

**CANOSSAVILLE CHILDREN'S HOME**

[UEN. S87CC0462K]

[IPC No. IPC000372]

[Registered under Charities Act  
(Chapter 37) in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS**

**FDR THE YEAR ENDED**

**31 DECEMBER 2014**

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**STATEMENT BY THE MANAGEMENT COMMITTEE**

In the opinion of the Management Committee, the accompanying financial statements as set out on pages 5 to 26 are drawn up so as to give a true and fair view of the state of affairs of Canossaville Children's Home (the "Home") as at 31 December 2014 and of its results of financial activities, the changes in funds and cash flows of the Home for the year then ended.

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

The Management Committee, comprising the following, authorised the issue of these financial statements on **15 APR 2015**

Chairman	Ms Selvathi d/o A Sambasivam	(Appointed on 9 September 2014)
Secretary	Mr Michael Kuah	
Treasurer	Ms Adeline Tan Li Kiang	
Supervisor	Sr Marilyn Lim Sock Cheng	
Vice Chairman	Mr Eugene Tan	
Committee Member	Mr Dominic Chia Heng Chian	(Appointed on 12 November 2014)
Committee Member	Ms Lim Luck Siew	(Appointed on 2 January 2015)
Committee Member	Ms Pauline Goh	
Committee Member	Ms Peggy Yee May Kuen	
Committee Member	Sr Rose Low	

For and on behalf of the Management Committee,



Selvathi d/o A Sambasivam  
Chairman



Adeline Tan Li Kiang  
Treasurer

Singapore,

**15 APR 2015**

## Suhaimi Salleh & Associates

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Independent auditors' report to the members of:

### **CANDSSAVILLE CHILDREN'S HOME**

[UEN. S87CC0462K]  
[IPC No. IPC000372]  
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### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Canossaville Children's Home** (the "Home") as set out on pages 5 to 26, which comprise the statement of financial position as at 31 December 2014, the statement of financial activities, the statement of changes in funds and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Charities Act (Chapter 37) and Charities Accounting Standard, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

#### *Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 controls relevant to the entity's preparation of the 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

## Suhaimi Salleh & Associates

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(CONT'D)

Independent auditors' report to the members of:

### **CANOSSAVILLE CHILDREN'S HOME**

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#### *Opinion*


In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Charities Act (Chapter 37) and Charities Accounting Standard so as to give a true and fair view of the state of affairs of the Home as at 31 December 2014, and the results, changes in funds and cash flows of the Home for the financial year ended on that date.

#### *Report on other Legal and Regulatory Requirements*

In our opinion, the accounting and other records required by the regulations enacted under the Charities Act (Chapter 37) to be kept by the Charity have been properly kept in accordance with those regulations.

During the course of our audit, nothing has come to our attention that the 30% cap mentioned in Regulation 15 (1) of the Charities Act, Cap. 37 (Institutions of a Public Character) Regulations 2007 and as amended by Charities (Institutions of a Public Character) (Amendments) Regulations 2008 has been exceeded.

The use of donation money is in accordance with the objectives of the Home.



**Suhaimi Salleh & Associates**  
Public Accountants and  
Chartered Accountants  
Singapore,

**15 APR 2015**

Partner-in-charge: Dng Lien Wan  
PAB. No.: 01360

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

	Note	2014 S\$	2013 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	687,717	365,720
Fixed deposits	5	1,237,562	1,283,270
Accounts and other receivables	6	23,039	212,509
Inventories	7	7,793	8,493
		<u>1,956,111</u>	<u>1,869,992</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	<u>863,188</u>	<u>1,083,941</u>
<b>Total assets</b>		<u>2,819,299</u>	<u>2,953,933</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts and other payables	9	<u>92,819</u>	<u>205,568</u>
<b>Total liabilities</b>		<u>92,819</u>	<u>205,568</u>
<b>NET ASSETS</b>		<u>2,726,480</u>	<u>2,748,365</u>
<b>FUNDS</b>			
<b>Unrestricted funds</b>			
Accumulated general funds	10	2,536,578	1,581,625
<b>Restricted funds</b>			
- Charity project funds	10	532	0
- CCH project makeover funds		189,370	824,365
- Renovation funds		0	342,375
		<u>2,726,480</u>	<u>2,748,365</u>

