

# *Coming Together*



*Brightening up the lives of the  
poor & needy*

THAT ALL MAY HAVE LIFE TO THE FULL



Methodist  
Welfare  
Services

# Methodist Welfare Services Financial Statements

For the Financial year ended 31 March 2012

## Contents

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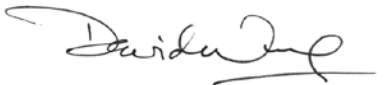
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# The Board of Governance Methodist Welfare Services

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## Statement by the Board of Governance

On behalf of the Board of Governance, we state that, to the best of our knowledge, the financial statements on pages 4 to 26 are properly drawn up in accordance with the provisions of the Societies Act, Singapore Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 March 2012 and of its results, changes in accumulated fund and specific funds and cash flows of its operations for the financial year then ended.



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**David Wong Cheong Fook**  
Chairman



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**Joseph Toh Guan Kiat**  
Honorary Treasurer

14 July 2012

# Independent Auditor's Report to the Members of Methodist Welfare Services

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## **Report on the Financial Statements**

We have audited the accompanying financial statements of Methodist Welfare Services (the "Society") as set out on pages 4 to 26, which comprise the balance sheet as at 31 March 2012, the statement of comprehensive income, statement of changes in accumulated fund and specific funds and statement of cash flows for the 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 and fair presentation of these financial statements in accordance with the provisions of the Societies Act, Singapore Charities Act (the "Charities Act") and Singapore Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***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 entity's preparation and fair presentation of the financial statements 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 control. 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.

### ***Opinion***

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Societies Act, Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 March 2012 and the results, changes in accumulated fund and specific funds and cash flows of the Society for the financial year ended on that date.

## Report on Other Legal and Regulatory Requirements

In our opinion,

- a) the accounting and other records required by regulations enacted under the Societies Act to be kept by the Society have been properly kept in accordance with those regulations; and
- b) the fund raising appeal held during the financial year ended 31 March 2012 has been carried out in accordance with regulation 6 of the Societies Regulations issued under the Societies Act Cap. 311 and proper accounts and other records have been kept of the fund-raising appeal.

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial year:

- a) the use of the donation money was not in accordance with the objectives of the Society as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- b) the Society has not complied with requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



**Baker Tilly TFW LLP**  
Public Accountants and  
Certified Public Accountants  
Singapore

14 July 2012

# Statement of Comprehensive Income

## For the financial year ended 31 March 2012

	Note	2012 \$	2011 \$
<b>Income</b>			
Donations	4	3,106,915	3,732,810
Fund raising income	4	4,229,487	4,057,032
Government grants		9,278,530	8,892,368
NCSS grants		590,141	666,718
Programme income		2,507,716	2,626,281
Amortisation of:			
- Capital grants	16	234,614	159,818
- Building grants	17	312,578	389,383
Other income	5	411,217	314,759
<b>Total income</b>		<b>20,671,198</b>	<b>20,839,169</b>
<b>Less expenditure</b>			
Expenditure on manpower	6	10,314,963	10,275,782
Depreciation of property, plant and equipment	10	697,394	678,267
Maintenance		1,378,314	1,483,437
General expenditure		3,911,172	3,783,534
<b>Total expenditure</b>		<b>16,301,843</b>	<b>16,221,020</b>
<b>Surplus before donation given to other organisation</b>			
	7	4,369,355	4,618,149
Donation to Kampong Kapor Family Service Centre ("KKFSC")	8	-	(1,626,460)
Donation to Sembawang Family Service Centre ("SFSC")	9	(1,065,942)	-
<b>Surplus transferred to Accumulated Funds</b>		<b>3,303,413</b>	<b>2,991,689</b>
<b>Surplus/(deficit) from funds:</b>			
Asset Capitalisation Reserve	22	20,288	(24,621)
Building Maintenance Fund	23	-	2
Bursary Fund	24	10,750	(1,331)
Community Outreach Project Fund	25	(778,335)	428,935
MWS-CSL Trust Endowment Fund for BMNH		17,948	73,490
Other Funds	27	(65,544)	245,562
		<b>(794,893)</b>	<b>722,037</b>
<b>Other comprehensive income</b>			
Fair value gains on available-for-sale financial assets		8,587	158,542
<b>Net surplus and total comprehensive income for the year</b>		<b>2,517,107</b>	<b>3,872,268</b>
<b>Surplus was transferred as follows:</b>			
General Accumulated Fund	19	2,443,178	2,243,739
Service Centres' Accumulated Funds	20	860,235	747,950
		<b>3,303,413</b>	<b>2,991,689</b>

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

# Balance Sheet

## At 31 March 2012

	Note	2012 \$	2011 \$
<b>Non-current assets</b>			
Property, plant and equipment	10	7,765,566	7,839,270
Available-for-sale investments	11	6,271,977	5,389,253
Held-to-maturity financial assets	12	1,002,000	751,500
		<u>15,039,543</u>	<u>13,980,023</u>
<b>Current assets</b>			
Other receivables	13	705,478	1,314,865
Fixed deposits	14	16,523,938	15,430,230
Cash and bank balances	15	4,645,859	3,851,813
		<u>21,875,275</u>	<u>20,596,908</u>
<b>Total assets</b>		<u>36,914,818</u>	<u>34,576,931</u>
<b>Non-current liabilities</b>			
Capital grants	16	682,313	463,954
Building grants	17	5,941,851	6,254,429
		<u>6,624,164</u>	<u>6,718,383</u>
<b>Current liabilities</b>			
Sundry payables and accruals	18	1,891,509	1,947,848
<b>Total liabilities</b>		<u>8,515,673</u>	<u>8,666,231</u>
<b>Net assets</b>		<u>28,399,145</u>	<u>25,910,700</u>
<b>Funds</b>			
<b>Unrestricted Funds</b>			
General Accumulated Fund	19	17,927,070	14,662,184
Service Centres' Accumulated Funds	20	7,799,877	7,911,350
Fair Value Reserve	21	261,254	252,667
Asset Capitalisation Reserve	22	155,031	134,743
		<u>26,143,232</u>	<u>22,960,944</u>
<b>Restricted Funds</b>			
Building Maintenance Fund	23	219,387	169,387
Bursary Fund	24	27,809	17,059
Community Outreach Project Fund	25	256,009	1,034,344
MWS-CSL Trust Endowment Fund for BMNH	26	1,055,260	1,037,312
Other Funds	27	697,448	691,654
		<u>28,399,145</u>	<u>25,910,700</u>

