



# **THE SALVATION ARMY, SINGAPORE**

*Unique Entity Number: T07CC3012G*

*IPC Number: IPC000549*

## **- SOCIAL FUND**

### **AUDITED FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2014*

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

**AUDITED FINANCIAL STATEMENTS**  
*for the financial year ended 31 March 2014*

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**THE SALVATION ARMY, SINGAPORE  
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**STATEMENT BY THE FINANCE COUNCIL**  
*for the financial year ended 31 March 2014*

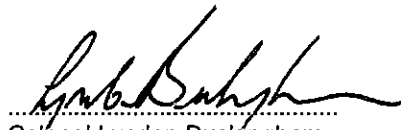
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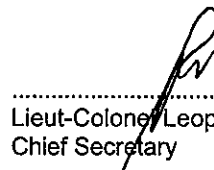
In the opinion of the Finance Council,

- (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 2014 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

13 August 2014

**Ardent Associates LLP**

Chartered Accountants of Singapore

(UEN: T11LL0660B)

146 Robinson Road #12-01 Singapore 068909

Tel: 6356 9098 Fax: 6323 2671

www.ardent.com.sg

**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 2014, 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 the 30% cap in Regulation 15(1) of the Charities Act, Chapter 37 (Institutions of a Public Character) Regulations 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 2014 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 use of the donation monies was not in accordance with the objectives of the Organisation as required under Regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Organisation has not complied with Regulation 15 (Fund-raising expenses) of the Charities Act (Institutions of a Public Character) Regulations.

*Ardent Associates LLP*

**ARDENT ASSOCIATES LLP**  
Public Accountants and  
Chartered Accountants

(Partner-in-charge: Phang Lay Koon)

Singapore

13 August 2014



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

**STATEMENT OF FINANCIAL ACTIVITIES**  
*for the financial year ended 31 March 2014*

	Note	2014				2013
		Unrestricted Funds S\$	Capital Contribution Funds S\$	Designated (operational) Funds S\$	Restricted Funds S\$	
Costs of charitable activities						
Manpower costs	6					
- Medical Programmes		6,856,618	-	-	-	6,856,618
- Children's Home		2,718,407	-	-	-	2,718,407
- Other Social Services		796,148	-	-	-	796,148
Other costs						
- Depreciation		-	273,164	-	-	273,164
- Property maintenance costs		673,603	-	151,795	6,080	831,478
- Operating costs	9	7,558,836	-	394,709	-	7,953,545
- Other administrative costs	7	217,438	-	38,899	54,000	310,337
Governance costs						
Audit fee		82,100	-	1,800	-	83,900
Goods and services tax		14,751	-	-	-	14,751
Other administrative costs	7	77,822	-	-	-	77,822
HQ Oversight fee		1,277,590	-	-	-	1,277,590
<b>Total expenditures</b>		<b>20,959,133</b>	<b>273,164</b>	<b>647,591</b>	<b>60,080</b>	<b>21,939,968</b>
<b>Surplus/(Deficit)</b>		<b>733,046</b>	<b>(273,164)</b>	<b>(467,253)</b>	<b>(60,080)</b>	<b>(67,451)</b>
Transfers between funds		(73,585)	-	73,585	-	-
Transfers to General Fund, Singapore	10	(3,000,000)	-	-	-	(3,000,000)
<b>Net movements in funds</b>		<b>(2,340,539)</b>	<b>(273,164)</b>	<b>(393,668)</b>	<b>(60,080)</b>	<b>(3,067,451)</b>
<b>Reconciliation of Funds</b>						
<b>Total funds brought forward</b>		<b>11,983,286</b>	<b>1,122,559</b>	<b>3,002,838</b>	<b>242,165</b>	<b>16,350,848</b>
<b>Total funds carried forward</b>		<b>9,642,747</b>	<b>849,395</b>	<b>2,609,170</b>	<b>182,085</b>	<b>13,283,397</b>