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	2014				Total funds S\$	2013 Total funds S\$
	Unrestricted funds	Restricted funds				
	Accumulated general funds S\$	CCH project makeover S\$	Charity project fund S\$	Renovation funds S\$		
<b>INCOME</b>						
<b>Income from generating funds</b>						
Voluntary income						
- Donations – Tax exempt	647,345	0	0	0	647,345	1,048,847
- Donations – Non-tax exempt	125,807	0	0	0	125,807	85,785
- Donations in kind	12,425	0	0	0	12,425	13,019
- Grants and funding	181,075	0	0	0	181,075	306,296
	<u>966,652</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>966,652</u>	<u>1,453,947</u>
<b>Income from charitable activities</b>						
Community Development Council fees subsidy	63,601	0	0	0	63,601	61,261
Charity projects fund	0	0	532	0	532	0
Residential payment	34,955	0	0	0	34,955	34,411
Student care fees	85,590	0	0	0	85,590	71,902
	<u>184,146</u>	<u>0</u>	<u>532</u>	<u>0</u>	<u>184,678</u>	<u>167,574</u>
<b>Investment income</b>						
Interest income – Fixed deposits	11,118	0	0	0	11,118	14,856
<b>Other income</b>						
Café Verona income	211	0	0	0	211	2,944
Interest income	120	0	0	0	120	123
Sundry income	5,909	0	0	0	5,909	7,517
	<u>6,240</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,240</u>	<u>10,584</u>
<b>Total income</b>	<u>1,168,156</u>	<u>0</u>	<u>532</u>	<u>0</u>	<u>1,168,688</u>	<u>1,646,961</u>

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)**

	Note	2014				Total funds	2013 Total funds
		Unrestricted funds	Restricted funds				
		Accumulated general funds	CCH project makeover	Charity project fund	Renovation funds		
	S\$	S\$	S\$	S\$	S\$	S\$	
<b>EXPENDITURE</b>							
<b>Cost of charitable activities</b>							
Allowance for bad debts	6	9,950	0	0	0	9,950	7,750
Bad debts		395	0	0	0	395	2,565
Charity project expenses		0	0	0	0	0	3,688
Children's expenses		54,180	0	0	0	54,180	35,571
Contributions for premises and facilities		48,000	0	0	0	48,000	48,000
Cafe Verona expenses		69	0	0	0	69	5
Fund raising expenses		22,120	0	0	0	22,120	
Household expenses		1,300	0	0	0	1,300	699
Miscellaneous charges		7,235	0	0	0	7,235	438
Minor assets		3,590	0	0	0	3,590	0
Other supplies		662	0	0	0	662	729
Repair and maintenance		32,584	0	0	0	32,584	22,163
Service charges		5,742	0	0	0	5,742	6,709
Staff costs	11	494,543	0	0	0	494,543	358,862
Stationery and printing		76	0	0	0	76	793
Sundry Expenses - Christmas Function		1,746	0	0	0	1,746	166
Sundry Expenses - CCH Bonding Night		4,324	0	0	0	4,324	2,259
Transport expenses		29	0	0	0	29	557
Upkeep of motor vehicle		3,645	0	0	0	3,645	2,271
Utility charges		20,273	0	0	0	20,273	21,780
Volunteer expenses		5,218	0	0	0	5,218	6,125
		<u>715,681</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>715,681</u>	<u>521,130</u>

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'O)

	Note	2014				Total funds	2013 Total funds
		Unrestricted funds	Restricted funds				
		Accumulated general funds	CCH project makeover	Charity project fund	Renovation funds		
	S\$	S\$	S\$	S\$	S\$	S\$	
<b>EXPENDITURE (Cont'd)</b>							
<b>Governance and administrative costs</b>							
Accounting fees		12,840	0	0	0	12,840	12,840
Administration fees		2,241	0	0	0	2,241	2,568
Audit fees		3,700	0	0	0	3,700	4,300
Bank charges		366	0	0	0	366	297
Catering and refreshment		150	0	0	0	150	56
CCH Project Makeover expenses		0	3,902	0	0	3,902	31,016
Depreciation of property, plant and equipment	8	11,110	128,726	0	85,615	225,451	22,901
IT support and maintenance		3,350	0	0	0	3,350	3,470
Miscellaneous charges		1,867	0	0	0	1,867	1,895
Minor assets		618	0	0	0	618	0
Office supplies		1,655	0	0	0	1,655	1,095
Other supplies		111	0	0	0	111	1,956
Postage and couriers		353	0	0	0	353	831
Printing and stationery		6,546	0	0	0	6,546	4,501
Repair and maintenance		6,741	0	0	0	6,741	3,614
Staff costs	11	196,811	0	0	0	196,811	190,520
Telephone charges		3,578	0	0	0	3,578	2,140
Transportation		165	0	0	0	165	253
Upkeep of motor vehicle		585	0	0	0	585	0
Utility charges		3,862	0	0	0	3,862	4,136
		<u>256,649</u>	<u>132,628</u>	<u>0</u>	<u>85,615</u>	<u>474,892</u>	<u>288,389</u>
<b>TOTAL EXPENDITURE</b>		<u>972,330</u>	<u>132,628</u>	<u>0</u>	<u>85,615</u>	<u>1,190,573</u>	<u>809,519</u>



