



THE SALVATION ARMY, SINGAPORE

Unique Entity Number: T07CC3012G

IPC Number: IPC000549

- SOCIAL FUND

AUDITED FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

**THE SALVATION ARMY, SINGAPORE
- SOCIAL FUND**

AUDITED FINANCIAL STATEMENTS
For the financial year ended 31 March 2013

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STATEMENT BY THE FINANCE COUNCIL
For the financial year ended 31 March 2013

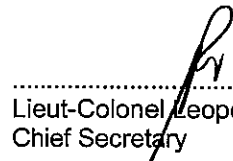
In the opinion of the Finance Council,

- (a) the accompanying financial statements are drawn up in accordance with the provisions of the Salvation Army Ordinance (Chapter 377), Charities Act (Chapter 37) and Charities Accounting Standards so as to give a true and fair view of the state of affairs of The Salvation Army, Singapore - Social Fund (the "Fund") as at 31 March 2013 and the results and the cash flows of the Fund for the financial year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

The Finance Council authorised the issue of these financial statements.

On behalf of the Finance Council


.....
Colonel Lyndon Buckingham
Territorial Commander


.....
Lieut-Colonel Leopoldo Posadas
Chief Secretary

Date: 12 SEP 2013

**INDEPENDENT AUDITOR'S REPORT TO THE FINANCE COUNCIL OF
THE SALVATION ARMY, SINGAPORE
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Report on the Financial Statements

We have audited the accompanying financial statements of **THE SALVATION ARMY, SINGAPORE – Social Fund** (the "Fund"), which comprise the statement of financial position as at 31 March 2013, statement of financial activities and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Finance Council's Responsibility for the Financial Statements

The Finance Council is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Salvation Army Ordinance (Chapter 377) (the "Constitution"), Charities Act (Chapter 37) (the "Act") and Charities Accounting Standards, 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 statement of financial activities and statement of financial position and to maintain accountability of assets.

The Finance Council is also responsible to ensure that 30% cap in Regulation 15(1) of the Charities Act, Chapter 37 (Institutions of a Public Character) Regulations 2007 and as amended by Charities (Institutions of a Public Character) (Amendments) Regulations 2008 has not been exceeded.

Auditor's Responsibility

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

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

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

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Opinion


In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Constitution, the Act and Charities Accounting Standards so as to give a true and fair view of the state of affairs of the Fund as at 31 March 2013 and the results and cash flows of the Fund for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Fund have been properly kept in accordance with the provisions of the Act.

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

- (a) the Fund did not comply with Regulation 15(1) of the Charities Act (Institutions of a Public Character) Regulations 2007 and as amended by Charities (Institutions of a Public Character) (Amendments) Regulations 2008; and
- (b) the donation monies have not been used in accordance with the objective of the Fund as an Institution of Public Character.



ARDENT ASSOCIATES LLP
Public Accountants and
Chartered Accountants
Singapore

Date: 12 SEP 2013

THE SALVATION ARMY, SINGAPORE
- SOCIAL FUND

STATEMENT OF FINANCIAL ACTIVITIES
for the financial year ended 31 March 2013

	Note	2013				2012	
		Unrestricted Funds S\$	Capital Contribution Funds S\$	Designated (operational) Funds S\$	Restricted Funds S\$	Total S\$	Total S\$
Income							
Income from generated funds							
Voluntary income							
- Donations		6,852,230	-	137,500	10,000	6,999,730	7,418,384
Activities for generating funds							
- Fund raising		405,042	-	-	-	405,042	261,452
- Rental fees		13,592	-	-	-	13,592	18,446
- Sundry revenue		4,016	-	-	-	4,016	1,795
Investment income	5	219,725	-	14,576	-	234,301	277,690
Income from charitable activities							
Programme fees		4,098,082	-	-	-	4,098,082	4,016,887
Funding from government		9,909,403	-	-	1,553,972	11,463,375	7,676,858
Sundry revenue		39,564	-	-	-	39,564	30,211
Other income							
Others		133,342	-	-	-	133,342	6,955
Total income		21,674,996	-	152,076	1,563,972	23,391,044	19,708,678
Expenditures							
Cost of generating funds							
Costs of generating voluntary income							
- Manpower costs	6	385,758	-	-	-	385,758	379,573
- Other administrative costs	7	296,241	-	-	-	296,241	384,888
Other fundraising costs		73,388	-	-	-	73,388	59,439
Investment management costs	8	42,745	-	-	-	42,745	50,988
Costs of charitable activities							
Manpower costs	6	6,241,063	-	33,141	121,640	6,395,844	5,480,517
- Medical Programmes							

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STATEMENT OF FINANCIAL ACTIVITIES
for the financial year ended 31 March 2013

