111,794)	146,838
Cash generated from operations		298,735	647,416
Interest received		4,798	42,242
Net cash flows generated from operating activities		303,533	689,658
Cash flows from investing activities			
Placement of fixed deposits		(1,871,807)	(1,867,225)
Proceeds from maturity of fixed deposits		1,867,225	1,855,821
Purchase of investment securities		(543,056)	(375,471)
Proceeds from disposal of investment securities		306,500	292,433
Purchase of plant and equipment		(1,501)	(24,723)
Dividend income from investment securities		31,200	21,900
Net cash flows used in investing activities		(211,439)	(97,265)
Cash flows from financing activities			
Repayment from related party		-	4,540
Cash flows generated from financing activities		-	4,540
Net increase in cash and cash equivalents		92,094	596,933
Cash and cash equivalents at the beginning of financial year		2,426,503	1,829,570
Cash and cash equivalents at the end of financial year	14	2,518,597	2,426,503
Net cash flows			
Net cash flows generated from operating activities		303,533	689,658
Net cash flows used in investing activities		(211,439)	(97,265)
Cash flows generated from financing activities		-	4,540

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

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

1 SOCIETY INFORMATION

Serangoon Moral Family Service Centre (the "Centre") is domiciled and registered in Singapore on 25 February 1997 with its registered office and principal place of operations of the Centre located at Blk 238 Serangoon Avenue 2, #01-47, Singapore 550238.

The Centre is managed by Singapore Chee Hoon Kog Moral Promotion Society ("SCHKMPS"), a Society registered in Singapore.

The Centre is a registered charity under the Charities Act, Chapter 37 since the date of registration and has been accorded the status of an Institution of Public Character ("IPC") since 1 October 2015. The Centre recently renewed its IPC status for another 2 years and 9 months from 1 October 2017 to 30 June 2020.

The principal activities of the Centre are to provide information and referral services and integrated practice consisting of casework, groupwork and community work.

There have been no significant changes in the nature of these activities during the financial year.

The members of the Management Committee for the financial year under review are:

Chairman	-	Er Ong Ser Huan
1st Vice Chairman	-	Mr Au Yeong Hoh Wai
2nd Vice Chairman	-	Mr Seah Hung Meng, Philip
3rd Vice Chairman	-	Mr Tay Poey Kiang
Honorary Secretary	-	Ms Koh Ah Nah Winnie
Honorary Treasurer	-	Mr Roger Seah Choon Khee
Assistant Honorary Secretary	-	Er Lim Kwee Guan
Assistant Honorary Treasurer	-	Mdm Leong Chong Hoe
Member	-	Mr Chan Hwee Tong
Member	-	Mr Chiang Kheng Joo Bernard
Member	-	Ms Dawn Lim Ruo Xi
Member	-	Mr Foong Foo Kheong
Member	-	Mr Koh Kee Eng
Member	-	Er Lum Chong Chuen
Member	-	Ms Sim Chay Khing, Julie
Member	-	Mr Tan King Chai Gary

The financial statements of the Centre for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Management Committee as at date of the Statement by the Management Committee.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 <u>Basis of preparation</u>

The financial statements of the Centre have been drawn up in accordance with the provisions of the Societies Act, the Charities Act and other relevant regulations (the "Charities Act and Regulations") and Singapore Financial Reporting Standards ("FRSs"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

The financial statements are presented in Singapore Dollar ("SGD" or "$"), which is the Centre's functional currency.

The accounting policies adopted are consistent with those of the previous financial year except for those as described in Note 2.2 to the financial statements.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Centre has adopted all the new and amended standards which are relevant to the Centre and are effective for annual financial periods beginning on or after 1 January 2018. Except for the adoption of FRS 109 *Financial Instruments* and FRS 115 *Revenue from Contracts with Customers* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Centre.

FRS 109 Financial Instruments

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Centre applied FRS 109 prospectively, with an initial application date of 1 January 2018. The Centre has not restated the comparative information, which continues to be reported under FRS 39. Differences arising from the adoption of FRS 109 have been recognised directly in opening retained earnings.