**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)**

	2014				Total funds	2013 Total funds
	Unrestricted funds	Restricted funds				
	Accumulated general funds	CCH project makeover	Charity project fund	Renovation funds		
	S\$	S\$	S\$	S\$	S\$	S\$
<b>NET INCOME/(EXPENITURE) FOR THE YEAR</b>	195,826	(132,628)	532	(85,615)	(21,885)	837,442
<b>TRANSFERS</b>	759,127	(502,367)	0	(256,760)	0	0
<b>TOTAL FUNDS BROUGHT FORWARD</b>	<u>1,581,625</u>	<u>824,365</u>	<u>0</u>	<u>342,375</u>	<u>2,748,365</u>	<u>1,910,923</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>2,536,578</u>	<u>189,370</u>	<u>532</u>	<u>0</u>	<u>2,726,480</u>	<u>2,748,365</u>

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

**STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	General funds S\$	Restricted funds			Total S\$
		CCH project makeover S\$	Charity project funds S\$	Renovation fund S\$	
<b>2014</b>					
<b>FUNDS</b>					
<b>Balance at beginning of year</b>	1,581,625	824,365	0	342,375	2,748,365
Net income / (expenditure) for the year	195,826	(132,628)	532	(85,615)	(21,885)
Fund transfers to accumulated fund	759,127	(502,367)	0	(256,760)	0
<b>Balance at end of year</b>	<u>2,536,578</u>	<u>189,370</u>	<u>532</u>	<u>0</u>	<u>2,726,480</u>
<b>2013</b>					
<b>FUNDS</b>					
<b>Balance at beginning of year</b>	1,699,739	0	11,088	200,096	1,910,923
(Net expenditure) / income for the year	(126,124)	824,365	(3,078)	142,279	837,442
Fund transfers to accumulated fund	8,010	0	(8,010)	0	0
<b>Balance at end of year</b>	<u>1,581,625</u>	<u>824,365</u>	<u>0</u>	<u>342,375</u>	<u>2,748,365</u>

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

**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Note	2014 S\$	2013 S\$
<b>Cash flows from operating activities</b>			
Net (expenditure)/income for the year		(21,885)	837,442
Adjustments for:			
- Depreciation of property, plant and equipment	6	225,451	22,901
- Interest income		(11,118)	(14,856)
- Profit on disposal of property, plant and equipment		0	0
Operating cash flow before working capital changes		192,448	845,487
Changes in working capital			
- Inventories		700	(3,818)
- Accounts and other receivable		189,470	(192,618)
- Accounts and other payables		(112,749)	155,124
<b>Net cash generated from operating activities</b>		<u>269,869</u>	<u>804,175</u>
<b>Cash flows from investing activities</b>			
Interest received		11,118	12,397
Investment in long term fixed deposits		(154,292)	0
Purchases of property, plant and equipment	8	(4,698)	(1,071,702)
Withdrawal from fixed deposits	6	0	115,681
<b>Net cash used in investing activities</b>		<u>(147,872)</u>	<u>(943,624)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		121,997	(139,449)
Cash and cash equivalents at beginning of financial year		565,720	505,169
<b>Cash and cash equivalents at end of financial year</b>	4	<u>687,717</u>	<u>365,720</u>
<b>Cash and cash equivalents comprise:</b>			
Fixed deposits		150,000	0
Cash on hand		534,377	2,600
Cash in bank		3,340	363,120
	4	<u>687,717</u>	<u>365,720</u>

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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

**1. General information**

Canossaville Children's Home ("the Home") was established on 1 August 1941 under the direction of the Daughters of the Canossian Institute (No. 47 of 1949 Ordinance of Incorporation). The Home is a charity registered under the Charities Act (Chapter 37) on 29 June 1987. The Home's registered address and principal place of business is at 1 Sallim Road, Singapore 387621.