	2013					2012	
	Note	Unrestricted Funds S\$	Capital Contribution Funds S\$	Designated (operational) Funds S\$	Restricted Funds S\$	Total S\$	Total S\$
- Children's Home		2,632,991	-	-	-	2,632,991	2,478,668
- Other Social Services		657,146	-	-	-	657,146	647,858
Other costs		-	-	-	-	-	-
- Assistance to other countries		-	-	-	-	-	25,000
- Depreciation		-	116,549	-	-	116,549	113,261
- Property maintenance costs		527,455	-	-	234,950	762,405	529,591
- Operating costs	9	6,978,088	-	65,344	109,474	7,152,906	6,004,405
- Other administrative costs	7	273,460	-	1,539	932	275,931	172,038
Governance costs		-	-	-	-	-	-
Audit fee		73,400	-	-	-	73,400	78,700
Depreciation		-	-	-	-	-	-
Goods and services tax		11,899	-	-	205	12,104	11,568
Other administrative costs	7	79,564	-	-	-	79,564	69,988
HQ Oversight fee		1,177,475	-	-	-	1,177,475	1,388,343
Total expenditures		19,450,673	116,549	100,024	467,201	20,134,447	17,874,825
Surplus/(Deficit) transfer to reserve		2,224,323	(116,549)	52,052	1,096,771	3,256,597	1,833,853
Transfer between funds		(189,797)	237,100	1,300,519	(1,347,822)	-	-
Transfer to General Fund, Singapore	10	(1,500,000)	-	-	-	(1,500,000)	(500,000)
Transfers from Property Fund, Singapore	11	-	-	-	-	-	688,908
Net movements in funds		534,526	120,551	1,352,571	(251,051)	1,756,597	2,022,761
Reconciliation of Funds							
Total funds brought forward		11,448,760	1,002,008	1,650,267	493,216	14,594,251	12,571,490
Total funds carried forward		11,983,286	1,122,559	3,002,838	242,165	16,350,848	14,594,251

The accompanying notes form an integral part of these financial statements

**THE SALVATION ARMY, SINGAPORE
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STATEMENT OF FINANCIAL POSITION

as at 31 March 2013

	<u>Note</u>	<u>2013</u> S\$	<u>2012</u> S\$
<u>Assets</u>			
Non-current assets			
Plant and equipment	12	1,122,560	1,002,008
Investments in financial assets	13	3,941,267	4,154,935
		<u>5,063,827</u>	<u>5,156,943</u>
Current assets			
Investments in financial assets	13	1,296,769	4,050,072
Trade and other receivables	14	531,362	694,454
Fixed deposits	15	8,645,426	4,224,881
Cash and cash equivalents	15	1,401,562	1,039,681
		<u>11,875,119</u>	<u>10,009,088</u>
Total assets		<u>16,938,946</u>	<u>15,166,031</u>
<u>Liabilities</u>			
Current liabilities			
Trade and other payables	16	588,098	571,780
Total liabilities		<u>588,098</u>	<u>571,780</u>
Net Assets		<u>16,350,848</u>	<u>14,594,251</u>
Represented by:			
<u>Fund and reserve balances</u>			
Capital contribution funds	17	1,122,559	1,002,008
Designated (operational) funds	18	3,002,838	1,650,267
Restricted funds	19	242,165	493,216
Unrestricted funds		<u>11,983,286</u>	<u>11,448,760</u>
Total funds and reserves		<u>16,350,848</u>	<u>14,594,251</u>

The accompanying notes form an integral part of these financial statements

**THE SALVATION ARMY, SINGAPORE
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STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2013

	<u>Note</u>	<u>2013</u> S\$	<u>2012</u> S\$
Cash flows from operating activities			
Surplus for the year		3,256,597	1,833,853
Adjustments for:			
Depreciation		116,549	113,261
(Gain)/Loss on disposal of investment in financial assets		(1,790)	41,826
Gain on sale of vehicles		-	(500)
Dividend and interest income		(232,511)	(277,690)
Operating cash flows before changes in working capital		<u>3,138,845</u>	<u>1,710,750</u>
Trade and other receivables		173,750	(333,851)
Trade and other payables		16,318	(322,536)
Net cash flows from operating activities		<u><u>3,328,913</u></u>	<u><u>1,054,363</u></u>
Cash flows from investing activities			
Purchase of plant and equipment		(237,100)	(644,157)
Proceeds from sale of investment in financial assets		3,370,373	1,659,357
Purchase of investments in financial assets		(401,612)	(4,419,642)
Cash with fund managers		-	-
Dividend and interest received		221,852	252,751
Proceeds on disposal of vehicles		-	500
Net cash flows from / (used in) investing activities		<u><u>2,953,513</u></u>	<u><u>(3,151,191)</u></u>
Cash flows from financing activities			
Transfer to General Fund Singapore		(1,500,000)	(500,000)
Transfer from Property Fund Singapore		-	688,908
Net cash flows (used in) / from financing activities		<u><u>(1,500,000)</u></u>	<u><u>188,908</u></u>
Net change in cash and cash equivalents		4,782,426	(1,907,920)
Cash and cash equivalents at beginning of financial year		<u>5,264,562</u>	<u>7,172,482</u>
Cash and cash equivalents at end of financial year	15	<u><u>10,046,988</u></u>	<u><u>5,264,562</u></u>