(a) Classification and measurement

Upon the adoption of FRS 109, the Centre had the following required or elected reclassifications as at 1 January 2018:

- Other receivables classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 January 2018.

- Quoted equity securities classified under as available-for-sale financial assets as at 31 December 2017 were classified and measured as financial assets at fair value through profit or loss ("FVPL") beginning 1 January 2018. As a result of the change in classification of the Centre's quoted equity securities, fair value reserve of $97,428 related to the investment securities that was previously presented under the fair value reserve, was classified to retained earnings as at 1 January 2018.

- The Centre has not designated any financial liabilities at FVPL. There is no change in classification and measurement for the Company's financial liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Adoption of new and amended standards and interpretations (Continued)

FRS 109 Financial Instruments (Continued)

(a) Classification and measurement (Continued)

		FRS 109 measurement category	
FRS 39 measurement category	$	**FVPL** $	**Amortised cost** $
Loans and receivables			
Other receivables	141,991		141,991
Available-for-sale financial assets			
Quoted equity securities	997,904	997,904	
		997,904	141,991

(b) Impairment

The adoption of FRS 109 has fundamentally changed the Centre's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss ("ECLs") approach. FRS 109 requires the Centre to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

From 1 January 2018, the Centre assesses on a forward-looking basis, the ECLs associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

While cash and cash equivalents are also subject to the impairment requirements of FRS 109, the identified impairment loss was immaterial.

The Centre's other receivables comprise mainly of government funding receivable. These receivables are considered to be low credit risk as these have low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligation if demanded in the near term. Accordingly, the Centre measured the impairment loss allowance using 12-month ECL and determined that the ECLs is insignificant.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Adoption of new and amended standards and interpretations (Continued)

FRS 115 *Revenue from Contracts with Customers* (Continued)

The Centre adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Centre elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying FRS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under FRS 11, FRS 18 and related Interpretations.

The Centre operates as a key community-based local point and social service provider for families in need. The adoption of FRS 115 did not have a material impact on the Centre's surplus and total comprehensive income for the financial year or the Centre's operating, investing and financial cash flows, nor did it have any material impact on the Centre's statement of financial position accounts.

2.3 Standards issued but not yet effective

The Centre has not adopted the following standards which are relevant to the Centre that have been issued but not yet effective:

		Description	Effective for annual periods beginning on or after
FRS 116	:	Leases	1 January 2019
INT FRS 123	:	Uncertainty Over Income Tax Treatments	1 January 2019
Various	:	Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020

The Management Committee expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application.

2.4 Plant and equipment

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

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

Computers	-	3 years
Equipment	-	5 years
Furniture & fittings	-	5 years
Renovation	-	5 years

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Plant and equipment (Continued)

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.5 Impairment of non-financial assets

The Centre assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Centre makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.6 Financial instruments

These accounting policies are applied ***on and after the initial application date of FRS 109, 1 January 2018:***

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Centre measures a financial asset at its fair value plus, in the 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 profit or loss.

Trade receivables are measured at the amount of consideration to which the Centre expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial instruments (Continued)

These accounting policies are applied ***on and after the initial application date of FRS 109, 1 January 2018:*** (Continued)

(a) *Financial assets* (Continued)

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Centre may irrevocably elect to present subsequent changes in fair value in other comprehensive income which are not reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Centre's right to receive payments is established. For investments in equity instruments which the Centre has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Centre becomes a party to the contractual provisions of the financial instrument. The Centre determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial instruments (Continued)

These accounting policies are applied ***on and after the initial application date of FRS 109, 1 January 2018:*** (Continued)

(b) Financial liabilities (Continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

These accounting policies are applied ***before the initial application date of FRS 109, 1 January 2018:***

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Centre becomes a party to the contractual provisions of the financial instrument. The Centre determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise of other receivables, fixed deposits and cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets include equity investments, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial instruments (Continued)

These accounting policies are applied ***before the initial application date of FRS 109, 1 January 2018:*** (Continued)

(a) Financial assets (Continued)