The principal activities of the Home are to provide shelter, residential and student care services for children.

The Home has been accorded the Institutions of a Public Character ("IPC") status for the period from 1 October 2014 to 31 January 2017.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with Charities Accounting Standard ("CAS") and the disclosure requirements of the Charities Act (Chapter 37). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

The preparation of these financial statements in conformity with CAS requires management to exercise its judgement in the process of applying the Home's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenditure during the financial year. Although these estimates are based on Management Committee's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

## **2. Significant accounting policies (Cont'd)**

### **2.2 Revenue recognition**

Income is recognised in the statement of financial activities when the effect of transaction or other event results in an increase in the Home's net assets. Income is recognised as follows:

#### **2.2.1 Donations and Donations-in-kind**

Donations are recognised in the statement of financial activities upon receipt. Donations subject to donor-imposed conditions that specify the time period in which the expenditure can take place are accounted for as deferred income and recognised as a liability until the financial period in which the Home is allowed by the condition to expend the income.

Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

#### **2.2.2 Grants**

Grants including those for the acquisition of property, plant and equipment are recognised as income when there is evidence of entitlement, which will normally exist when the grant is formally expressed in writing. Where entitlement is demonstrable and no conditions are attached, such promises are recognised as income once the criteria of certainty and measurement are met.

Grants with conditions attached are only recognised as income when there is sufficient evidence that the conditions have been met.

#### **2.2.3 Revenue from services**

Revenue from services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

#### **2.2.4 Interest income**

Interest income on bank current accounts and fixed deposits placed with banks are recognised on a time-proportion basis using the effective interest method.

#### **2.2.5 Other income**

Other income is recognised upon receipt.

### **2.3 Cost recognition**

All expenditure is accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

#### **2.3.1 Cost of generating funds from fund-raising activities**

Costs that are directly attributable to the fund-raising activities are separated from those costs incurred in undertaking charitable activities.

**2. Significant accounting policies (Cont'd)**

**2.3 Cost recognition (Cont'd)**

2.3.2 Cost of charitable activities

Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Home.

2.3.3 Governance and administrative costs

Governance costs include the costs of governance arrangement, which relate to the general running of the Home, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

**2.4 Property, plant and equipment**

2.4.1 Measurement

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

The cost of an item of property, plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.4.2 Depreciation

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

	Useful lives
Computers	1 to 3 years
Office furniture and fitting	1 to 10 years
Motor vehicle	5 years
Renovation	5 years
Software	1 year

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

2.4.3 Subsequent expenditure

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

**2. Significant accounting policies (Cont'd)**

**2.4 Property, plant and equipment (Cont'd)**

2.4.4 Disposal

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

**2.5 Financial assets**

2.5.1 Recognition and measurement

Trade and other receivables, excluding prepayments, are initially recognised at their transaction price, excluding transaction costs, if any. Transaction costs shall be 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.

Trade and other receivables are subsequently measured at cost less accumulated impairment losses.

2.5.2 Derecognition

Trade and other receivables are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Home has transferred substantially all risks and rewards of ownership.

2.5.3 Impairment

The Home assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An allowance for impairment of trade and other receivables is recognised when there is objective evidence that the Home will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments is considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the undiscounted future cash flows that the Home expects to receive. The amount of the allowance for impairment is recognised in the statement of financial activities within "Governance and administrative costs".

Subsequently, if the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the Home shall reverse the previously recognised impairment loss. The reversal shall not result in any carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of reversal is recognised in the statement of financial activities.

**2. Significant accounting policies (Cont'd)**

**2.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and, short-term and highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

**2.7 Financial liabilities**

Financial liabilities are recognised when the Home becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include "Trade and other payables".

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expire. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

**2.8 Accounts and other payables**

Accounts 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 shall be recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

**2.9 Provisions**

Provisions for other liabilities and charges are recognised when the Home has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

**2.10 Related parties**

Related parties are entities with one or more common management committee members. Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial and operating decisions.