The accompanying notes form an integral part of these financial statements

**THE SALVATION ARMY, SINGAPORE
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

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

1. General information

The Salvation Army, Singapore (the "Organisation") was constituted as a corporation in Singapore under the Statutes of the Republic of Singapore, Salvation Army Ordinance (Chapter 377). The Organisation is registered as an exempt charity under the Charities Act (Chapter 37) and domiciled in Singapore. The registered address of the Organisation is at 20 Bishan Street 22, Singapore 579768.

The Salvation Army, Singapore is organised for administrative purposes into three units, as described below:

(i) General Fund, Singapore

The General Fund deals mainly with the activities for generating funds, Christian education and activities and all headquarters matters not specifically included in other funds.

(ii) Social Fund, Singapore

The Social Fund deals with the social operations of the Organisation which has been conferred the Institute of Public Character status (IPC No. IPC000549). Accordingly, qualifying donors are granted tax deduction for donations made by them to the Social Fund.

(iii) Property Fund, Singapore

The Property Fund undertakes the functions of an owner of property and deals with all transactions relating to the properties owned by the Organisation.

The Social Fund ("Fund") provides:

- nursing home;
- residential homes for children and young people at risk;
- ministries to troubled young people;
- day care centre for the elderly;
- food for families;
- counselling services; and
- prison support services.

There have been no significant changes in the nature of the Fund's activities during the year.

The financial statements of the Fund for the current financial year were approved and authorised for issue by the Finance Council on the date of the Statement by the Finance Council.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Singapore Charities Accounting Standards ("CAS") as the Finance Council elected to adopt the CAS for the financial year beginning 1 April 2012. The effect of the adoption of CAS is disclosed in Note 23.

The financial statements have been prepared on the historical cost basis.

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For the financial year ended 31 March 2013

The financial statements are presented in Singapore dollars ("S\$"), which is the Organisation's functional currency. All financial information is presented in units, unless otherwise stated.

2.2 Changes in accounting policies

The accounting policies adopted have been applied consistently by the Fund to all periods presented in this set of financial statements.

2.3 Income recognition

Income is recognised in the Statement of Financial Activities when:

- the Fund becomes entitled to the income;
- the Finance Council are virtually certain that the Fund will receive the Income; and
- the monetary value can be measured with sufficient reliability.

Voluntary income

The Fund's voluntary income comprises cash donations, donations-in-kind and operating grants:

- Cash donations are recognised when the Fund has an unconditional entitlement to the receipts;
- Donations-in-kind are recognised when such donation can be estimated with sufficient reliability and are based on a reasonable estimate of their value to the Fund, which approximates the open market value for similar item; and
- Operating grants are funding received from charitable foundations and are accounted for on accrual basis.

Activities for generating funds

This is mainly made up of fundraising income and rental fees:

- Fundraising income are from events held by the Organisation and Fund and is recognised on cash basis; and
- Rental fees are recognised on a straight-line basis over the period of the lease.

Investment income

Investment income is recognised by the Organisation when receivable. The Fund's investment income refers to interest income allocated to the Fund by the Organisation.

Programme fees and funding from government

These are programme fees and government grants and subventions receivable for the provision of services by Fund to beneficiaries. Government grants and subventions are recognised where there is reasonable assurance that the grants or subventions will be received and all attached conditions has been complied with.

Other income

This refers to all other income that the Fund has not been able to analyse within the main income categories.

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2.4 Expenditures

All expenditures are accounted for on an accrual basis and have been classified under headings that aggregate all costs related to that activity.

Cost of generating funds

These are costs associated with generating income from all sources other than from undertaking charitable activities. The cost in this category comprises cost on generating voluntary income, cost of fundraising events and investment management cost.

Cost of charitable activities

Costs of charitable activities comprise all costs incurred by the Fund in providing residential care, healthcare and community services including direct manpower costs, property maintenance costs, operating and administrative costs.