Available-for-sale financial assets (Continued)

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant exchange's quoted market bid prices at the close of business reporting date. For investments where there is no active market and where fair value cannot be reliably determined, they are measured at cost, less any impairment losses.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Centre becomes a party to the contractual provisions of the financial instrument. The Centre determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise other payables and trust funds.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the 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 the respective carrying amounts is recognised in profit or loss.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash on hand and fixed deposits and are subject to an insignificant risk of changes in value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Impairment of financial assets

*These accounting policies are applied **on and after the initial application date of FRS 109, 1 January 2018:***

The Centre recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Centre expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Centre applies a simplified approach in calculating ECLs. Therefore, the Centre does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Centre has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Centre considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Centre may also consider a financial asset to be in default when internal or external information indicates that the Centre is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Centre. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

*These accounting policies are applied **before the initial application date of FRS 109, 1 January 2018:***

The Centre assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Centre first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Centre determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Impairment of financial assets (Continued)

These accounting policies are applied ***before the initial application date of FRS 109, 1 January 2018:*** (Continued)

Financial assets carried at amortised cost (Continued)

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Centre considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Provisions

Provisions are recognised when the Centre has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.10 Revenue recognition

Revenue is measured based on the consideration to which the Centre expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Centre satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation

(i) *Income from programmes*

Income from programmes are recognised according to the terms of the relevant programme on an accrual basis.

(ii) *Donations*

Donations from well-wishers are recognised when received

(iii) *Interest Income*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Funds and reserve

(a) *Restricted fund*

Restricted funds are funds subject to specific funded programmes by government, charity bodies or donors, but still within the wider objectives of the Centre.

Restricted funds may only be utilised in accordance with the purposes established by the sources of such funds.

(b) *Unrestricted fund*

Unrestricted funds of the Centre comprise mainly of funds from non-funded programmes, which are unrestricted. These funds are expendable at the discretion of the Management Committee.

2.12 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Government grants from Ministry of Social and Family Development ("MSF") and National Council of Social Service ("NCSS") are recognised as income according to the conditions of the funding agreement. The grants are recognised as income on a systematic basis over the period in which the Centre recognises the expenses and related costs for which the grants are intended to compensate.

Cash grants received from the government in relation to Job Credit Scheme is recognised as income upon receipt.

2.13 Employee benefits

(a) *Defined contribution plan*

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

(b) *Short-term employee benefits*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Operating leases

Leases where the lessor effectively retains substantially all the risk and benefit of ownership of the lease term, are classified as operating leases.

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

2.15 Related party

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Centre if that person:

- (i) has control or joint control over the Centre;
- (ii) has significant influence over the Centre; or
- (iii) is a member of the key management personnel of the Centre or of parent of the Centre.

(b) An entity is related to the Centre if any of the following conditions applies:

- (i) the entity and the Centre are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Centre or an entity related to the Centre. If the Centre is itself such a plan, the sponsoring employers are also related to the Centre;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Centre or to the parent of the Centre.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Centre, directly or indirectly.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

3.1 Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement 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 period.

3.2 Key sources of estimation uncertainty

Management is of the opinion that there are no key sources of estimation uncertainty at the end of the financial year that has a significant effect on the amounts of assets and liabilities within the next financial year.

4 SIGNIFICANT RELATED PARTY TRANSACTIONS

Apart from the disclosures made elsewhere in the financial statements, the following significant transactions between the Centre and related parties took place during the financial year at terms agreed between the parties.

(a) *Significant related party transactions*

	2018 $	2017 $
Related party, Singapore Chee Hoon Kog Moral Promotion Society		
Management fee	96,000	96,000

Related party, Serangoon Moral Student Care Centre

As at 31 December 2018, the Centre has other receivables of $20,000 (2017: $20,000) due from its related party, Serangoon Moral Student Care Centre.

(b) *Compensation of key management personnel*

The members of the Management Committee did not receive any monetary remuneration in 2018 and 2017. During the financial year, there is one key executive, who is not a member of the Management Committee earning more than $100,000 (2017: one key executive earning more than $100,000).