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

## Statement of Changes in Accumulated Fund and Specific Funds

For the financial year ended 31 March 2012

	← Unrestricted Funds →		← Restricted Funds →								
	General Accumulated Fund \$	Service Centres' Accumulated Fund \$	Fair Value Reserve \$	Asset Capitalisation Reserve \$	Building Maintenance Fund \$	Bursary Fund \$	Community Outreach Project Fund \$	Endowment Fund \$	Fair Value Reserve \$	Other Funds \$	Total \$
At 1.4.2010	11,047,305	8,592,644	94,125	159,364	119,385	18,390	605,409	1,000,000	(36,178)	437,988	22,038,432
Surplus/(deficit) for the year	2,243,739	747,950	-	(24,621)	2	(1,331)	428,935	8,294	65,196	245,562	3,713,726
<b>Other comprehensive income</b>			158,542	-	-	-	-	-	-	-	158,542
Fair value gains on available-for-sale financial assets			158,542	(24,621)	2	(1,331)	428,935	8,294	65,196	245,562	3,872,268
Total comprehensive income for the year	2,243,739	747,950	158,542	(24,621)	2	(1,331)	428,935	8,294	65,196	245,562	3,872,268
Transfer of funds	1,371,140	(1,429,244)	-	-	50,000	-	-	-	-	8,104	-
At 31.3.2011	14,662,184	7,911,350	252,667	134,743	169,387	17,059	1,034,344	1,008,294	29,018	691,654	25,910,700
Surplus/(deficit) for the year	2,443,178	860,235	-	20,288	-	10,750	(778,335)	13,341	4,607	(65,544)	2,508,520
<b>Other comprehensive income</b>			8,587	20,288	-	-	-	-	-	-	8,587
Fair value gains on available-for-sale financial assets			8,587	20,288	-	-	-	-	-	-	8,587
Total comprehensive income for the year	2,443,178	860,235	8,587	20,288	-	10,750	(778,335)	13,341	4,607	(65,544)	2,517,107
Transfer of funds	821,708	(971,708)	-	-	50,000	-	-	-	-	100,000	-
Transfer to SFSC	-	-	-	-	-	-	-	-	-	(28,662)	(28,662)
<b>At 31.3.2012</b>	<b>17,927,070</b>	<b>7,799,877</b>	<b>261,254</b>	<b>155,031</b>	<b>219,387</b>	<b>27,809</b>	<b>256,009</b>	<b>1,021,635</b>	<b>33,625</b>	<b>697,448</b>	<b>28,399,145</b>

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



# Statement of Cash Flows

## For the financial year ended 31 March 2012

	Note	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Surplus for the year		3,303,413	2,991,689
Adjustments for:			
Depreciation of property, plant and equipment	10	697,394	678,267
Transfer of capital grant to KKFSC	16	–	(55,081)
Transfer of funds to SFSC	27	(28,662)	–
Amortisation of:			
- Capital grants	16	(234,614)	(159,818)
- Building grants	17	(312,578)	(389,383)
Others		(41,172)	(26,135)
Operating surplus before working capital changes		3,383,781	3,039,539
Receivables		609,387	1,184,683
Payables		(56,339)	359,185
Cash from operations		3,936,829	4,583,407
Capital grants	16	452,973	175,351
<b>Net cash from operating activities</b>		<b>4,389,802</b>	<b>4,758,758</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(668,669)	(303,598)
Interest received		73,760	56,206
Purchase of investment		(1,519,851)	(1,966,553)
Sale proceeds from disposal of investment		380,040	619,877
Sale proceeds from disposal of property, plant and equipment		2,560	–
<b>Net cash used in investing activities</b>		<b>(1,732,160)</b>	<b>(1,594,068)</b>
<b>Cash flows from restricted funds</b>			
Net receipts from/(payments to):			
Asset Capitalisation Reserve	22	49,900	–
Building Maintenance Fund	23	–	2
Bursary Fund	24	10,750	(1,331)
Community Outreach Project Fund	25	(778,335)	428,935
MWS - CSL Trust Endowment Fund for BMNH			
- Endowment Fund	26	13,341	8,294
Other Funds	27	(65,544)	245,562
<b>Net cash (used in)/from restricted funds</b>		<b>(769,888)</b>	<b>681,462</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,887,754</b>	<b>3,846,152</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>19,282,043</b>	<b>15,435,891</b>
<b>Cash and cash equivalents at end of financial year</b>		<b>21,169,797</b>	<b>19,282,043</b>
<b>Cash and cash equivalents comprise:</b>			
Fixed deposits		16,523,938	15,430,230
Cash and bank balances		4,645,859	3,851,813
		<b>21,169,797</b>	<b>19,282,043</b>

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

# Notes to the Financial Statements

## For the financial year ended 31 March 2012

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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

Methodist Welfare Services is registered in Singapore under the Societies Act.

The principal activities of the Methodist Welfare Services (the "Society") are to assist in the relief of poverty, physical, psychological and emotional suffering regardless of age, sex, race, nationality, religion or moral character, especially by the provision of nursing care, counselling, rehabilitation services, training or educational services or assistance. The Headquarters is located at 70 Barker Road, Singapore.

The principal activities of the branches of Methodist Welfare Services are as follows:

#### ***Agape Methodist Hospice***

The Hospice homecare service provides palliative homecare, befriending, and loan of equipment to those with life-limiting illnesses.

#### ***Bethany Methodist Nursing Home***

The Home provides residential quarters and rehabilitation facilities for the sick and needy requiring nursing care.

#### ***Christalite Methodist Home***

The Home is one of the four homes for destitute persons that replaced the Woodlands Home. It provides shelter, healthcare, befriending and counselling services for the destitutes.

