

CANOSSAVILLE CHILDREN'S HOME

[Unique Entity No. S87CC0462K]

[IPC No. IPC000372]

[Registered as an Exempt Charity]

[Incorporated in the Republic of Singapore]

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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Suhaimi Salleh & Associates

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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 25 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 2013 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 16 APR 2014

Chairperson / Supervisor	Sr Marilyn Lim Sock Cheng	(Appointed on 6 December 2013)
Secretary	Ms Selvathi d/o Sambasivam	
Treasurer	Ms Adeline Tan Li Kiang	
Committee Member	Ms Agnes Chew Geok Kim	
Committee Member	Mr Eugene Tan	
Committee Member	Mr Michael Kuah	
Committee Member	Mr Pauline Goh	
Committee Member	Ms Peggy Sarah Yee May Kuen	
Committee Member	Sr Janet Wang	

For and on behalf of the Management Committee,



Sr Marilyn Lim Sock Cheng
Supervisor



Adeline Tan Li Kiang
Treasurer

Singapore, 16 APR 2014

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Independent auditors' report to the members of:

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[Unique Entity No. S87CC0462K]
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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 25, which comprise the statement of financial position as at 31 December 2013, 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 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 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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Chartered Accountants of Singapore

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(CONT'D)

Independent auditors' report to the members of:

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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 Standards so as to give a true and fair view of the state of affairs of the Home as at 31 December 2013, 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, 16 APR 2014

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	2013 S\$	2012 S\$
ASSETS			
Current assets			
Cash and cash equivalents	4	565,720	505,169
Fixed deposits	5	1,083,270	1,398,951
Accounts and other receivables	6	212,509	17,432
Inventories	7	8,493	4,675
		<u>1,869,992</u>	<u>1,926,227</u>
Non-current assets			
Property, plant and equipment	8	<u>1,083,941</u>	<u>35,140</u>
Total assets		<u>2,953,933</u>	<u>1,961,367</u>
LIABILITIES			
Current liabilities			
Accounts and other payables	9	205,568	50,444
Total liabilities		<u>205,568</u>	<u>50,444</u>
NET ASSETS		<u>2,748,365</u>	<u>1,910,923</u>
FUNDS			
Unrestricted funds			
Accumulated general funds	10	1,581,625	1,699,739
Restricted funds			
- Charity projects funds	10	0	11,088
- CCH project makeover		824,365	0
- Renovation fund		342,375	200,096
		<u>2,748,365</u>	<u>1,910,923</u>

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Accumulated funds S\$	CCH Project Makeover S\$	Restricted funds Charity Project fund S\$	Renovation funds S\$	Total funds S\$	2013	Total funds S\$	2012
INCOME									
Income from generating funds									
Voluntary income									
- Donations – Tax exempt		264,009	784,838	0	0	1,048,847	134,800		
- Donations – Non-tax exempt		60,204	25,581	0	0	85,785	298,813		
- Donations in kind		13,019	0	0	0	13,019	68,308		
- Grants and funding		109,686	44,962	610	151,038	306,296	5,450		
		446,918	855,381	610	151,038	1,453,947	507,371		
Income from charitable activities									
Community Development Council fees subsidy		61,261	0	0	0	61,261	66,545		
Residential payment		34,411	0	0	0	34,411	27,207		
Student care fees		71,902	0	0	0	71,902	89,635		
		167,574	0	0	0	167,574	183,387		
Investment income									
Interest income – Fixed deposits		14,856	0	0	0	14,856	12,652		
Other income									
Café Verona income		2,944	0	0	0	2,944	6,022		
Interest income		123	0	0	0	123	124		
Sundry income		7,517	0	0	0	7,517	41,097		
		10,584	0	0	0	10,584	47,243		
Total income		639,932	855,381	610	151,038	1,646,961	750,653		

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (Cont'd)