5 RECURRENT GRANTS

	2018 $	2017 $
Ministry of Social and Family Development	1,791,849	1,605,567
Tote Board Social Service Fund ("Tote Board")	477,827	428,150
National Council of Social Service - Community Chest	23,494	85,630
	2,293,170	2,119,347

6 OTHER GOVERNMENT GRANTS

	2018 $	2017 $
National Council of Social Service – VCF Grant	18,854	32,024
Job Credit Scheme	10,920	10,373
Ministry of Social and Family Development – Human Resource Development Fund	-	65,208
Others	23,541	27,070
	53,315	134,675

7 DONATIONS

	2018 $	2017 $
Tax-deductible donations	13,314	5,085
Non tax-deductible donations	2,395	561
	15,709	5,646

8 INCOME FROM PROGRAMMES

	2018 $	2017 $
Funded	7,015	5,536
Non funded	-	1,740
	7,015	7,276

Income from funded programmes are from counselling services provided as part of the Centre's objectives. Income from funded programme are classified under restricted funds.

Income from non funded programmes were from services rendered for Guidance Programme, Counselling Order Family Violence, Syariah Court Marriage Counselling Programme and Home Ownership Plus Education in the past. These funds are classified under non-restricted funds.

9 OTHER INCOME

	2018 $	2017 $
Gain on disposal of investments securities	41,972	27,911
Dividend income from investment securities	31,200	21,900
Miscellaneous income	5,162	6,866
Interest income	4,798	42,242
	83,132	98,919

10 EMPLOYEE BENEFITS EXPENSE

	2018 $	2017 $
Salaries and bonuses	1,403,959	1,263,659
Contributions to CPF	225,518	204,156
	1,629,477	1,467,815

11 OTHER EXPENSES

This item includes the following charges:

	2018	2017
	$	$
Professional fees	116,816	115,526
Management fee (Note 4)	96,000	96,000
Staff training costs	47,781	59,953
Funded programme expenses	33,075	24,076
Rental of premises	14,959	14,959
Welfare	9,107	36,108

12 INCOME TAX

The Centre is a registered Charity under the Charities Act, Chapter 37 and is exempted from income tax under Section 13(1) of the Income Tax Act.

13 FIXED DEPOSITS

	2018	2017
	$	$
Fixed deposits	1,871,807	1,867,225

The Centre's unused funds are placed in fixed deposits which bear interest at rates ranging from 0.45% to 1.40% (2017: 0.45% to 1.80%) per annum with maturity days ranging from 152 days to 678 days (2017: 68 days to 1,043 days) from the end of the reporting period.

14 CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash at banks	2,505,384	2,415,144
Cash on hand	13,213	11,359
	2,518,597	2,426,503

Cash at banks are held in non-interest bearing accounts.

For the purpose of the statement of cash flows, cash and cash equivalents are comprised of the balances as shown above.

Cash and cash equivalents are denominated in Singapore Dollar.

15 OTHER RECEIVABLES

	2018 $	2017 $
Government funding receivable	118,784	-
Related party (Note 4)	20,000	20,000
Prepayments	6,255	-
Deposits	2,127	2,127
Third parties	1,080	12,337
	29,462	34,464
	148,246	34,464
Total other receivables (excluding prepayments)	141,991	34,464
Add: Fixed deposits and cash and cash equivalents (Notes 13 and 14)	4,390,404	4,293,728
Total financial assets carried at amortised cost	4,532,395	4,328,192

The Centre was granted funding from the National Council of Social Service for the Tote Board for up to $466,860 for the period from 1 April 2018 to 31 March 2019 (2017: $502,379 for the period from 1 April 2017 to 31 March 2018). As at 31 December 2018, the Centre's accumulated expenditure yet to be reimbursed amounted to $118,784 (2017: $Nil). Subsequently to year end, this amount has been collected in full.

Amount due from related party is non-trade in nature, unsecured, interest-free and is repayable on demand. This amount is to be settled in cash.

Receivables that were impaired

The Centre has no receivables that are either past due or impaired as at 31 December 2017.