**2.11 Employee compensation**

*Defined contribution plans*

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

*Employee leave entitlement*

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



## **2. Significant accounting policies (Cont'd)**

### **2.12 Leases**

#### *Operating leases*

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to statement of comprehensive income. Contingent rents are recognised as an expense in the statement of comprehensive income in the financial year in which they are incurred.

### **2.13 Currency translation**

Transactions denominated in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at the closing rate at the statement of financial position date of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial activities.

## **3. Critical accounting estimates, assumptions and judgements**

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

#### ***Critical judgements in applying the entity's accounting policies***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### ***Estimated useful lives of property, plant and equipment***

The Home reviews annually the estimated useful lives of property, plant and equipment based on factors such as operating plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

**3. Critical accounting estimates, assumptions and judgements (Cont'd)**

***Critical judgements in applying the entity's accounting policies (Cont'd)***

*Allowance for impairment of receivables*

The Home reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluates the risks of collection according to the credit standing and collection history of individual client. If there are indications that the financial position of a client has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

**4. Cash and cash equivalents**

	2014 S\$	2013 S\$
Cash on hand	3,340	2,600
Cash in banks	534,377	363,120
Short term-fixed deposits	150,000	0
	<u>687,717</u>	<u>365,720</u>

Fixed deposits have maturity of 3 months and have interest rates of 0.5455% (2013: Nil).

**5. Fixed deposits**

	2014 S\$	2013 S\$
Long term-fixed deposits	<u>1,237,562</u>	<u>1,283,270</u>

Fixed deposits have maturity of 12 months (2013 : 12 months) and have interest rates ranging from 0.35% to 1.38% (2013 : 0.35% to 1.22%)

**6. Accounts and other receivables**

	2014 S\$	2013 S\$
Accounts receivables	19,276	9,120
Less: Allowance for impairment	<u>(17,700)</u>	<u>(7,750)</u>
	1,576	1,370
Grant receivables	0	196,000
Other receivables		
- Interest receivables	4,498	9,534
- Other debtors	2,192	4,686
- Prepayments	14,773	919
	<u>23,039</u>	<u>212,509</u>

**6. Accounts and other receivables (Cont'd)**

	2014 S\$	2013 S\$
Movement of allowance for impairment is as follows:		
- Opening balance brought forward	7,750	0
- Provision during the year	9,950	7,750
- Closing balance carried forward	<u>17,700</u>	<u>7,750</u>

**7. Inventories**

	2014 S\$	2013 S\$
Gift vouchers	<u>7,793</u>	<u>8,493</u>

**8. Property, plant and equipment**

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
<b>2014</b>				
<b>Cost</b>				
<b>General funds</b>				
Computers	4,580	0	0	4,580
Office furniture and fittings	69,267	4,698	0	73,965
Motor vehicle	46,767	0	0	46,767
Software	112,011	0	0	112,011
<b>CCH Project Makeover fund</b>				
Furniture and fittings	115,885	0	0	115,885
Renovation	527,743	0	0	527,743
<b>Renovation funds</b>				
Furniture and fittings	15,649	0	0	15,649
Renovation	412,425	0	0	<u>412,425</u>
	<u>1,304,327</u>	4,698	0	<u>1,309,025</u>

**8. Property, plant and equipment (Cont'd)**

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
<b>2014 (Cont'd)</b>				
<b>Accumulated depreciation</b>				
<b>General funds</b>				
Computers	4,580	0	0	4,580
Office furniture and fittings	66,976	1,757	0	68,733
Motor vehicle	28,060	9,353	0	37,413
Software	112,011	0	0	112,011
<b>CCH Project Makeover fund</b>				
Furniture and fittings	0	23,177	0	23,177
Renovation	0	105,549	0	105,549
<b>Renovation funds</b>				
Furniture and fittings	1,826	3,130	0	4,956
Renovation	6,933	82,485	0	89,418
	<u>220,386</u>	<u>225,451</u>	<u>0</u>	<u>445,837</u>
<b>Net book value</b>				
<b>General funds</b>				
Computers	0			0
Office furniture and fittings	2,291			5,232
Motor vehicle	18,707			9,354
Software	0			0
<b>CCH Project Makeover fund</b>				
Furniture and fittings	115,885			92,708
Renovation	527,743			422,194
<b>Renovation funds</b>				
Furniture and fittings	13,823			10,693
Renovation	405,492			323,007
	<u>1,083,941</u>			<u>863,188</u>