Manpower costs include (a) contributions to Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related services are performed; and (b) employee entitlement to annual leave which are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of reporting period.

Governance costs

Governance costs comprise all costs attributable to the general running of the Fund in providing the governance infrastructure and in ensuring public accountability.

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. Cost includes its purchase price and any cost that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Fund.

The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. Individual additions costing more than S\$10,000 are capitalised provided they are durable in nature and not consumable items.

Repair and maintenance costs are charged to the statement of financial activities as incurred.

Plant and equipment are subsequently measured at cost less accumulated depreciation and are depreciated using straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

Motor vehicles	- 5 years
Equipment	- 5 years

The estimated useful life, depreciation method and residual values are reviewed periodically, at least annually, and adjusted prospectively, if there is a change in estimate.

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

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For the financial year ended 31 March 2013

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 de-recognition of the asset is included in the statement of financial activities in the year the asset is derecognised.

Asset under construction

Asset under construction refers to a nursing home IT system. Cost includes professional fees and IT hardware. Asset under construction is reclassified to the appropriate category of plant and equipment when complete and ready to use. Asset under construction is not depreciated as this asset is not yet available for use.

2.6 Investments in financial assets

Investments in financial assets are investments in equities and debt securities relating to companies listed on the Singapore stock exchange as well as cash held for investment purposes.

Investments in financial assets are recognised as an asset only when the Organisation becomes a party to the contractual provision of the instrument and are initially measured at cost. Costs of investments in financial assets are transaction price excluding transaction costs, if any. Transaction costs are recognised as expenditure in the Statement of Financial Activities as incurred.

The Fund's investments in financial assets refer to investments in equities and debt securities allocated to the Fund by the Organisation.

Investments in financial assets are measured subsequently at cost less any impairment losses.

2.7 Trade and other receivables

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

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

2.8 Cash and cash equivalents

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

2.9 Trade and other payables

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

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2.10 Funds and reserves

a) Unrestricted Fund

This is for the working capital of the Fund.

b) Capital Contribution Funds

These represent funds set up to meet the costs of plant and equipment.

c) Restricted Funds

As at the end of the current financial year, these are donations or legacies held for restricted purposes as specified by the donors. In the previous financial year and during the current financial year, the Restricted Funds included amounts restricted by the Finance Council for specified purpose. The amounts restricted by the Finance Council were transferred out to designated (operational) funds at the end of the current financial year.

d) Designated (operational) Funds

These are funds specifically set aside by the Finance Council to meet operational plans or anticipated needs.

2.11 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease. The Fund has no finance lease at the end of the financial period.

As lessee

The lease payments under an operating lease is recognised on a straight-line basis over the lease term even if the payments are not made on such a basis.

2.12 Related parties

A party is considered related to the Fund if:

a. A person or a close member of that person's family is related to the Fund if that person:

- i. has control or joint control over the Fund;
- ii. has significant influence over the Fund; or
- iii. is a governing board member, trustee or member of the key management personnel of the Fund or of the Organisation.

b. An entity is related to the Fund if any of the following conditions applies:

- i. the entity and the Fund are members of the Organisation or The Salvation Army, International;
- ii. the entity is controlled or jointly controlled by a person identified in (a); and

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For the financial year ended 31 March 2013

- iii. a person identified in (a)(i) has significant influence over the entity or is a governing board member, trustee or member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgements and estimates

The preparation of the Fund's financial statements in conformity with CAS requires the Finance Council to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenditures, assets and liabilities. However, uncertainty about these assumptions and estimates may result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are accounted for prospectively.

3.1 Judgments made in applying accounting policies

In the process of applying the Fund's accounting policies, the Finance Council has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Impairment of trade and other receivables

The Fund assesses at the end of each reporting period whether there is any objective evidence that a trade and other receivable is impaired. To determine whether there is objective evidence of impairment, the Fund considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for receivables with similar credit risk characteristics. The carrying amount of the Fund's trade and other receivables at the end of the reporting period is disclosed in Note 14 to the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

Useful lives of plant and equipment

The plant and equipment are depreciated on a straight-line basis over the respective asset's estimated economic useful lives. The Finance Council exercised their judgement in estimating the useful lives at the end of each reporting period. The total carrying amount of the plant and equipment of the Fund is disclosed in Note 12. Changes in the expected level of usage could impact the useful lives and the residual values, if any, of these assets, therefore future depreciation charges could be revised.