Expected credit losses

The Centre has not recognised an allowance for expected credit losses for other receivables, excluding prepayments as at 31 December 2018, as these are considered to be low credit risk and have low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligation if demanded in the near term.

Other receivables are denominated in Singapore Dollar.

16 PLANT AND EQUIPMENT

	Computers	Equipment	Furniture & fittings	Renovation	Total
	$	$	$	$	$
Cost					
At 31 December 2016	23,686	25,461	13,796	202,494	265,437
Additions	-	15,410	9,313	-	24,723
Disposals	-	-	(11,705)	-	(11,705)
At 31 December 2017	23,686	40,871	11,404	202,494	278,455
Additions	-	699	802	-	1,501
At 31 December 2018	23,686	41,570	12,206	202,494	279,956
Accumulated depreciation					
At 31 December 2016	23,686	16,803	13,393	115,554	169,436
Charge for the financial year	-	7,259	2,064	40,500	49,823
Disposals	-	-	(11,705)	-	(11,705)
At 31 December 2017	23,686	24,062	3,752	156,054	207,554
Charge for the financial year	-	7,146	2,224	40,499	49,869
At 31 December 2018	23,686	31,208	5,976	196,553	257,423
Net carrying amount					
At 31 December 2017	-	16,809	7,652	46,440	70,901
At 31 December 2018	-	10,362	6,230	5,941	22,533

17 INVESTMENT SECURITIES

	2018	2017
	$	$
At the beginning of financial year	661,520	576,518
Additions	543,056	375,471
Disposals	(206,672)	(262,187)
Net fair value loss	(57,856)	(28,282)
At the end of financial year	940,048	661,520

The investment securities pertains to investments in equity securities of companies listed in the Singapore Exchange Limited. The investments offer the Centre opportunity for dividend income and fair value gains. The fair value of these listed equity securities is based on the closing bid prices on the last market day of the financial year.

The quoted equity securities were classified and measured as financial assets at fair value through profit and loss beginning of 1 January 2018.

	2018	2017
	$	$
At fair value through profit or loss		
- Quoted equity securities	940,048	-
Available-for-sale financial assets		
- Quoted equity securities, at fair value	-	661,520
	940,048	661,520

18 OTHER PAYABLES

	2018 $	2017 $
Accrued expenses	9,856	8,959
Third parties	-	409
	9,856	9,368
Total financial liabilities carried at amortised cost	9,856	9,368

Other payables are denominated in Singapore Dollar.

19 TRUST FUNDS

	2018 $	2017 $
At the beginning of financial year	23,420	16,109
Funds received	46,871	72,367
	70,291	88,476
Disbursement of funds	(45,371)	(65,056)
At the end of the financial year	24,920	23,420

The Centre's trust funds comprise of The Straits Times School Pocket Money fund, ComCare fund, Formula to Grow fund, Roxy Children's fund and Grow Up Milk fund. These funds are held in trust by the Centre for the purpose of providing financial and legal aid assistance, subject to conditions imposed by the Centre's benefactors.

20 DEFERRED CAPITAL GRANT

	2018 $	2017 $
At the beginning of financial year	25,966	51,933
Amortisation of grant	(25,966)	(25,967)
At the end of financial year	-	25,966

This grant pertained to the capital funding received from the Centre's benefactors for the purpose of renovation and acquisition of plant and equipment in the Centre.

21 NON-RESTRICTED FUNDS

	2018 $	2017 $
At the beginning of financial year	285,552	283,812
Total comprehensive income for the financial year ended	-	1,740
At the end of financial year	285,552	285,552

In previous years, the Centre had conducted the following programmes:

a. Guidance Programme
b. Counselling Order Family Violence
c. Syariah Court Marriage Counselling Programme
d. Home Ownership Plus Education

These programmes had ceased with effect from 1 January 2016 due to implementation of Code of Social Work Practice ("CSWP") framework in 2016.