	Note	Accumulated funds S\$	Restricted funds			Total funds S\$	2012 Total funds S\$
			CCH Project Makeover S\$	Charity Project fund S\$	Renovation funds S\$		
EXPENDITURE							
Cost of charitable activities							
Allowance for bad debts	6	7,750	0	0	0	7,750	0
Bad debts		2,565	0	0	0	2,565	0
Charity project expenses		0	0	3,688	0	3,688	37,949
Children's expenses		35,571	0	0	0	35,571	17,507
Contributions for premises and facilities		48,000	0	0	0	48,000	48,000
Cafe Verona expenses		5	0	0	0	5	214
Household expenses		699	0	0	0	699	115
Miscellaneous charges		438	0	0	0	438	2,750
Office supplies		0	0	0	0	0	974
Other supplies		729	0	0	0	729	946
Repair and maintenance		22,163	0	0	0	22,163	15,716
Service charges		6,709	0	0	0	6,709	5,383
Staff costs	11	358,862	0	0	0	358,862	330,304
Stationery and printing		793	0	0	0	793	2,035
Sundry Expenses - Christmas Function		166	0	0	0	166	1,487
Sundry Expenses - CCH Bonding Night		2,259	0	0	0	2,259	4,828
Sundry Expenses - Canossaville Sales		0	0	0	0	0	672
Transport expenses		557	0	0	0	557	862
Upkeep of motor vehicle		2,271	0	0	0	2,271	4,939
Utility charges		21,780	0	0	0	21,780	23,228
Volunteer expenses		6,125	0	0	0	6,125	4,750
		517,442	0	3,688	0	521,130	502,659

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (Cont'd)

	Note	Accumulated funds S\$	CCH Project Makeover S\$	Restricted funds		Renovation funds S\$	Total funds S\$	2013	2012
				Charity Project fund S\$	Total funds S\$				
EXPENDITURE (Cont'd)									
Governance and administrative costs									
Accounting fees		12,840	0	0	0	0	12,840		10,230
Administration fees		2,568	0	0	0	0	2,568		
Audit fees		4,300	0	0	0	0	4,300		4,296
Bank charges		297	0	0	0	0	297		210
Catering and refreshment		56	0	0	0	0	56		0
CCH Project Makeover expenses		0	31,016	0	0	0	31,016		0
Depreciation of property, plant and equipment	8	14,142	0	0	0	8,759	22,901		15,901
IT support and maintenance		3,470	0	0	0	0	3,470		6,076
Insurance		0	0	0	0	0	0		1,719
Miscellaneous charges		1,895	0	0	0	0	1,895		17
Office supplies		1,095	0	0	0	0	1,095		4,512
Other supplies		1,956	0	0	0	0	1,956		117
Postage and couriers		831	0	0	0	0	831		951
Printing and stationery		4,501	0	0	0	0	4,501		3,640
Repair and maintenance		3,614	0	0	0	0	3,614		1,906
Staff costs		190,520	0	0	0	0	190,520		141,999
Telephone charges	11	2,140	0	0	0	0	2,140		2,173
Transportation		253	0	0	0	0	253		67
Utility charges		4,136	0	0	0	0	4,136		4,424
TOTAL EXPENDITURE		248,614	31,016	0	0	8,759	288,389	198,238	700,897
		766,056	31,016	3,688	8,759	809,519	700,897		
(NET EXPENDITURE) / INCOME FOR THE YEAR		(126,124)	824,365	(3,078)	142,279	837,442	49,756		

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (Cont'd)

	Note	Accumulated funds S\$	CCH Project Makeover S\$	Restricted funds		Renovation funds S\$	Total funds S\$	2012
				Charity Project fund S\$				
(NET EXPENDITURE) / INCOME FOR THE YEAR		(126,124)	824,365	(3,078)		142,279	837,442	49,756
TRANSFERS		8,010	0	(8,010)		0	0	0
TOTAL FUNDS BROUGHT FORWARD		1,699,739	0	11,088		200,096	1,910,923	1,861,167
TOTAL FUNDS CARRIED FORWARD		1,581,625	824,365	0		342,375	2,748,365	1,910,923