4. Tax exempt receipts

The Fund enjoys a concessionary tax treatment whereby qualifying donors are granted tax deductions for the donations made to the Fund. The total value of tax-exempt receipts issued were as follows:

	<u>2013</u>	<u>2012</u>
	S\$	S\$
Total value of tax-exempt receipts issued	<u>6,785,192</u>	<u>7,350,130</u>

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For the financial year ended 31 March 2013

5. Investment income

	<u>2013</u> S\$	<u>2012</u> S\$
Dividend income	-	100,384
Interest income		
- Bank	11	208
- Fixed deposits	53,284	21,300
- Bonds	179,216	148,119
Foreign exchange gain	-	7,679
Gain on sale of investment	1,790	-
	<u>234,301</u>	<u>277,690</u>

The Organisation allocated interest earned through its investment activities to the Fund. This was based on internal allocation method applied on a consistent basis as approved by the Finance Council. The Finance Council has decided that with effect from the current financial year, only investments in debt securities will be allocated to the Fund.

6. Manpower costs

	<u>Costs of generating voluntary income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Total</u> S\$
<u>2013</u>			
Employees' salaries and bonuses	328,746	7,556,387	7,885,133
CPF, SDF and FWL	51,127	1,334,412	1,385,539
Staff benefits and development	4,435	389,422	393,857
Contract manpower services	1,450	405,760	407,210
	<u>385,758</u>	<u>9,685,981</u>	<u>10,071,739</u>
<u>2012</u>			
Employees' salaries and bonuses	326,307	6,629,196	6,955,503
CPF, SDF and FWL	47,110	1,083,604	1,130,714
Staff benefits and development	5,106	518,755	523,861
Contract manpower services	1,050	375,488	376,538
	<u>379,573</u>	<u>8,607,043</u>	<u>8,986,616</u>

The manpower costs above are short-term employee benefits. Manpower costs under costs of charitable activities is the aggregate of the manpower costs for medical programme, children's home and other social services.

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7. Other administrative costs

	<u>Costs of generating voluntary income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Governance costs</u> S\$	<u>Total</u> S\$
<u>2013</u>				
Appeals materials	83,283	-	-	83,283
Client insurance	-	2,530	-	2,530
Education and recreation	-	10,184	1,244	11,428
Food and refreshment	20,038	-	-	20,038
Fund raising and related materials	-	-	22,650	22,650
Maintenance of equipment and furnishings	-	-	5,940	5,940
Maintenance of land and building	-	334	-	334
Non property license and insurance	-	111,724	14,755	126,479
Postage and communications	82,643	81,745	6,617	171,005
Printing and stationery	14,665	33,519	3,028	51,212
Professional and support fees	-	508	3,851	4,359
Recruitment expenses	-	8,964	82	9,046
Rental of building	15,600	-	-	15,600
Rental of equipment and furnishings	-	13,548	1,080	14,628
Staff benefits and development	-	-	4,680	4,680
Transaction fees and charges	80,012	-	-	80,012
Travelling	-	12,578	1,814	14,392
Utilities	-	-	7,004	7,004
Other expenses	-	297	6,819	7,116
	<u>296,241</u>	<u>275,931</u>	<u>79,564</u>	<u>651,736</u>
<u>2012</u>				
Appeals materials	179,032	-	1,248	180,280
Client insurance	-	2,214	-	2,214
Education and recreation	-	9,934	1,006	10,940
Food and refreshment	19,923	-	-	19,923
Fund raising and related materials	-	-	21,069	21,069
Housekeeping	-	9	-	9
Maintenance of equipment and furnishings	-	-	3,008	3,008
Maintenance of land and building	-	199	-	199
Maintenance of vehicle	-	-	408	408
Non property license and insurance	-	19,205	19,302	38,507
Postage and communications	87,205	71,678	4,927	163,810
Printing and stationery	-	28,181	3,282	31,463
Professional and support fees	-	621	4,072	4,693
Recruitment expenses	-	6,262	507	6,769
Rental of building	15,600	-	-	15,600
Rental of equipment and furnishings	-	13,405	874	14,279
Transaction fees and charges	83,128	-	-	83,128

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	<u>Costs of generating voluntary income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Governance costs</u> S\$	<u>Total</u> S\$
Travelling	-	16,773	1,240	18,013
Utilities	-	-	5,921	5,921
Other expenses	-	3,557	3,124	6,681
	<u>384,888</u>	<u>172,038</u>	<u>69,988</u>	<u>626,914</u>

8. Investment management costs

	<u>2013</u> S\$	<u>2012</u> S\$
Investment management and brokerage costs	2,501	9,162
Loss on sale of investment	-	41,826
Foreign exchange loss	40,244	-
	<u>42,745</u>	<u>50,988</u>