22 FAIR VALUE RESERVE

	2018 $	2017 $
At the beginning of financial year	97,428	71,481
Net loss/(gain) on fair value changes of available-for-sale financial assets:		
- Net fair value gain on available-for-sale financial assets reclassified to profit or loss	-	(2,335)
- Net fair value loss on available-for-sale financial assets	-	28,282
Cumulative effect of adopting new accounting standards	(97,428)	-
At the end of financial year	-	97,428

As described in Note 2.2(a), upon the adoption of FRS 109, quoted equity securities classified under as available-for-sale financial assets as at 31 December 2017 were classified and measured as financial assets at fair value through profit or loss ("FVPL") beginning 1 January 2018. As a result of the change in classification of the Centre's quoted equity securities, the fair value reserve of $97,428 as at 31 December 2017 was reclassified to retained earnings as at 1 January 2018.

23 FINANCIAL RISK MANAGEMENT

The Centre's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk, market risk (including interest rate risk and market price risk). The Centre is not exposed to foreign currency risk.

The Management Committee reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Centre's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Centre's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

23 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Centre. The Centre has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Centre considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Other receivables

The Centre's other receivables comprise mainly of government funding. These receivables are considered to be low credit risk as these have low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligation if demanded in the near term.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Centre's performance to developments affecting a particular industry.

Exposure to credit risk

The Centre places its investments securities, bank balances and fixed deposits with reputable established financial institutions. Therefore, credit risk on these financial assets are limited because the counterparties are banks with high credit ratings and no history of default.

The carrying amount of those assets as stated in the statement of financial position represents the Centre's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Centre has no significant concentration of credit risk (2017: $Nil).

Liquidity risk

Liquidity risk refers to the risk in which the Centre is unable to meet its short-term obligations and this arises from the possibility that customers may not be able to settle obligations within the normal terms of trade.

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

At the end of the reporting period, the Centre has non-derivative financial liabilities which are payables amounting to $9,856 (2017: $9,368) which will mature within 1 year or less.

Market risk

Market risk is the risk that changes in market conditions, such as interest rates and market prices, will affect the Centre's financial performance. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

23 FINANCIAL RISK MANAGEMENT (Continued)

Market risk (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Centre's financial instruments will fluctuate because of changes in market interest rates. The Centre's exposure to interest rate risk arises from fixed deposits and investments in quoted equity instruments.

The Centre periodically reviews its financial instruments and monitors interest rate fluctuations to ensure the exposure to interest rate risk is within acceptable level.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if the interest rate had been 100 basis points higher/lower with all other variables held constant, the Centre's net income would have been $18,718 (2017: $18,672) higher/lower arising mainly as a result of a higher/lower interest income on fixed deposits.

Market price risk

Market price risk is the risk that the fair value of the Centre's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Centre is exposed to market price risk arising from its investment in quoted equity securities. These financial instruments are managed by a fund manager and are held for strategic rather than trading purpose.

The Centre's main objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

Price sensitivity analysis

The sensitivity analysis below had been determined based on the exposure of price risks at the reporting date. The following table demonstrates the sensitivity to 5% increase or decrease in the market prices on the investment securities.

	2018	2017
	$	$
Market price		
- Increase 5% (2017: 5%)	47,002	33,076
- Decrease 5% (2017: 5%)	(47,002)	(33,076)

24 FAIR VALUES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

(a) *Fair value hierarchy*

The Centre categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Centre can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Unobservable inputs for the asset or liability

24 FAIR VALUES (Continued)

(a) <u>*Fair value hierarchy*</u> (Continued)

Fair value measurements that are inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) <u>*Assets and liabilities measured at fair value*</u>

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

<u>*Cash and cash equivalents and other receivables and other payables*</u>

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

(c) <u>*Level 1 fair value measurement*</u>

The Centre has classified investment securities of $997,904 (2017: $661,520) as Level 1.

Investment securities are valued at quoted prices of the equity securities based on active market at financial year end.

There have been no transfers between Level 1 and 2 during the financial year ended 31 December 2018 and 2017.

The Centre has no fair value measurement recognised in the statement of financial position as the end of the reporting period.

25 FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities at amortised cost were disclosed in Notes 15 and 18 to the financial statements.