#### ***D'Joy Children's Centre***

The Centre comprises childcare and student care facilities, for children of working parents.

#### ***Familyworks Community Services***

The Centre offers programmes and services to help children and families in the Punggol community. Services include school-based social work, parenting and family education programmes and activities for the students and their families. The Centre commenced operations on 1 June 2011.

#### ***iConnect Student Care Centre***

The Centre, located within First Toa Payoh Primary School, provides student care services for children of working parents. On 1 November 2011, the Society ceased to operate this Centre.

#### ***Residence@St George's***

The Centre provides a place of safety and a conducive environment for the physical, social and psychological development for the young female adult probationer.

#### ***Wesley Seniors Activity Centre***

The Centre provides support services and activities for senior citizens living in the Jalan Berseh neighbourhood.

#### ***Family Service Centres***

The Centres provide casework and counselling, information and referral services, preventive and developmental programmes and activities for individuals and families in need.

The four family service centres are:

#### ***Covenant Family Service Centre***

#### ***Daybreak Family Service Centre***

***Sembawang Family Service Centre*** - on 1 October 2011, the Society ceased to operate this Centre.

#### ***Tampines Family Service Centre***

## 2 Significant accounting policies

### a) Basis of preparation

The financial statements, expressed in Singapore dollars which is the functional currency of the Society, have been prepared in accordance with the provisions of the Societies Act, Singapore Charities Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements is in conformity with FRS and requires the use of 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 revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or area when assumptions and estimates are significant to the financial statements are disclosed in note 3.

The carrying amounts of cash and cash equivalents, current receivables and payables and provisions approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

In the current financial year, the Society has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS has no material effect on the financial statements.

At the date of the balance sheet, the following FRS and Interpretations of FRS ("INT FRS") were issued, revised or amended but not effective:

FRS 19	Employee Benefits
FRS 27	Separate Financial Statements
FRS 28	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
FRS 113	Fair Value Measurements
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 101	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 107	Disclosures - Transfers of Financial Assets
Amendments to FRS 107	Disclosures - Offsetting Financial Assets and Financial Liabilities

At the date of the balance sheet, the Society anticipates that the adoption of these FRS and INT FRS that were issued, revised or amended but not effective will have no material impact on the financial statements of the Society in the year of initial application.

### b) Income recognition

Donations	- when received
Fund raising income	- in the period the event occurred
Programme income	- over the period of provision of services to clients
Interest income	- on a time proportion basis
Dividend income	- when the right to receive payment is established

# Notes to the Financial Statements

## For the financial year ended 31 March 2012 (cont'd)

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### 2 Significant accounting policies (cont'd)

#### c) Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

##### **Capital grants**

Grants received/receivable for the purpose of maintaining, converting, renovating and furnishing a space for the use as a centre are capitalised as capital grants and amortised to profit or loss over a period of five years commencing from the year of undertaking the operations of the centre.

Grants received/receivable for the purpose of upgrading the accounting system, server and database management system are capitalised as capital grants and amortised to profit or loss over a period of three years from the year of upgrade completion.

Capital grants received for the purpose of construction of the building, and purchase of furniture and rehabilitation equipment for the nursing home are capitalised in the Building Grants account and amortised in accordance with the depreciation of the cost of the respective assets acquired using the grants.

Total capital grants received for the centres and building grants received for the nursing home less the amounts amortised to profit or loss at the balance sheet date are included in the balance sheet as capital grants and building grants.

##### **Revenue grants**

Grants of a revenue nature are credited to profit or loss in the period to which they relate.

#### d) Employee benefits

##### **Defined contribution plans**

The Society contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Singapore Government. Contributions to CPF are charged to profit or loss in the period in which the related service is performed.

##### **Employee leave entitlement**

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

#### e) Income tax

MWS is exempt from income tax under the Income Tax Act. As such, no provision for income tax has been made in the financial statements of the Society.

#### f) Property, plant and equipment

Property, plant and equipment are shown at cost less accumulated depreciation and any impairment loss. Depreciation is charged by equal annual instalments in accordance with a schedule of rates which are calculated to write off the assets over their estimated useful lives as follows:

Building at 9 Choa Chu Kang Avenue 4	- 30 years
Equipment	- 10 years
Computers	- 3 years
Furniture, fittings and office equipment	- 5 to 10 years
Motor vehicles	- 10 years
Renovations	- 5 years

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

## 2 Significant accounting policies (cont'd)

### f) Property, plant and equipment (cont'd)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

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

### g) Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

### h) Financial assets

#### i) Classification

The Society classifies its financial assets in the following categories: loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "other receivables", "fixed deposits" and "cash and bank balances" on the balance sheet.

#### *Financial asset, held-to-maturity*

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity.

#### *Financial assets, available-for-sale*

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

#### ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in the profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

#### iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

# Notes to the Financial Statements

## For the financial year ended 31 March 2012 (cont'd)

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### 2 Significant accounting policies (cont'd)

#### h) Financial assets (cont'd)

##### iv) *Subsequent measurement*

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method, less impairment.

Changes in fair values of financial assets that are classified as available-for-sale are recognised in the fair value reserve within equity.

When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in the fair value reserve within equity are included in profit or loss.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income, together with the related currency translation differences.

##### v) *Impairment*

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

##### *Loans and receivables*

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Society 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 are considered indicators that the receivable is impaired. The amount of the allowance recognised in profit or loss, is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

##### *Financial assets, held-to-maturity*

If there is objective evidence that an impairment loss on held-to-maturity financial assets has incurred, the carrying amount of the asset is reduced by an allowance for impairment. This allowance, calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognised in profit or loss in the period in which the impairment occurs.

Impairment loss is reversed through profit or loss. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

##### *Financial assets, available-for-sale*

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset.