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	General funds S\$	CCH Project Makeover S\$	Restricted funds Charity Project funds S\$	Renovation fund S\$	Total S\$
2013					
FUNDS					
Balance at beginning of year	1,699,739	0	11,088	200,096	1,910,923
Net income / (expenditure) 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
Balance at end of year	<u>1,581,625</u>	<u>824,365</u>	<u>0</u>	<u>342,375</u>	<u>2,748,365</u>
2012					
FUNDS					
Balance at beginning of year	1,603,954	0	49,037	208,176	1,861,167
(Net expenditure) / income for the year	95,785	0	(37,949)	(8,080)	49,756
Balance at end of year	<u>1,699,739</u>	<u>0</u>	<u>11,088</u>	<u>200,096</u>	<u>1,910,923</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 S\$	2012 S\$
Cash flows from operating activities			
Net income for the year		837,442	49,756
Adjustments for:			
– Depreciation of property, plant and equipment	6	22,901	15,901
– Interest income		(14,856)	(12,776)
– Profit on disposal of property, plant and equipment		0	(12,500)
Operating cash flow before working capital changes		<u>845,487</u>	<u>40,381</u>
Changes in working capital			
– Inventories		(3,818)	1,725
– Accounts and other receivable		(192,618)	(2,043)
– Accounts and other payables		<u>155,124</u>	<u>12,168</u>
Net cash generated from operating activities		<u>804,175</u>	<u>52,231</u>
Cash flows from investing activities			
Interest received		12,397	5,701
Investment in fixed deposits		0	(152,985)
Proceeds from disposal of property, plant and equipment		0	12,500
Purchases of property, plant and equipment	8	(1,071,702)	(3,202)
Withdrawal from fixed deposits	6	<u>315,681</u>	<u>0</u>
Net cash used in investing activities		<u>(743,624)</u>	<u>(137,986)</u>
Net increase / (decrease) in cash and cash equivalents		60,551	(85,755)
Cash and cash equivalents at beginning of financial year		505,169	590,924
Cash and cash equivalents at end of financial year	4	<u>565,720</u>	<u>505,169</u>
Cash and cash equivalents comprise:			
Fixed deposits		200,000	0
Cash in hand		2,600	3,300
Cash at bank	4	<u>363,120</u>	<u>501,869</u>
		<u>565,720</u>	<u>505,169</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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 2011 to 30 September 2014.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Charities Accounting Standards ("CAS") and the disclosure requirements of the Charities Act (Chapter 37). The adoption of CAS did not result in any significant adjustment to the financial activities, financial position and cash flows, and any substantial changes to the Home's accounting policies.

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, 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. 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.

The CAS was issued by Accounting Standards Council (ASC) to set out the basis for preparing and presenting financial statements for the charity sector. It is applicable to financial periods beginning on or after 1 July 2011. The definitions and accounting treatments presented in the CAS are developed based on the requirements of FRS taking into account the context and circumstances relevant to the charity sector.

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 and accumulated impairment losses.

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

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
Renovations	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.

2.4 Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

An impairment loss for an asset is reversed if; there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in 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. Significant accounting policies (Cont'd)

2.5 Financial assets

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.

2.6 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 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.

2.8 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. Significant accounting policies (Cont'd)

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.

2.12 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 recognized 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.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.

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

	2013 S\$	2012 S\$
Cash on hand	2,600	3,300
Cash in banks	363,120	501,869
Fixed deposits	<u>200,000</u>	<u>0</u>
	<u>565,720</u>	<u>505,169</u>

Fixed deposits have maturity of 3 months and have interest rates of 1.18%.

5. Fixed deposits

	2013 S\$	2012 S\$
Fixed deposits	<u>1,083,270</u>	<u>1,398,951</u>

Fixed deposits have maturity of 12 months (2012 : 12 months) and have interest rates ranging from 0.35% to 1.22% (2012 : 0.625% to 1.18%)

6. Accounts and other receivables

	2013 S\$	2012 S\$
Accounts receivables	9,120	4,518
Less: Allowance for impairment	<u>(7,750)</u>	<u>0</u>
	1,370	4,518
<u>Other receivables</u>		
- Grants receivables	196,000	371
- Interest receivables	9,534	7,075
- Other debtors	4,686	4,044
- Prepayments	<u>919</u>	<u>1,424</u>
	<u>212,509</u>	<u>17,432</u>