26 MANAGEMENT OF RESERVES

The Centre regards its unrestricted funds as its reserves for providing financial stability and a means for the development of its principal activities. In order to ensure that services to the beneficiaries can continue for another year or more, the Centre aims to maintain its reserves together with restricted funds at a level of at least one year of its annual operating expenditure.

The Management Committee regularly reviews its reserve policy annually to ensure that the amount of reserves required is adequate.

The Centre's overall approach to management of reserves remains unchanged from the previous financial year.

The Center is not subject to externally imposed reserve requirement.

SERANGOON MORAL FAMILY SERVICE CENTRE
Society's UEN: S99SS0090L

DETAILED INCOME STATEMENT
For the financial year ended 31 December 2018

	2018			2017		
	Restricted	Unrestricted	Total funds	Restricted	Unrestricted	Total funds
	$	$	$	$	$	$
Income						
Recurrent grants						
- NCSS / ComChest	23,494	-	23,494	85,630	-	85,630
- Tote Board	477,827	-	477,827	428,150	-	428,150
- MSF	1,791,849	-	1,791,849	1,605,567	-	1,605,567
Other government grants	53,315	-	53,315	134,675	-	134,675
Donations						
- Tax exempt	13,314	-	13,314	5,085		5,085
- non-tax exempt	2,395	-	2,395	561		561
Amortisation of deferred capital grant	25,967	-	25,967	25,967		25,967
Income from funded programme	7,015	-	7,015	5,536		5,536
Income from non-funded programme	-		-	-	1,740	1,740
Gain on disposal of available-for-sale financial assets	41,972	-	41,972	27,911		27,911
Dividend income	31,200	-	31,200	21,900		21,900
Interest income	4,798	-	4,798	42,242		42,242
Miscellaneous income	5,162	-	5,162	6,866		6,866
	2,478,308		2,478,308	2,390,090	1,740	2,391,830
Less:						
Depreciation						
Depreciation of plant and equipment	49,869	-	49,869	49,823		49,823
Staff costs						
Staff salaries and bonuses	1,403,959	-	1,403,959	1,263,659		1,263,659
CPF contribution	225,518	-	225,518	204,156		204,156
	1,629,477	-	1,629,477	1,467,815		1,467,815
Other operating expenses						
Auditors' remuneration	7,276	-	7,276	6,955	-	6,955
Bank charges	218	-	218	467	-	467
Conservancy charges	2,501	-	2,501	2,313	-	2,313
Direct cost for funded programme	33,075	-	33,075	24,076	-	24,076
Food and refreshment	3,272	-	3,272	6,158	-	6,158
Centre supplies	4,817	-	4,817	2,644	-	2,644
Administrative, clerical and human resources	96,000	-	96,000	96,000	-	96,000
Insurance	7,747	-	7,747	7,034	-	7,034
Medical fee	5,360	-	5,360	5,052	-	5,052
Newspaper and periodicals	386	-	386	648	-	648
Staff recruitment expenses	209	-	209	138	-	138
Staff training expenses	61,321	-	61,321	72,524	-	72,524
Staff welfare and retreat	9,107	-	9,107	36,108	-	36,108
Postage and telephone charges	5,105	-	5,105	4,749	-	4,749
Printing and stationery	7,440	-	7,440	5,171	-	5,171
Publicity cost	-	-	-	120	-	120
Rental of equipment	4,672	-	4,672	4,381	-	4,381
Rental of premises	14,959	-	14,959	14,959	-	14,959
Repairs and maintenance	2,405	-	2,405	5,713	-	5,713
Transport charges	1,375	-	1,375	1,616	-	1,616
Utilities	9,265	-	9,265	8,591	-	8,591
	276,510	-	276,510	305,417	-	305,417
Other expenses						
Net fair value changes on investment securities	57,856	-	57,856	-	-	-
Surplus for the financial year	**464,596**	**-**	**464,596**	**567,035**	**1,740**	**568,775**

The above schedules of detailed income statement provide additional information only and do not form part of the audited financial statements.