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through profit or loss. However, impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

## 2 Significant accounting policies (cont'd)

### i) Financial liabilities

Financial liabilities comprise sundry payables and accruals which are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

### j) Provision for liabilities

Provisions are recognised when the Society has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Society expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### k) Asset Capitalisation Account

Specific donations given for the purchase of equipment are credited to the Fixed Asset Fund Account and on acquiring equipment is taken to the Asset Capitalisation Reserve. Depreciation on the motor vehicles or equipment funded by the donation is charged directly to the Asset Capitalisation Reserve.

### l) Lease

#### *Operating lease*

Leases where 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 profit or loss 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.

## 3 Critical judgment in applying significant accounting policies

In the process of applying the Society's accounting policies, which are described in note 2, the Board of Governance of the Society has made the following assumptions.

The cost of the building at 9, Choa Chu Kang Avenue 4 is depreciated over 30 years from 2001 based on an understanding that the land will be made available by the Government of Singapore (the "landlord") for 30 years although the tenancy agreement with the landlord in respect of the lease of the said land is for 3 years with an option to renew the lease for another 3 years at the discretion of the landlord. The Board of Governance of the Society believes that the landlord will continue to renew the lease up to the conclusion of the 30 years because the building grant received from the Ministry of Health ("MOH") is conditional upon the Society agreeing to operate the Home for 30 years.

Similarly as mentioned in note 2(c), the building grants received for the purpose of construction of building and purchase of furniture and equipment are amortised over the useful lives of the respective assets acquired using the grants, the majority of which relates to the life of the building.

At 31 March 2012, the carrying amount of the building is \$6,636,984 (2011:\$6,985,813) and the building grants balances relating to the building is \$5,941,851 (2011:\$6,254,429).

## 4 Donations/Fund raising income

Included in donations are tax deductible and non tax deductible receipts of \$1,728,617 (2011: \$2,159,707) and \$1,378,298 (2011: \$1,573,103) respectively.

Included in fund raising income are tax deductible and non tax deductible receipts of \$4,127,249 (2011: \$3,843,235) and \$102,238 (2011: \$213,797) respectively.

## Notes to the Financial Statements

### For the financial year ended 31 March 2012 (cont'd)

#### 5 Other income

	2012	2011
	\$	\$
Interest income	73,760	56,206
Dividend income	181,415	128,198
Other grant	55,751	–
Income from MWS - CSL Trust Endowment Fund	44,187	15,525
Sundry income	56,104	114,830
	<u>411,217</u>	<u>314,759</u>

#### 6 Expenditure of manpower

	2012	2011
	\$	\$
Salaries and related costs	8,941,721	8,957,218
CPF	901,830	882,148
Manpower contract services	201,102	235,467
Other staff benefits and training	270,310	200,949
	<u>10,314,963</u>	<u>10,275,782</u>

Included in expenditure on manpower are remuneration paid to key management staff as follows:

	2012	2011
	\$	\$
Salaries and related costs	1,267,115	1,363,532
CPF	153,094	119,275

Key management staff comprise Directors of Headquarters and Heads of Centres.

#### 7 Surplus before donation

This is arrived at after charging:

	2012	2011
	\$	\$
Rent of building, equipment and others	892,399	865,336
Repairs and maintenance	485,915	618,101
Allowance made for doubtful receivables	63,808	65,246
Food and refreshments	836,539	769,338
Input GST not recoverable	231,765	226,849
Medical supplies	821,869	714,659
Professional fees	333,268	292,698
Specific assistance to clients	234,858	291,572
Stationery and printing	125,552	154,233
Supplies and materials	373,067	481,973
Utilities	574,437	519,424

#### 8 Donation to Kampong Kapor Family Service Centre

This related to the transfer of the accumulated surplus of Kampong Kapor Family Service Centre ("KKFSC") to a new legal entity of the same name set up on 1 April 2010 to take over the operations of KKFSC.

#### 9 Donation to Sembawang Family Service Centre

This relates to the transfer of the accumulated surplus of Sembawang Family Service Centre ("SFSC") to a new legal entity of the same name set up on 1 October 2011 to take over the operations of SFSC.



## 10 Property, plant and equipment

	Building \$	Equipment \$	Computers \$	Furniture, fittings and office equipment \$	Motor Vehicles \$	Renovations \$	Total \$
<b>2012</b>							
<b>Cost</b>							
At 1.4.2011	10,462,931	196,569	584,238	1,292,445	294,974	2,560,400	15,391,557
Additions	–	96,175	79,030	36,330	49,900	407,234	668,669
Disposal	–	(22,300)	–	(11,000)	(55,806)	–	(89,106)
Donation*	–	–	(16,846)	(21,241)	–	(403,079)	(441,166)
Write-off	–	–	(3,588)	(12,945)	–	(76,402)	(92,935)
At 31.3.2012	<b>10,462,931</b>	<b>270,444</b>	<b>642,834</b>	<b>1,283,589</b>	<b>289,068</b>	<b>2,488,153</b>	<b>15,437,019</b>
<b>Accumulated depreciation</b>							
At 1.4.2011	3,477,118	153,335	561,718	1,207,446	159,036	1,993,634	7,552,287
Depreciation charge	348,829	16,569	41,622	29,775	28,907	261,304	727,006
Disposal	–	(22,300)	–	(6,142)	(55,806)	–	(84,248)
Donation*	–	–	(16,835)	(18,223)	–	(395,599)	(430,657)
Write-off	–	–	(3,588)	(12,945)	–	(76,402)	(92,935)
At 31.3.2012	<b>3,825,947</b>	<b>147,604</b>	<b>582,917</b>	<b>1,199,911</b>	<b>132,137</b>	<b>1,782,937</b>	<b>7,671,453</b>
<b>Net carrying value</b>							
At 31.3.2012	<b>6,636,984</b>	<b>122,840</b>	<b>59,917</b>	<b>83,678</b>	<b>156,931</b>	<b>705,216</b>	<b>7,765,566</b>
<b>2011</b>							
<b>Cost</b>							
At 1.4.2010	10,462,931	161,988	584,669	1,373,853	294,974	2,703,198	15,581,613
Additions	–	37,521	23,340	17,667	–	225,070	303,598
Disposal	–	(2,940)	–	–	–	–	(2,940)
Donation**	–	–	(23,771)	(99,075)	–	(367,868)	(490,714)
At 31.3.2011	<b>10,462,931</b>	<b>196,569</b>	<b>584,238</b>	<b>1,292,445</b>	<b>294,974</b>	<b>2,560,400</b>	<b>15,391,557</b>
<b>Accumulated depreciation</b>							
At 1.4.2010	3,128,287	133,573	560,987	1,201,843	129,540	2,124,070	7,278,300
Depreciation charge	348,831	22,702	24,491	96,016	29,496	181,352	702,888
Disposal	–	(2,940)	–	–	–	–	(2,940)
Donation**	–	–	(23,760)	(90,413)	–	(311,788)	(425,961)
At 31.3.2011	<b>3,477,118</b>	<b>153,335</b>	<b>561,718</b>	<b>1,207,446</b>	<b>159,036</b>	<b>1,993,634</b>	<b>7,552,287</b>
<b>Net carrying value</b>							
At 31.3.2011	<b>6,985,813</b>	<b>43,234</b>	<b>22,520</b>	<b>84,999</b>	<b>135,938</b>	<b>566,766</b>	<b>7,839,270</b>