9. Operating costs

	<u>2013</u> S\$	<u>2012</u> S\$
<u>Costs of charitable activities</u>		
Assistance to clients and families	138,254	189,882
Bad debts	406	-
Communications	-	-
Education and recreation	276,651	237,906
Employment cost	-	-
Food and refreshments	1,743,415	1,379,377
Goods and services tax	436,791	144,448
Housekeeping	201,332	177,568
Maintenance of equipment and furnishings	301,061	358,644
Maintenance of land and building	-	-
Maintenance of vehicle	99,992	120,677
Medical services and supplies	1,282,196	1,339,873
Non property license and insurance	-	-
Printing and stationery	15,858	3,246
Rental of building	1,438,058	1,109,288
Rental of vehicle	227,994	30
Travelling	-	-
Utilities	990,898	943,466
	<u>7,152,906</u>	<u>6,004,405</u>

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10. Transfer to General Fund, Singapore

The Organisation embarked on an ERP implementation for Finance, Human Resource and Programme functions. The transfer of S\$1,500,000 (2012: S\$500,000) to General Fund, Singapore is part of the funds share of the project.

11. Transfer from Property Fund, Singapore

The transfer of reserves from Property Fund, Singapore ("PFS") to the Fund of S\$688,908 in financial year 2012 refers to the transfer of Furniture, Fittings and Equipment ("FF&E") reserves under PFS, to the FF&E reserves under the Fund for the purchase of programme equipment and furniture and fittings for the nursing home.

12. Plant and equipment

	<u>Equipment</u>	<u>Motor Vehicles</u>	<u>Asset under Constructio n</u>	<u>Total</u>
	S\$	S\$	S\$	S\$
Cost:				
At 01/04/2011	16,000	520,708	105,600	642,308
Additions	26,400	-	617,757	644,157
Transfers from Property Fund, Singapore	117,297	-	-	117,297
Transfers	105,600	-	(105,600)	-
At 31/03/2012	265,297	520,708	617,757	1,403,762
Additions	30,000	133,600	73,500	237,100
At 31/03/2013	295,297	654,308	691,257	1,640,862
Accumulated depreciation:				
At 01/04/2011	12,800	189,566	-	202,366
Depreciation for the year	41,819	71,442	-	113,261
Disposal				
Transfers from Property Fund, Singapore	86,126	-	-	86,126
At 31/03/2012	140,745	261,008	-	401,753
Depreciation for the year	36,200	80,349	-	116,549
At 31/03/2013	176,945	341,357	-	518,302
Net carrying amount:				
At 31/03/2012	124,551	259,700	617,757	1,002,008
At 31/03/2013	118,352	312,951	691,257	1,122,560

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13. Investment in financial assets

	<u>2013</u> S\$	<u>2012</u> S\$
Quoted bonds, at cost	5,219,591	5,259,220
Quoted equity shares, at cost	-	2,230,925
Cash with fund manager for investment purpose	18,445	714,862
	<u>5,238,036</u>	<u>8,205,007</u>

The above are investments in companies listed on the Singapore Stock Exchange. The market value of the bonds at the end of the reporting period is S\$5,249,239 (FY2012: S\$5,214,184 for bonds and S\$2,366,671 for equity shares).

Movements during the year:

	<u>2013</u> S\$	<u>2012</u> S\$
At beginning of financial year	8,205,007	5,486,548
Additions	401,612	4,419,642
Disposals *	(1,977,186)	(4,173,046)
Allocation difference *	(1,391,397)	2,477,003
Capital distribution *	-	(5,140)
At end of financial year	<u>5,238,036</u>	<u>8,205,007</u>
Reconciled to the cash flow statement as follows:		
Proceeds from sale of investment assets	3,370,373	1,659,357
(Gain) / Loss on disposal of investment assets	(1,790)	41,826
Total of *	<u>3,368,583</u>	<u>1,701,183</u>

Allocation difference arises as a result of the difference in proportion allocated by the Organisation to the Fund for the investment assets on a year on year basis.

Presented in the statement of financial activities as:

	<u>2013</u> S\$	<u>2012</u> S\$
Current	1,296,769	4,050,072
Non-current	3,941,267	4,154,935
	<u>5,238,036</u>	<u>8,205,007</u>

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14. Trade and other receivables

	<u>2013</u> S\$	<u>2012</u> S\$
Programme fee receivable	422,123	626,479
Accrued interest from investment assets	62,269	51,609
Government grant receivable	30,993	-
Prepayments	2,601	-
Other receivables	13,376	16,366
	<u>531,362</u>	<u>694,454</u>

15. Cash and cash equivalents

	<u>2013</u> S\$	<u>2012</u> S\$
Cash and bank balances:		
- Cash in hand	17,466	18,110
- Cash at banks	1,214,050	1,020,188
- Medifund	170,046	1,383
Cash and cash equivalents per statement of financial position	<u>1,401,562</u>	<u>1,039,681</u>
Fixed deposits	8,645,426	4,224,881
Cash and cash equivalents per statement of cash flows	<u>10,046,988</u>	<u>5,264,562</u>

Cash at bank earns interest on floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between 1 and 12 months depending on the cash requirement of the Fund and earn interest at deposit rates ranging between 0.27% and 1.50% per annum.