The accompanying notes form an integral part of these financial statements

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

**STATEMENT OF FINANCIAL POSITION**  
*as at 31 March 2014*

	<u>Note</u>	<u>2014</u> S\$	<u>2013</u> S\$
<b><u>Assets</u></b>			
<b>Non-current assets</b>			
Plant and equipment	11	849,395	1,122,560
Investment in financial assets	12	<u>3,826,405</u>	<u>3,941,267</u>
		<u>4,675,800</u>	<u>5,063,827</u>
<b>Current assets</b>			
Investment in financial assets	12	1,588,330	1,296,769
Trade and other receivables	13	620,322	531,362
Fixed deposits	14	5,871,190	8,645,426
Cash and cash equivalents	14	<u>1,870,751</u>	<u>1,401,562</u>
		<u>9,950,593</u>	<u>11,875,119</u>
<b>Total assets</b>		<u>14,626,393</u>	<u>16,938,946</u>
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Trade and other payables	15	<u>1,342,996</u>	<u>588,098</u>
<b>Total liabilities</b>		<u>1,342,996</u>	<u>588,098</u>
<b>Net assets</b>		<u>13,283,397</u>	<u>16,350,848</u>
<b>Represented by:</b>			
<b><u>Fund and reserve balances</u></b>			
Capital contribution funds	16	849,395	1,122,559
Designated (operational) funds	17	2,609,170	3,002,838
Restricted funds	18	182,085	242,165
Unrestricted funds		<u>9,642,747</u>	<u>11,983,286</u>
<b>Total funds and reserves</b>		<u>13,283,397</u>	<u>16,350,848</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 2014*

	<u>Note</u>	<u>2014</u> S\$	<u>2013</u> S\$
<b>Cash flows from operating activities</b>			
(Deficit)/Surplus for the year		(67,451)	3,256,597
Adjustments for:			
Depreciation		273,164	116,549
Provision for unconsumed leave		63,729	2,881
Loss/(Gain) on disposal of investment in financial assets		10,055	(1,790)
Interest income		(211,997)	(232,511)
Operating cash flows before changes in working capital		<u>67,500</u>	<u>3,141,726</u>
Restricted cash		(638,194)	-
Trade and other receivables		(106,735)	173,750
Trade and other payables		691,170	13,437
<b>Net cash flows generated from operating activities</b>		<u>13,741</u>	<u>3,328,913</u>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		-	(237,100)
Proceeds from sale of investment in financial assets		2,251,190	3,370,373
Purchase of investments in financial assets		(2,437,944)	(401,612)
Interest received		229,772	221,852
<b>Net cash flows generated from investing activities</b>		<u>43,018</u>	<u>2,953,513</u>
<b>Cash flows from financing activities</b>			
Transfers to General Fund, Singapore		(3,000,000)	(1,500,000)
<b>Net cash flows used in financing activities</b>		<u>(3,000,000)</u>	<u>(1,500,000)</u>
<b>Net change in cash and cash equivalents</b>		(2,943,241)	4,782,426
<b>Cash and cash equivalents at beginning of financial year</b>		10,046,988	5,264,562
<b>Cash and cash equivalents at end of financial year</b>	14	<u>7,103,747</u>	<u>10,046,988</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 2014*

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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").

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

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.

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**2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year.

**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 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.

**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.

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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. The Organisation's policy is to capitalise assets that cost more than S\$10,000.

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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

**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) Designated (operational) Funds

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

d) Restricted Funds

These are donations held for restricted purposes as specified by the donors.

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**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 as at the end of the reporting 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
  - 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 or other receivable is impaired. To determine whether there is objective evidence of impairment,

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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 13 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

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 11. 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 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 was as follows:

	<u>2014</u> S\$	<u>2013</u> S\$
Total value of tax exempt receipts issued	<u>6,109,045</u>	<u>6,785,192</u>

**5. Investment income**

	<u>2014</u> S\$	<u>2013</u> S\$
Interest income		
- Bank	-	11
- Bonds	169,898	179,216
- Fixed deposits	42,099	53,284
Foreign exchange gain	69,211	-
Gain on sale of investment	-	1,790
	<u>281,208</u>	<u>234,301</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.

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for the financial year ended 31 March 2014

6. Manpower costs

	<u>Costs of generating voluntary income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Total</u> S\$
<u>2014</u>			
Employees' salaries and bonuses	362,234	7,534,069	7,896,303
CPF contributions, SDF and FWL	54,789	1,449,719	1,504,508
Staff benefits and development	5,975	878,589	884,564
Contract manpower services	1,800	508,796	510,596
	<u>424,798</u>	<u>10,371,173</u>	<u>10,795,971</u>
<u>2013</u>			
Employees' salaries and bonuses	328,746	7,556,387	7,885,133
CPF contributions, 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>

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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NOTES TO THE FINANCIAL STATEMENTS  
for the financial year ended 31 March 2014

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>2014</u>				
Appeals materials	80,590	-	-	80,590
Client insurance	-	3,075	-	3,075
Education and recreation	-	9,505	1,348	10,853
Food and refreshment	23,363	-	-	23,363
Fund raising and related materials	-	-	24,190	24,190
Maintenance of equipment and furnishings	-	-	4,533	4,533
Maintenance of land and building	-	471	-	471
Non property licence and insurance	-	129,180	13,753	142,933
Postage and communications	80,487	87,061	5,182	172,730
Printing and stationery	5,609	40,743	3,019	49,371
Professional and support fees	-	554	5,705	6,259
Recruitment expenses	-	8,634	-	8,634
Rental of building	15,600	-	-	15,600
Rental of equipment and furnishings	-	13,101	1,080	14,181
Staff benefits and development	-	-	3,510	3,510
Transaction fees and charges	76,239	-	-	76,239
Travelling	-	16,548	1,869	18,417
Utilities	-	-	7,842	7,842
Other expenses	-	1,465	5,791	7,256
	<u>281,888</u>	<u>310,337</u>	<u>77,822</u>	<u>670,047</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
*for the financial year ended 31 March 2014*