# Notes to the Financial Statements

## For the financial year ended 31 March 2012 (cont'd)

### 10 Property, plant and equipment (cont'd)

Depreciation is charged to:

	2012	2011
	\$	\$
Statement of Comprehensive Income	697,394	678,267
Asset Capitalisation Reserve (note 22)	29,612	24,621
	<u>727,006</u>	<u>702,888</u>

\* Donation relates to property, plant and equipment donated to a new legal entity of the same name which carries on the activities of SFSC at net carrying value on 1 October 2011.

\*\* Donation related to property, plant and equipment donated to a new legal entity of the same name which carries on the activities of KKFSC at net carrying value on 1 April 2010.

### 11 Available-for-sale investments

	2012	2011
	\$	\$
At fair value:		
Investment fund	2,620,343	1,940,086
Quoted equity investments	2,672,203	2,477,135
Quoted equity investment - Chen Su Lan Trust Fund	979,431	972,032
	<u>6,271,977</u>	<u>5,389,253</u>

The investment fund is placed with The Methodist Church in Singapore ("MCS"). The funds of the Society are pooled with those of MCS and other Methodist organisations. The Society contributed \$2,299,190 (2011: \$1,696,190) to the total pooled fund.

### 12 Held-to-maturity financial assets

	2012	2011
	\$	\$
<b>Quoted debt securities</b>		
- Bonds with fixed interest of 4.30% per annum and maturity date 31 August 2020 - Singapore	250,500	250,500
- Bonds with fixed interest of 3.55% per annum and maturity date 1 September 2017 - Singapore	501,000	501,000
- Bonds with fixed interest of 3.30% per annum and maturity date 21 February 2022 - Singapore	250,500	-
	<u>1,002,000</u>	<u>751,500</u>

The quoted debt securities have fair values at the balance sheet of \$1,006,650 (2011: \$753,750). The fair values were determined based on bid prices of the bonds provided by a financial institution at balance sheet date.

### 13 Other receivables

	2012	2011
	\$	\$
Staff loan	-	5,480
Sundry receivables	599,196	1,072,803
Sundry deposits	74,243	204,905
Prepayments	32,039	31,677
	<u>705,478</u>	<u>1,314,865</u>

a) The staff loan was unsecured and interest-free. The loan has been fully repaid during the year.

**13 Other receivables (cont'd)**

b) Sundry receivables comprise:

	2012	2011
	\$	\$
Not past due and not impaired	394,546	514,378
Past due but not impaired	204,650	558,425
Past due and impaired	150,256	94,845
	<u>749,452</u>	<u>1,167,648</u>
Allowance for doubtful receivables	(150,256)	(94,845)
	<u>599,196</u>	<u>1,072,803</u>

The age analysis of sundry receivables past due but not impaired was as follows:

	2012	2011
	\$	\$
Past due 0 - 30 days	2,550	214,255
Past due 31 - 60 days	47,720	199,684
Past due 60 days and over	154,380	144,486
	<u>204,650</u>	<u>558,425</u>

c) The sundry receivables are stated after making allowance for doubtful receivables as follows:

	2012	2011
	\$	\$
At 1 April	94,845	43,009
Allowance made	74,785	69,673
Allowance written back	(10,977)	(4,427)
Amounts written off against allowance	(8,397)	(13,410)
At 31 March	<u>150,256</u>	<u>94,845</u>
Bad debts directly written off to profit or loss	<u>13,325</u>	<u>3,130</u>

Sundry receivables that are individually determined to be impaired at the balance sheet date relate to receivables that are either in significant financial difficulties and have defaulted on payments or disputing the amount due.

d) Included in sundry deposits is an amount of \$Nil (2011: \$133,386) due from MCS representing a deposit held as security for a guarantee issued by MCS's banker on behalf of the Society.

**14 Fixed deposits**

All fixed deposits are placed with banks and matured within 12 months from the year end. At the balance sheet date, the interest rate of these fixed deposit ranges from 0.075% to 0.900% (2011: 0.200% to 0.600%) per annum. One of the fixed deposits is charged as security deposit for the bankers' guarantee of \$134,682 being 3 months' rental deposit for use of Bethany Methodist Nursing Home ("BMNH") at 9 Choa Chu Kang Road Avenue 4.

**15 Cash and bank balances**

	2012	2011
	\$	\$
Cash on hand and at bank	4,336,950	3,628,259
Cash with broker	308,909	223,554
	<u>4,645,859</u>	<u>3,851,813</u>

## Notes to the Financial Statements

### For the financial year ended 31 March 2012 (cont'd)

#### 16 Capital grants

	2012	2011
	\$	\$
Cost at 1 April	766,532	704,867
Grants received/receivable	452,973	175,351
Transfer to KKFSC *	-	(113,686)
	<u>1,219,505</u>	<u>766,532</u>
Accumulated amortisation	(537,192)	(302,578)
At 31 March	<u>682,313</u>	<u>463,954</u>
Accumulated amortisation comprises:		
At 1 April	302,578	201,365
Amortisation during the year	234,614	159,818
Transfer to KKFSC *	-	(58,605)
At 31 March	<u>537,192</u>	<u>302,578</u>

Capital grants of \$452,973 received/receivable are from the following:

- MOH for the ward conversion and database management system of BMNH.
- Ministry of Community Development, Youth and Sport ("MCYS") for the hostel conversion at Residence@St George's located at St George's Lane.
- MCYS for the purchase of a Video Conference Equipment for filing of complaints to enforce maintenance orders at Tampines Family Service Centre located at Tampines St 44.