16. Trade and other payables

	<u>2013</u> S\$	<u>2012</u> S\$
Accruals	170,103	84,046
Deposits collected from patients	182,720	194,479
Provision for unconsumed leave	168,295	165,414
Other payables	66,980	127,841
	<u>588,098</u>	<u>571,780</u>

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17. Capital contribution funds

	<u>2013</u> S\$	<u>2012</u> S\$
At beginning of financial year	1,002,008	439,943
Income	-	-
Expenditures	(116,549)	(113,261)
Transfer from designated (operational) funds (Note 18)	163,600	-
Transfer from restricted funds (Note 19)	73,500	26,400
Transfer from unrestricted funds	-	617,757
Transfer from Property Fund, Singapore	-	31,169
At end of financial year	<u>1,122,559</u>	<u>1,002,008</u>

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18. Designated (operational) funds	Children education S\$	Furniture, fittings and equipment reserves S\$	Programme reserves S\$	Vehicle reserves S\$	Special projects S\$	Total S\$
At 01/04/2011	113,447	-	245,146	790,497	-	1,149,090
Income	1,815	-	67,220	14,226	-	83,261
Expenditures	-	(159,998)	(214,225)	-	-	(374,223)
Transfer from unrestricted funds	-	-	-	134,400	-	134,400
Transfer from Property Fund, Singapore	-	657,739	-	-	-	657,739
At 31/03/2012	115,262	497,741	98,141	939,123	-	1,650,267
Income	1,593	-	112,500	12,983	25,000	152,076
Expenditures	-	(66,883)	(33,141)	-	-	(100,024)
Transfer to capital contribution funds (Note 17)	-	(30,000)	-	(133,600)	-	(163,600)
Transfer from restricted funds (Note 19)	-	-	-	-	1,274,322	1,274,322
Transfer from unrestricted funds	-	-	55,397	134,400	-	189,797
At 31/03/2013	116,855	400,858	232,897	952,906	1,299,322	3,002,838

Funds under special projects refer to those:

- Set aside for purchase of programme equipment and improvements for the elderly day care centre; and
- Amount received under the Community Silver Trust ("CST") for the renovation, purchase of equipment, staff costs and other costs for nursing home. CST is a funding programme by the Singapore government.

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19. Restricted funds

	<u>Special projects</u> S\$	<u>IngoT System</u> S\$	<u>Total</u> S\$
At 01/04/2011	195,488	-	195,488
Income	6,678	355,000	361,678
Expenditures	(37,550)	-	(37,550)
Transfer to capital contribution funds (Note 17)	(26,400)	-	(26,400)
At 01/04/2012	138,216	355,000	493,216
Income	1,563,972	-	1,563,972
Expenditures	(419,439)	(47,762)	(467,201)
Transfer to capital contribution funds (Note 17)	-	(73,500)	(73,500)
Transfer to designated (operational) funds (Note 18)	(1,274,322)	-	(1,274,322)
At 01/04/2013	<u>8,427</u>	<u>233,738</u>	<u>242,165</u>

As at the end of the current financial year, the balance represents funds specified by the donors for restricted use. In the previous financial year and during the current financial year, the amounts recorded in this fund included amounts restricted by the Finance Council for specified purpose. The amounts restricted by the Finance Council were transferred out to designated (operational) funds at the end of the current financial year.

20. Related party transactions

a) Transactions with other units of the Organisation

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Fund and other units of the Organisation took place at terms agreed between the parties during the financial year:

	<u>2013</u> S\$	<u>2012</u> S\$
<i>Transactions with General Fund, Singapore</i>		
Costs of charitable activities:		
- Assistance to clients and families	11,000	-
- Laptop levy	720	-
- Rental of building	20,581	-
- Staff health benefit	5,400	1,260
- Staff training and development	101,381	94,440
Governance costs:		
- HQ admin support	1,177,475	1,388,343
Transfer to General Fund, Singapore:		
- Computerisation reserve	1,500,000	500,000
<i>Transactions with Property Fund, Singapore</i>		
Costs of charitable activities:		
- Property maintenance levy	10,800	60,800
- Rental of building	1,377,422	1,074,354

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	<u>2013</u> S\$	<u>2012</u> S\$
- Rental of quarters	81,535	266,939
Cost of generating funds:		
- Rental of building	15,600	15,600
Governance costs:		
- Rental of quarters	4,680	-
Transfer from Property Fund, Singapore		
- Furniture, fittings and equipments reserve	-	(688,908)
	<u> </u>	<u> </u>
b) Compensation of key management personnel		
	<u>2013</u> S\$	<u>2012</u> S\$
Salaries and other short term benefits	<u>133,622</u>	<u>123,757</u>

Key management personnel comprises members of the Finance Council and two other personnel who are not members of the Finance Council. Except for the above, there is no claim by the key management personnel for services provided to the Fund, either by reimbursements or providing the key management with an allowance or by direct payment to a third party. The compensation of key management personnel disclosed in the table above is for one person.