	<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 licence 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>

**8. Investment management costs**

	<u>2014</u> S\$	<u>2013</u> S\$
Investment management and brokerage costs	5,028	2,501
Loss on sale of investment	10,055	-
Foreign exchange loss	-	40,244
	<u>15,083</u>	<u>42,745</u>

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**9. Operating costs**

	<u>2014</u> S\$	<u>2013</u> S\$
<u>Costs of charitable activities</u>		
Assistance to clients and families	143,236	138,254
Bad debts	10,800	406
Education and recreation	290,790	276,651
Food and refreshment	1,881,968	1,743,415
Goods and services tax	491,350	436,791
Housekeeping	247,330	201,332
Maintenance of equipment and furnishings	718,124	301,061
Maintenance of vehicles	107,118	99,992
Medical services and supplies	1,479,754	1,282,196
Printing and stationery	17,993	15,858
Rental of building	1,350,842	1,438,058
Rental of vehicle	240,681	227,994
Utilities	973,559	990,898
	<u>7,953,545</u>	<u>7,152,906</u>

**10. Transfer to General Fund, Singapore**

The Organisation embarked on an ERP implementation for Finance, Human Resource and Programme functions. The transfer of S\$3,000,000 (2013: S\$1,500,000) to General Fund, Singapore is part of the Fund's share of the project.

**11. Plant and equipment**

	<u>Equipment</u> S\$	<u>Motor vehicle</u> S\$	<u>Asset under construction</u> S\$	<u>Total</u> S\$
Cost:				
At 01/04/2012	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
Additions	-	-	-	-
Reclassification	691,257	-	(691,257)	-
At 31/03/2014	<u>986,554</u>	<u>654,308</u>	<u>-</u>	<u>1,640,862</u>
Accumulated depreciation:				
At 01/04/2012	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
Depreciation for the year	175,001	98,164	-	273,165
At 31/03/2014	<u>351,946</u>	<u>439,521</u>	<u>-</u>	<u>791,467</u>
Net carrying amount:				
At 31/03/2013	<u>118,352</u>	<u>312,951</u>	<u>691,257</u>	<u>1,122,560</u>
At 31/03/2014	<u>634,608</u>	<u>214,787</u>	<u>-</u>	<u>849,395</u>

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**12. Investment in financial assets**

	<u>2014</u> S\$	<u>2013</u> S\$
Quoted bonds, at cost	5,287,303	5,219,591
Cash with fund manager for investment purpose	127,432	18,445
	<u>5,414,735</u>	<u>5,238,036</u>
Presented in the statement of financial position as:		
Current	1,588,330	1,296,769
Non-current	3,826,405	3,941,267
	<u>5,414,735</u>	<u>5,238,036</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 was S\$5,787,246 (FY2013: S\$5,249,239).

Movements during the year:

	<u>2014</u> S\$	<u>2013</u> S\$
At beginning of financial year	5,238,036	8,205,007
Additions	2,437,944	401,612
Disposals*	(1,775,982)	(1,977,186)
Allocation difference*	(485,263)	(1,391,397)
At end of financial year	<u>5,414,735</u>	<u>5,238,036</u>
Reconciled to the cash flow statement as follows:		
Proceeds from sale of investment assets	2,251,190	3,370,373
Loss/(Gain) on disposal of investment assets	10,055	(1,790)
Total of *	<u>2,261,245</u>	<u>3,368,583</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.

**13. Trade and other receivables**

	<u>2014</u> S\$	<u>2013</u> S\$
Accrued interest from investment assets	44,494	62,269
Government grant receivable	44,106	30,993
Other receivables	41,812	13,376
Prepayments	399	2,601
Programme fee receivable	489,511	422,123
	<u>620,322</u>	<u>531,362</u>

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**14. Cash and cash equivalents**

	<u>2014</u> S\$	<u>2013</u> S\$
Cash and bank balances:		
- Cash in hand	19,032	17,466
- Cash at bank	<u>1,851,719</u>	<u>1,384,096</u>
Cash and cash equivalents per statement of financial position	1,870,751	1,401,562
Fixed deposits	<u>5,871,190</u>	<u>8,645,426</u>
Cash and cash equivalents at end of reporting period	7,741,941	10,046,988
Less: Monies held on behalf of Medifund	<u>(638,194)</u>	-
Cash and cash equivalents per statement of cash flows	<u><u>7,103,747</u></u>	<u><u>10,046,988</u></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 0.45% and 1.08% (2013: 0.27% and 1.50%) per annum.