In year 2011, capital grants of \$175,351 received/receivable were from the following:

- National Council of Social Service ("NCSS") for the renovation of Wesley Seniors Activity Centre at Jalan Berseh
- MOH for the ward conversion and database management system of BMNH.

Renovation, hostel and ward conversion are amortised over useful life of 5 years, server and data management system over useful life of 3 years and the video conference equipment is amortised over useful life of 10 years.

\* Capital grant transferred to a new legal entity of the same name which carries on the activities of KKFSC in year 2011.

#### 17 Building grants

	2012	2011
	\$	\$
Cost at 1 April / 31 March	10,141,625	10,141,625
Accumulated amortisation	(4,199,774)	(3,887,196)
	<u>5,941,851</u>	<u>6,254,429</u>
Accumulated amortisation comprises:		
At 1 April	3,887,196	3,497,813
Amortisation during the year	312,578	389,383
At 31 March	<u>4,199,774</u>	<u>3,887,196</u>

These are capital grants received from MOH for the construction and furnishing of the BMNH undertaken by the Society. Under the agreement with MOH, the Society is required to operate the Home for the duration of the land lease or for 30 years from 1 September 2001, whichever is the lesser and to apply the grants received for the purposes as stipulated in the letter of undertaking to MOH dated 1 September 2001.

**18 Sundry payables and accruals**

	2012	2011
	\$	\$
Sundry payables	1,160,760	1,219,141
Accrued operating expenses	260,381	281,208
Residents' deposits and monies held for safekeeping	453,634	425,883
Deferred income (net)	16,734	21,616
	<u>1,891,509</u>	<u>1,947,848</u>

Deferred income represents net donations received for the fund raising event "MWS Golf 2012" (2011: "MWS Golf 2011") to be held on 11 July 2012 (2011: 12 July 2011). This includes tax deductible receipts of \$19,460 (2011:\$27,300) for "MWS Golf 2012".

**19 General Accumulated Fund**

	2012	2011
	\$	\$
At 1 April	14,662,184	11,047,305
Surplus for the year	2,443,178	2,243,739
Balance before transfers	<u>17,105,362</u>	<u>13,291,044</u>
Transfers from/(to):		
- Service Centre's Accumulated Funds (note 20)	921,708	1,445,060
- General Maintenance Fund (note 27)	(100,000)	(100,000)
- School Pocket Money Fund (note 27)	-	26,080
At 31 March	<u>17,927,070</u>	<u>14,662,184</u>

**20 Service Centres' Accumulated Funds****2012**

	At 1.4.2011	Surplus/ (deficit)	Transfer of funds	At 31.3.2012
	\$	\$	\$	\$
Funds held by Centres:				
Agape Methodist Hospice	57,392	(224,231)	-	(166,839)
Bethany Methodist Nursing Home (note 23)	1,122,466	695,190	(50,000)	1,767,656
Christalite Methodist Home	3,608,007	504,847	-	4,112,854
Covenant Family Service Centre	308,931	(67,038)	37,245	279,138
Daybreak Family Service Centre	374,877	38,373	-	413,250
D'Joy Children's Centre	43,479	(64,633)	64,134	42,980
Familyworks Community Services	-	(9,360)	-	(9,360)
iConnect Student Care Centre	4,468	(12,315)	7,847	-
Residence@St George's	(28,526)	(95,939)	35,008	(89,457)
Sembawang Family Service Centre	1,101,868	(35,926)	(1,065,942)	-
Tampines Family Service Centre	1,253,260	129,489	-	1,382,749
Wesley Seniors Activity Centre	65,128	1,778	-	66,906
	<u>7,911,350</u>	<u>860,235</u>	<u>(971,708)</u>	<u>7,799,877</u>

# Notes to the Financial Statements

## For the financial year ended 31 March 2012 (cont'd)

### 20 Service Centres' Accumulated Funds (cont'd)

#### 2011

	At 1.4.2010 \$	Surplus/ (deficit) \$	Transfer of funds \$	At 31.3.2011 \$
Funds held by Centres:				
Agape Methodist Hospice	(243,054)	300,446	–	57,392
Bethany Methodist Nursing Home (note 23)	866,895	305,571	(50,000)	1,122,466
Christalite Methodist Home	3,215,051	392,956	–	3,608,007
Covenant Family Service Centre	292,804	16,127	–	308,931
Daybreak Family Service Centre	444,003	(69,126)	–	374,877
D'Joy Children's Centre	63,978	(113,097)	92,598	43,479
iConnect Student Care Centre	12,162	(17,463)	9,769	4,468
Kampong Kapor Family Service Centre Residence@St George's	1,600,380	–	(1,600,380)	–
Sembawang Family Service Centre	–	(40,751)	12,225	(28,526)
Tampines Family Service Centre	1,134,463	(73,323)	40,728	1,101,868
Wesley Seniors Activity Centre (note 27)	1,205,962	47,298	–	1,253,260
	–	(688)	65,816	65,128
	<u>8,592,644</u>	<u>747,950</u>	<u>(1,429,244)</u>	<u>7,911,350</u>

### 21 Fair Value Reserve

The reserve represents changes in the fair value of available-for-sale investments.