21. Commitments

a) Capital commitments

Capital expenditure contracted for as at the financial year end date but not recognised in the financial statements is as follows:

	<u>2013</u> S\$	<u>2012</u> S\$
Capital commitments in respect of plant and equipment	<u> </u>	<u>350,615</u>

b) Purchase commitments

Contractual arrangement entered by the Fund for the purchase of medical beds and other programme equipments as at the financial year end but not recognised in the statement of financial activities is as follows:

	<u>2013</u> S\$	<u>2012</u> S\$
Commitment to purchase medical beds and other programme equipments	<u>189,940</u>	<u> </u>

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c) Operating lease commitments – as lessee

Future minimum rental payable under non-cancellable operating leases in respect of rental of equipment at the financial year end date are as follows:

	<u>2013</u> S\$	<u>2012</u> S\$
Not later than one year	13,752	14,628
Later than one year but not later than five years	<u>35,166</u>	<u>39,508</u>
	<u>48,918</u>	<u>54,136</u>

During the financial year, lease payment recognised as expenditure in the statement of financial activities amounted to S\$14,628 (FY2012: S\$14,279).

22. Taxation

The Fund is part of the operation of The Salvation Army, Singapore, which is registered as an exempt Organisation under the Charities Act (Chapter 37). By virtue of Section 13(1)(zm) of the Income Tax Act (Chapter 134), the Organisation's income is exempted from income tax.

23. Transition from Singapore Financial Reporting Standards to CAS

As stated in Note 2.1, this set of financial statements is the Fund's first set of financial statements prepared in accordance with CAS.

The accounting policies set out in Note 2 have been consistently applied in preparing the financial statements for the financial year ended 31 March 2013 and the comparative information therein.

Except for those disclosed in the paragraphs below, the adoption of CAS affects only the presentation and disclosures made in the financial statements.

Effect of adopting CAS

Investment in financial assets

The Fund has accounted for the investment in financial assets using fair value under the Singapore Financial Reporting Standards ("FRS"). Under CAS, the Fund has accounted for investment in financial assets at cost less accumulated impairment losses, if any. As such, the comparative figures have been amended to take into account the reversal of the fair value and the amortisation of the premium costs as follows:

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The impact of the carrying value for the investment in financial assets under the CAS for FY2012 is as follows:

	<u>FY2012</u> S\$
Carrying value under FRS	
- carrying value of equity and debt securities	7,580,855
- cash with fund manager reclassified from cash and cash equivalents	714,862
Reversal of amortised premium costs	21,627
Reversal of fair value adjustment	<u>(112,337)</u>
Carrying value under CAS	<u><u>8,205,007</u></u>

Deferred donations

The Fund previously have deferred donation income of S\$426,678 in the financial year ended 31 March 2012. Under the CAS, donations which have no conditions attached are to be recognised in the Statement of Financial Activities upon meeting the conditions of revenue recognition as stated in Note 2.3. These deferred donations have been adjusted in the comparative Statement of Financial Activities.

Statement of Financial Activities

The table below summarises the total effect of the above on the Statement of Financial Activities:

	<u>FY2012</u> S\$
Surplus as previously stated	1,385,548
Deferred donations recognised	426,678
Reversal of amortised premium cost	<u>21,627</u>
	<u><u>1,833,853</u></u>

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Statement of Financial Position

The table below summarises the total effect of the above on the Statement of Financial Activities:

	Fair value reserves S\$	Capital Contribution Funds S\$	Designated (operational) Funds S\$	Restricted Funds S\$	Unrestricted Funds S\$	Total S\$
As previously stated	112,337	1,002,008	1,585,267	131,538	11,427,133	14,258,283
Deferred donations recognised	-	-	65,000	361,678	-	426,678
Reversal of amortised premium cost	-	-	-	-	21,627	21,627
Reversal of fair value reserves	(112,337)	-	-	-	-	(112,337)
Adjusted balance	-	1,002,008	1,650,267	493,216	11,448,760	14,594,251