**15. Trade and other payables**

	<u>2014</u> S\$	<u>2013</u> S\$
Accruals	230,769	170,103
Deposits collected from patients	194,919	182,720
Other payables	685,284	66,980
Provision for unconsumed leave	<u>232,024</u>	<u>168,295</u>
	<u><u>1,342,996</u></u>	<u><u>588,098</u></u>

Included in accounts payable is an amount of S\$638,194 (2013: Nil) of monies received on behalf of Medifund, an endowment fund set up by the Singapore government to assist needy Singaporeans to pay for medical care. The amount would be set off against the programme fee receivable from specific patients upon review and approval by the Organisation's Medifund committee.

**16. Capital contribution funds**

	<u>2014</u> S\$	<u>2013</u> S\$
At beginning of financial year	1,122,559	1,002,008
Income	-	-
Expenditures	(273,164)	(116,549)
Transfers from designated (operational) funds (Note 17)	-	163,600
Transfers from restricted funds (Note 18)	-	73,500
At end of financial year	<u><u>849,395</u></u>	<u><u>1,122,559</u></u>

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17. Designated (operational) funds

	<u>Children education</u> S\$	<u>Furniture, fittings and equipments reserves</u> S\$	<u>Programme reserves</u> S\$	<u>Vehicle reserves</u> S\$	<u>Special projects</u> S\$	<u>Total</u> S\$
At 01/04/2012	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)
Transfers to capital contribution funds (Note 16)	-	(30,000)	-	(133,600)	-	(163,600)
Transfers from restricted funds (Note 18)	-	-	-	-	1,274,322	1,274,322
Transfers 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
Income	2,549	-	4,970	21,697	151,122	180,338
Expenditures	-	(219,359)	-	-	(428,232)	(647,591)
Transfers from unrestricted funds	-	-	(10,099)	83,684	-	73,585
At 31/03/2014	119,404	181,499	227,768	1,058,287	1,022,212	2,609,170

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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**18. Restricted funds**

	<u>Special projects</u> S\$	<u>IngoT system</u> S\$	<u>Total</u> S\$
At 01/04/2012	138,216	355,000	493,216
Income	1,563,972	-	1,563,972
Expenditures	(419,439)	(47,762)	(467,201)
Transfers to capital contribution funds (Note 16)	-	(73,500)	(73,500)
Transfers to designated (operational) funds (Note 17)	(1,274,322)	-	(1,274,322)
At 31/03/2013	8,427	233,738	242,165
Income	-	-	-
Expenditures	(6,080)	(54,000)	(60,080)
At 31/03/2014	<u>2,347</u>	<u>179,738</u>	<u>182,085</u>

**19. 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>2014</u> S\$	<u>2013</u> S\$
<i>Transactions with General Fund, Singapore</i>		
Costs of charitable activities:		
- Assistance to clients and families	-	11,000
- Education and recreation	2,596	-
- Food purchased	200	-
- Laptop levy	720	720
- Rental of building	3,000	20,581
- Staff health benefit	2,280	5,400
- Staff training and development	103,200	101,381
Governance costs:		
- HQ admin support	1,277,590	1,177,475
- Retreat	350	-
Transfer to General Fund, Singapore:		
- Computerisation reserve	3,000,000	1,500,000

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	<u>2014</u> S\$	<u>2013</u> S\$
<i>Transactions with Property Fund, Singapore</i>		
Costs of generating funds:		
- Rental of building	-	15,600
Costs of charitable activities:		
- Property maintenance levy	37,200	10,800
- Rental of building	1,293,591	1,377,422
- Rental of quarters	76,149	81,535
Governance costs:		
- Rental of building	-	4,680
	<u>-</u>	<u>4,680</u>

b) Compensation of key management personnel

	<u>2014</u> S\$	<u>2013</u> S\$
Salaries and other short term employee benefits	<u>142,955</u>	<u>133,622</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.

**20. 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>2014</u> S\$	<u>2013</u> S\$
Capital commitments to acquire motor vehicles	<u>219,976</u>	<u>-</u>



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b) Purchase commitments

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

	<u>2014</u> S\$	<u>2013</u> S\$
Commitment to purchase medical beds and other programme equipment	-	<u>189,940</u>

c) Operating lease commitments – as lessee

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

	<u>2014</u> S\$	<u>2013</u> S\$
Not later than one year	19,483	13,752
Later than one year but not later than five years	<u>23,167</u>	<u>35,166</u>
	<u>42,650</u>	<u>48,918</u>

During the financial year, lease payment recognised as expenditure in the statement of financial activities amounted to S\$14,181 (2013: S\$14,628).

**21. 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.