### 22 Asset Capitalisation Reserve

	2012 \$	2011 \$
At 1 April	134,743	159,364
Donations	49,900	–
Depreciation charged (note 10)	(29,612)	(24,621)
Net surplus/(deficit)	20,288	(24,621)
At 31 March	<u>155,031</u>	<u>134,743</u>

### 23 Building Maintenance Fund

	2012 \$	2011 \$
At 1 April	169,387	119,385
Donations	–	2
Transfer from Service Centres' Accumulated Fund (note 20)	50,000	50,000
At 31 March	<u>219,387</u>	<u>169,387</u>

This fund is for the future major repairs and maintenance of Bethany Methodist Nursing Home.

**24 Bursary Fund**

	2012	2011
	\$	\$
At 1 April	17,059	18,390
Donations	53,520	64,500
Bursary programme	(160,600)	(301,100)
Charge to Statement of Comprehensive Income	117,830	235,269
Net surplus/(deficit)	10,750	(1,331)
At 31 March	<u>27,809</u>	<u>17,059</u>

The purpose of this fund is to provide bursary programme for poor and needy students.

Donations received include tax and non tax deductible receipts of \$44,520 (2011: \$24,000) and \$9,000 (2011: \$40,500) respectively.

The fund is held in cash.

**25 Community Outreach Project Fund**

	2012	2011
	\$	\$
At 1 April	1,034,344	605,409
Receipts	306,920	1,382,330
Expenditure	(1,085,255)	(953,395)
Net (deficit)/surplus	(778,335)	428,935
At 31 March	<u>256,009</u>	<u>1,034,344</u>

The purpose of this fund is to raise awareness of chronically poor in Singapore and for community outreach projects.

Included is an amount of \$62,225 (2011: \$888,435) relating to MCS's 125th anniversary project.

Included in receipts are tax deductible and non tax deductible receipts of \$123,025 (2011:\$1,084,228) and \$183,895 (2011: \$298,102) respectively for the community outreach projects.

**26 MWS - CSL Trust Endowment Fund for BMNH**

	2012	2011
	\$	\$
<b>Endowment Fund</b>		
At 1 April	1,008,294	1,000,000
Dividend income received	58,341	53,294
Loss on disposal of quoted equity	(813)	(29,475)
	<u>1,065,822</u>	<u>1,023,819</u>
Transferred to Bethany Methodist Nursing Home	(44,187)	(15,525)
At 31 March	<u>1,021,635</u>	<u>1,008,294</u>
<b>Fair Value Reserve</b>		
At 1 April	29,018	(36,178)
Fair value adjustments during the year	4,607	65,196
At 31 March	<u>33,625</u>	<u>29,018</u>
Total	<u>1,055,260</u>	<u>1,037,312</u>

## Notes to the Financial Statements

### For the financial year ended 31 March 2012 (cont'd)

#### 26 MWS - CSL Trust Endowment Fund for BMNH (cont'd)

This is an endowment fund where in accordance with the wishes of Chen Su Lan Trust (the donor), the donation received from the donor of \$1,000,000 should not be expended but should be invested at the full discretion of the Board of Governance of the Society. The surplus of income from the investment less fees and any other payables in relation to the investment shall be used to pay for medical services at BMNH.

The endowment fund is represented by quoted equity investment at cost of \$945,807 (2011: \$943,015) (note 11) and the remainder in cash.

#### 27 Other Funds

2012	At 1.4.2011 \$	Receipts \$	Expenditure \$	Surplus/ (deficit) \$	Transfer of funds \$	Transfer to SFSC* \$	At 31.3.2012 \$
General Maintenance Fund (note 19)	200,000	–	–	–	100,000	–	300,000
Medifund	101,667	471,215	344,310	126,905	–	–	228,572
Medifund Silver	178,240	216,588	393,763	(177,175)	–	–	1,065
MILK Fund	–	130,191	118,493	11,698	–	–	11,698
Financial Assistance Fund	2,774	3,310	2,116	1,194	–	(500)	3,468
Fixed Asset Fund	2,157	–	–	–	–	–	2,157
North East Essentials Relief Fund	1,905	–	1,110	(1,110)	–	–	795
I.T Project Fund	3,000	–	3,000	(3,000)	–	–	–
School Pocket Money Fund	109,353	244,286	280,655	(36,369)	–	(27,802)	45,182
Staff Crisis Fund	11,648	–	–	–	–	–	11,648
Tuition Scheme	71,210	60,850	42,795	18,055	–	–	89,265
Economic Downturn Assistance Fund	9,700	–	5,742	(5,742)	–	(360)	3,598
	691,654	1,126,440	1,191,984	(65,544)	100,000	(28,662)	697,448

\* Transfer of other funds to a new legal entity of the same name which carries on the activities of SFSC in year 2012.



## 27 Other Funds (cont'd)

2011	At 1.4.2010 \$	Receipts \$	Expenditure \$	Surplus/ (deficit) \$	Transfer of funds \$	At 31.3.2011 \$
General Maintenance Fund (note 19)	100,000	–	–	–	100,000	200,000
Medifund	118,050	174,810	191,193	(16,383)	–	101,667
Medifund Silver	47,549	620,000	489,309	130,691	–	178,240
Motor Vehicle Fund	11,011	–	11,011	(11,011)	–	–
Financial Assistance Fund	1,801	4,994	4,021	973	–	2,774
Fixed Asset Fund	2,157	–	–	–	–	2,157
North East Essentials Relief Fund	2,875	116	1,086	(970)	–	1,905
I.T Project Fund	8,500	–	5,500	(5,500)	–	3,000
School Pocket Money Fund (note 19)	131,574	294,569	290,710	3,859	(26,080)	109,353
Staff Crisis Fund	11,648	–	–	–	–	11,648
Tuition Scheme	–	78,000	6,790	71,210	–	71,210
Wesley Seniors Activity Centre Fund (note 20)	2,823	67,859	4,866	62,993	(65,816)	–
Economic Downturn Assistance Fund	–	10,000	300	9,700	–	9,700
	437,988	1,250,348	1,004,786	245,562	8,104	691,654

### **General Maintenance Fund**

This fund is set up for repairs and maintenance requirement of MWS.

### **Medifund**

These are monies from the government to support any resident who has difficulties in paying their medical fees.

### **Medifund Silver**

These are monies from the government to support any resident above 65 years old who has difficulties in paying their medical fees.