**8. Property, plant and equipment (Cont'd)**

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of Year S\$
<b>2013</b>				
<b>Cost</b>				
<b>General funds</b>				
Computers	4,580	0	0	4,580
Office furniture and fittings	70,600	0	(1,333)	69,267
Motor vehicle	46,767	0	0	46,767
Software	112,011	0	0	112,011
<b>CCH Project Makeover fund</b>				
Furniture and fittings	0	115,885	0	115,885
Renovation	0	527,743	0	527,743
<b>Renovation funds</b>				
Furniture and fittings	0	15,649	0	15,649
Renovation	0	412,425	0	412,425
	<u>233,958</u>	<u>1,071,702</u>	<u>(1,333)</u>	<u>1,304,327</u>

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
<b>Accumulated depreciation</b>				
<b>General funds</b>				
Computers	4,580	0	0	4,580
Office furniture and fittings	63,520	4,789	(1,333)	66,976
Motor vehicle	18,707	9,353	0	28,060
Software	112,011	0	0	112,011
<b>CCH Project makeover fund</b>				
Furniture and fittings	0	0	0	0
Renovation	0	0	0	0
<b>Renovation funds</b>				
Furniture and fittings	0	1,826	0	1,826
Renovation	0	6,933	0	6,933
	<u>198,818</u>	<u>22,901</u>	<u>(1,333)</u>	<u>220,386</u>

**8. Property, plant and equipment (Cont'd)**

	Balance at beginning of year S\$	Balance at end of Year S\$
<b>2013</b>		
<b>Net book value</b>		
<b>General funds</b>		
Computers	0	0
Office furniture and fittings	7,080	2,291
Motor vehicle	28,060	18,707
Software		0
<b>CCH Project makeover fund</b>		
Furniture and fittings	0	115,885
Renovation	0	527,743
<b>Renovation funds</b>		
Furniture and fittings	0	13,823
Renovation	0	405,492
	<u>35,140</u>	<u>1,083,941</u>

**9. Accounts and other payables**

	2014 S\$	2013 S\$
Accounts payables	30,113	158,489
Other payables		
- Amount received in advance	11,902	7,710
- Accruals	49,817	37,352
- Resident's deposits	987	2,017
	<u>92,819</u>	<u>205,568</u>

**10. Funds**

**Unrestricted funds**

Unrestricted funds are expendable at the direction of the Management Committee in furtherance of the Home's objects.

**Restricted funds**

Restricted funds are funds subject to specific trusts, which may be declared by the donor(s) or with their authority or created through legal process, but still within wider objects of the Home.

**10. Funds (Cont'd)**

As at the reporting date, the Home has the following funds:

**Charity Project Funds**

This is made up of various funds given to the Home for the following purposes:

(a) Straits Times School Pocket Money Fund

This fund administrated by National Council of Social Services (NCSS) provides resident children with school pocket money.

(b) Citi-YMCA Youth For Causes

This fund was provided by Citi Foundation, which was initiated by Citi and the YMCA of Singapore for selected student groups.

**Renovation Funds**

These represent restricted funds set aside by the Home for repairs, renovation and cyclical maintenance of the Home.

In 2014, an amount of S\$256,760 was transferred from Renovation funds to the General funds as it was utilised in last year for its renovation purposes.

**CCH Project Makeover Funds**

CCH Project Makeover Funds are monies raised for a specific renovation project with the support of ESM Goh Chok Tong and the MacPherson and Marine Parade communities. The monies were utilised to upgrade aging dormitories, toilets, dining and laundry facilities and to improve the functional living environment to provide age appropriate activities and supervision, in conformance with MSF Standards of Care for Children and Young Persons.

In 2014, an amount of S\$502,367 was transferred from the CCH project makeover funds to the General funds as it was utilised in last year for its renovation purposes.