7. Inventories

	2013 S\$	2012 S\$
Gift vouchers	<u>8,493</u>	<u>4,675</u>

8. Property, plant and equipment

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
2013				
Cost				
General fund				
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
CCH Makeover fund				
Furniture and fittings	0	115,885	0	115,885
Renovations	0	527,743	0	527,743
Renovation fund				
Furniture and fittings	0	15,649	0	15,649
Renovations	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\$	Depreciation charge S\$	(Written back/off) S\$	Balance at end of Year S\$
Accumulated depreciation				
General fund				
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
CCH Makeover fund				
Furniture and fittings	0	0	0	0
Renovations	0	0	0	0
Renovation fund				
Furniture and fittings	0	1,826	0	1,826
Renovations	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\$
2013 (Cont'd)			
Net book value			
General fund			
Computers	0		0
Office furniture and fittings	7,080		2,291
Motor vehicle	28,060		18,707
Software	0		0
CCH Makeover fund			
Furniture and fittings	0		115,885
Renovations	0		527,743
Renovation fund			
Furniture and fittings	0		13,823
Renovations	0		405,492
	<u>35,140</u>		<u>1,083,941</u>

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
2012				
Cost				
Computers	4,580	0	0	4,580
Office furniture and fittings	67,398	3,202	0	70,600
Motor vehicle	116,755	0	(69,988)	46,767
Software	112,011	0	0	112,011
	<u>300,744</u>	<u>3,202</u>	<u>(69,988)</u>	<u>233,958</u>
Accumulated depreciation				
Computers	4,580	0	0	4,580
Office furniture and fittings	56,972	6,548	0	63,520
Motor vehicle	79,342	9,353	(69,988)	18,707
Software	112,011	0	0	112,011
	<u>252,905</u>	<u>15,901</u>	<u>(69,988)</u>	<u>198,818</u>

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

	Balance at beginning of year S\$	Balance at end of Year S\$
2012 (Cont'd)		
Net book value		
Computers	0	0
Office furniture and fittings	10,426	7,080
Motor vehicle	37,413	28,060
Software	0	0
	47,839	35,140

9. Accounts and other payables

	2013 S\$	2012 S\$
Accounts payables	158,489	191
Other payables		
- Amount received in advance	7,710	3,758
- Accruals	37,352	44,615
- Resident's deposits	2,017	1,880
	205,568	50,444

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.

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) Sponsorship for two students

This fund was provided by friends (Holy Family Church) to support the expenditures incurred for two residents of the Home.

10. Funds (Cont'd)

Restricted funds (Cont'd)

(b) Straits Times School Pocket Money Fund

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

(c) Information Technology Upgrading

This fund was provided by The Singapore Buddhist Lodge (S B Lodge) for the purchase of information technology products to replace old computers and other information technology equipment.

(d) Rhythm Cures

This fund was provided by Neptune Orient Lines Ltd (NOL) to provide the children insights to alternative percussions such as Junk JamZ and Sound Shapes (A Percussion Music Program)

Renovation Fund

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

CCH Makeover Fund

CCH 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.

11. Staff costs

	2013 S\$	2012 S\$
- CPF contributions	53,849	41,776
- Foreign workers levy	10,905	9,100
- Staff salaries and bonuses	463,004	404,377
- Staff gratuity	1,522	528
- Staff welfare	20,102	16,522
	<u>549,382</u>	<u>472,303</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:

	2013 S\$	2012 S\$
Advisory fees	14,962	0
Contributions for premises and facilities	48,000	48,000
Service charges	<u>6,709</u>	<u>5,383</u>

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

14. Remuneration of key management personnel

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

	2013 S\$	2012 S\$
Short term benefits – salary and Contributions to CPF	<u>158,713</u>	<u>152,894</u>
	2013 No. of key management personnel	2012 No. of key management personnel
Remuneration band S\$50,000 – S\$100,000	<u>1</u>	<u>1</u>

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

15. Reserve position and policy

The Home's reserve position for financial year ended 31 December 2013 is as follows:

	2013 S\$'000	2012 S\$'000	Increase / (Decrease) %
A			
Unrestricted funds			
Accumulated general funds	1,581,625	1,699,739	(6.56)
B			
Restricted or Designated funds			
Designated funds	N/A	N/A	N/A
Restricted funds	1,166,740	211,184	4.52
C			
Endowment funds	N/A	N/A	N/A
D			
Total funds	2,758,365	1,910,923	44.17
E			
Total annual operating expenditure	766,056	654,868	16.89
F			
Ratio of funds to annual operating expenditure (A/E)	2.06	2.60	(20.04)

15. Reserve position and policy (Cont'd)

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

16 APR 2014