### **MILK Fund**

These are funds received from the organisation 'Mainly I Love Kids' ("MILK") to provide support for the needs of disadvantaged children and youth in the hope of developing them into contributing members of society.

### **Fixed Asset Fund**

This fund is for the purchase of equipment for Christalite Methodist Home.

### **North East Essentials Relief Fund**

These are funds received from the North East Community Development Council to provide immediate provisional and transport assistance to needy residents in the North East district.

### **I.T Project Fund**

This fund is for the purpose of setting up an on-line I.T portal.

### **School Pocket Money Fund**

These are funds received from NCSS to finance needy students. It is disbursed to students as school pocket money.

# Notes to the Financial Statements

## For the financial year ended 31 March 2012 (cont'd)

### 27 Other Funds (cont'd)

#### **Tuition Scheme**

This fund is set up for the tuition programme at the student care centres. Tax deductible receipts of \$60,850 (2011:\$78,000) were received during the year.

#### **Staff Crisis Fund**

This fund was set up to assist foreign staff in need of urgent loans for problems back home.

#### **Financial Assistance Fund**

This fund is set up to provide financial assistance to needy families and children. Tax deductible receipts of \$2,000 (2011: \$3,800) were received during the year.

#### **Economic Downturn Assistance Fund**

These are funds received from NCSS to provide financial assistance to needy families and individuals affected by the economic downturn.

### 28 Operating lease commitment

At balance sheet date, minimum lease payments for non-cancellable operating lease not provided for in the financial statements are as follows:

	2012	2011
	\$	\$
Within 1 year	538,728	538,728
Within 2 to 5 years	381,599	920,327

There is an option to renew the lease for another 3 years subject to agreement by the landlord.

### 29 Management of reserves

The reserves are not expected to exceed the equivalent of two years' expenditure of the Society and its Centres, and are maintained so as to provide working capital, and to enable the Society and its Centres to develop over the longer term. No changes are made in the objectives, policies or processes during the financial years ended 31 March 2012 and 31 March 2011.

### 30 Financial instruments

#### a) Categories of financial instruments

Financial instruments at balance sheet date are as follows:

	2012	2011
	\$	\$
<i>Financial assets</i>		
Other receivables	673,439	1,283,188
Fixed deposits	16,523,938	15,430,230
Cash and bank balances	4,645,859	3,851,813
Loans and receivables	21,843,236	20,565,231
Available-for-sale investments	6,271,977	5,389,253
Held-to-maturity financial assets	1,002,000	751,500
<i>Financial liabilities</i>		
Sundry payables and accruals at amortised cost	1,815,006	1,867,745

## 30 Financial instruments (cont'd)

### b) Financial risk management

Overall risk management is determined and carried out by the Board of Governance. Due to the nature of the Society's activities, it has minimal financial risks exposure.

#### **Foreign exchange risk**

The Society's exposure to foreign exchange risk is minimal as nearly all of its transactions are in Singapore dollars.

#### **Credit risk**

The Society's exposure to credit risk arises primarily from held-to-maturity financial assets, sundry receivables, fixed deposits and cash and bank balances. The Society has no significant concentration of credit risk exposure. The maximum exposure to credit risk is represented by the carrying value of each class of financial assets recognised in the balance sheet.

#### Financial assets that are neither past due nor impaired

Sundry receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Society. Held-to-maturity financial assets that are neither past due nor impaired are issued by reputable and good credit rating corporations. Fixed deposits and cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in note 13.

#### **Interest rate risk**

The Society's income and operating cash flows are substantially independent of changes in market interest rates although it has significant interest-bearing held-to-maturity financial assets and deposits with financial institutions. The Society has no interest-bearing liabilities.

The sensitivity analysis for interest rate is not disclosed as the effect on the financial statements is not expected to be significant.

#### **Liquidity risk**

The Board of Governance exercises prudent liquidity and cash flow risk management policies and aims to maintain sufficient level of liquidity and cash flows at all times.

The financial liabilities of the Society as presented in the balance sheet are due within twelve months from the balance sheet date and approximate the contractual undiscounted payments.

#### **Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Society is exposed to changes in market price arising from its investment in quoted instruments. These instruments are quoted on Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and are classified as available-for-sale investments. The Society does not have exposure to commodity price risk.

#### Sensitivity analysis for equity price risk

At 31 March 2012, the Society's investment in available-for-sale is \$6,271,977 (2011: \$5,389,253). A 10% increase/(decrease) in the underlying market prices at the balance sheet date would increase/(decrease) the fair value reserve by \$627,198 (2011: \$538,925).

This analysis assumes that all other variables remain constant.

# Notes to the Financial Statements

## For the financial year ended 31 March 2012 (cont'd)

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### 31 Fair values of financial instruments

#### a) Fair value of financial instruments that are carried at fair value

The following table presents the level of fair value hierarchy for each class of financial instruments at fair value on the balance sheet date:

	Level 1 \$
<b>2012</b>	
<b>Assets</b>	
Available-for-sale investments:	
- investment fund	2,620,343
- equity investments	2,672,203
- equity investment - Chen Su Lan Trust Fund	<u>979,431</u>

The following table presents the level of fair value hierarchy for each class of financial instruments at fair value on the balance sheet date:

	Level 1 \$
<b>2011</b>	
<b>Assets</b>	
Available-for-sale investments:	
- investment fund	1,940,086
- equity investments	2,477,135
- equity investment - Chen Su Lan Trust Fund	<u>972,032</u>

The fair value hierarchy level 1 is defined as quoted price (unadjusted) in active markets for identical assets and liabilities.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Society is the current bid price. These instruments are included in level 1.

#### b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values.

### 32 Authorisation of financial statements

The financial statements of the Society for the financial year ended 31 March 2012 were authorised for issue in accordance with a resolution of the Board of Governance dated 14 July 2012.

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Methodist  
Welfare  
Services

MWS is a Member of NCSS  
IPC Status has been renewed until 30 September 2014  
Charity Registration No: 00166  
UEN: S81SS 0088H

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