**11. Staff costs**

	2014 S\$	2013 S\$
- CPF contributions and SDL	69,104	53,849
- Foreign workers levy	14,760	10,905
- Staff salaries and bonuses	576,626	463,004
- Staff gratuity	2,520	1,522
- Staff welfare and others	28,344	20,102
	<u>691,354</u>	<u>549,382</u>
	2014 S\$	2013 S\$
The staff costs were allocated as follows:		
- Cost of charitable activities	494,543	358,862
- Governance and other administrative costs	196,811	190,520
	<u>691,354</u>	<u>549,382</u>

**12. Income tax**

The Home is a charity registered under the Charities Act since 29 June 1987. Consequently, the income of the Home is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap. 134.

**13. Related party transactions**

The following transactions took place between the Home and related parties during the financial year at terms agreed between the parties:

	2014 S\$	2013 S\$
Advisory fees	21,677	14,962
Contributions for premises and facilities	48,000	48,000
Service charges	5,742	6,709
Utilities charges	<u>20,198</u>	<u>23,979</u>

Similar to prior years, except for one committee member the rest of the committee members are volunteers and receive no monetary remuneration for their Committee services.

The remuneration of key management personnel during the financial year was as follows:

	2014 S\$	2013 S\$
Short term benefits – salary	151,999	144,087
Post employment Contributions to CPF	<u>16,990</u>	<u>14,626</u>
	2014 No. of key management personnel	2013 No. of key management personnel
Remuneration band S\$50,000 – S\$100,000	<u>3</u>	<u>3</u>

The remuneration of key management personnel is determined by the Management Committee.

**14. Financial risk management**

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

**14.1 Interest rate risk**

The Home's income and operating cash flows are not substantially affected by changes in market interest rates as they do not have significant interest-bearing assets or liabilities as at the statement of financial position date.



**14. Financial risk management (Cont'd)**

**14.2 Liquidity risk**

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

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

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
<b>2014</b>			
<b>Financial assets</b>			
Cash and cash equivalents	687,717	0	687,717
Fixed deposits	1,237,562	0	1,237,562
Accounts and other receivables	8,266	0	8,266
	<u>1,933,545</u>	<u>0</u>	<u>1,933,545</u>
<b>Financial liabilities</b>			
Other payables	(92,819)	0	(92,819)
	<u>1,840,726</u>	<u>0</u>	<u>1,840,726</u>
<b>2013</b>			
<b>Financial assets</b>			
Cash and cash equivalents	565,720	0	565,720
Fixed deposits	1,083,270	0	1,083,270
Accounts and other receivables	211,590	0	211,590
	<u>1,860,580</u>	<u>0</u>	<u>1,860,580</u>
<b>Financial liabilities</b>			
Other payables	(205,568)	0	(205,568)
	<u>1,655,012</u>	<u>0</u>	<u>1,655,012</u>

**14.3 Foreign currency risk**

The Home has no exposure to foreign exchange risk arising from normal operating activities. The Home uses natural hedges that arise from offsetting currency exchange rate sensitive assets and liabilities. The Home does not use any derivative financial instruments such as foreign currency forward contracts and currency options to hedge these risks.

**14.4 Credit risk**

The Home has no significant concentrations of credit risk. The Home places cash in financial institutions with high ratings.

**14. Financial risk management (Cont'd)**

**14.5 Capital risk**

The Home's Management Committee manages its working capital to ensure that the Home will be able to continue as a going concern.

**14.6 Fair values**

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

**15 Reserve position and policy**

The Home's reserve position for financial year ended 31 December 2014 is as follows:

		2014	2013	Increase / (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted funds			
	Accumulated general funds	2,537	1,582	60.37
B	Restricted or Designated funds			
	Designated funds	N/A	N/A	N/A
	Restricted funds	189	1,167	(83.80)
C	Endowment funds	N/A	N/A	N/A
D	Total funds	2,726	2,749	(0.84)
E	Total annual operating expenditure	972	766	26.89
F	Ratio of funds to annual operating expenditure (A/E)	2.61	2.06	26.70

Reference:

C. An endowment fund consists of assets, funds or properties that are held in perpetuity which produce annual income flow for a foundation to spend as grants.

D. Total funds include unrestricted, restricted / designated and endowment funds.

E. Total annual operating expenditure includes expenditure related to Cost of charitable activities and Governance and other operating and administration expenditure.

The Home's Reserve Policy is as follows:

The Home will maintain a reserve of not more than 3 years of its annual operating expenditure. This cap will be reviewed yearly by the Management Committee.

**16. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on

15 APR 2015