

Methodist Welfare Services

**Financial Statements
for the Financial year ended 31 March 2013**

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**BAKER TILLY
TFW**

Baker Tilly TFW LLP
Certified Public Accountants

An independent member of Baker Tilly International

The Board of Governance Methodist Welfare Services

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 29 are properly drawn up in accordance with the Societies Act, Singapore Charities Act and Singapore Financial Reporting Standards so as to present fairly, in all material respects the state of affairs of the Society as at 31 March 2013 and of its income and expenditure, changes in accumulated fund and specific funds and cash flows of its operations for the financial year then ended.



David Wong Cheong Fook
Chairman



Joseph Toh Guan Kiat
Honorary Treasurer

13 July 2013

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

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 29, which comprise the balance sheet as at 31 March 2013, 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 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 Societies Act, Charities Act and Singapore Financial Reporting Standards so as to present fairly, in all material respects the state of affairs of the Society as at 31 March 2013 and the income and expenditure, changes in accumulated fund and specific funds and cash flows of the Society for the financial year ended on that date.

Independent Auditor's Report to the Members of Methodist Welfare Services (cont'd)

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 2013 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 monies 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
Chartered Accountants
Singapore

13 July 2013

Statement of Comprehensive Income

For the financial year ended 31 March 2013

	Note	2013 \$	2012 \$
Income			
Donations	4	3,832,030	3,106,915
Fund raising income	4	4,451,900	4,229,487
Government grants		10,807,156	9,278,530
NCSS grants		679,286	590,141
Programme income		2,316,391	2,507,716
Amortisation of:			
- Capital grants	15	231,669	234,614
- Building grants	16	303,671	312,578
Other income	5	430,670	411,217
Total income		23,052,773	20,671,198
Less expenditure			
Expenditure on manpower	6	11,325,779	10,314,963
Depreciation of property, plant and equipment	9	725,456	697,394
Maintenance		1,549,780	1,378,314
General expenditure		5,037,583	3,911,172
Total expenditure		18,638,598	16,301,843
Surplus before donation given to other organisation	7	4,414,175	4,369,355
Donation to Sembawang Family Service Centre ("SFSC")	8	-	(1,065,942)
Surplus transferred to Accumulated Funds		4,414,175	3,303,413
Surplus/(deficit) from funds:			
Asset Capitalisation Reserve	21	69,640	20,288
Bursary Fund	23	4,200	10,750
Community Outreach Project Fund	24	(116,733)	(778,335)
Community Silver Trust	25	830,766	-
MWS-CSL Trust Endowment Fund for BMNH	26	237,258	17,948
Other Funds	27	447,987	(65,544)
		1,473,118	(794,893)
Other comprehensive income			
Fair value gains on available-for-sale financial assets		773,440	8,587
Net surplus and total comprehensive income for the year		6,660,733	2,517,107
Surplus/(deficit) was transferred as follows:			
General Accumulated Fund	18	4,425,731	2,443,178
Service Centres' Accumulated Funds	19	(11,556)	860,235
		4,414,175	3,303,413

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

Balance Sheet

At 31 March 2013

	Note	2013 \$	2012 \$
Non-current assets			
Property, plant and equipment	9	7,368,920	7,765,566
Available-for-sale investments	10	7,278,855	6,271,977
Held-to-maturity financial assets	11	1,753,750	1,002,000
		16,401,525	15,039,543
Current assets			
Other receivables	12	1,207,725	705,478
Fixed deposits	13	21,411,081	16,523,938
Cash and bank balances	14	4,196,044	4,645,859
		26,814,850	21,875,275
Total assets		43,216,375	36,914,818
Non-current liabilities			
Capital grants	15	450,644	682,313
Building grants	16	5,638,180	5,941,851
		6,088,824	6,624,164
Current liabilities			
Sundry payables and accruals	17	2,067,673	1,891,509
Total liabilities		8,156,497	8,515,673
Net assets		35,059,878	28,399,145
Funds			
<i>Unrestricted Funds</i>			
General Accumulated Fund	18	22,042,787	17,927,070
Service Centres' Accumulated Funds	19	7,948,335	7,799,877
Fair Value Reserve	20	1,034,694	261,254
Asset Capitalisation Reserve	21	224,671	155,031
		31,250,487	26,143,232
<i>Restricted Funds</i>			
Building Maintenance Fund	22	269,387	219,387
Bursary Fund	23	32,009	27,809
Community Outreach Project Fund	24	139,276	256,009
Community Silver Trust	25	830,766	-
MWS - CSL Trust Endowment Fund for BMNH	26	1,292,518	1,055,260
Other Funds	27	1,245,435	697,448
		35,059,878	28,399,145

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 2013

	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	Community Silver Trust	MWS-CSL Trust Endowment Fund for BMNH	Other Funds	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1.4.2011	14,662,184	7,911,350	252,667	134,743	169,387	17,059	1,034,344	-	1,037,312	691,654	25,910,700
Surplus/(deficit) for the year	2,443,178	860,235	-	20,288	-	10,750	(778,335)	-	17,948	(65,544)	2,508,520
Other comprehensive income											
Fair value gains on available-for-sale financial assets	-	-	8,587	-	-	-	-	-	-	-	8,587
Total comprehensive income/(loss) for the year	2,443,178	860,235	8,587	20,288	-	10,750	(778,335)	-	17,948	(65,544)	2,517,107
Transfer of funds	821,708	(971,708)	-	-	50,000	-	-	-	-	100,000	-
Transfer to SFSC	-	-	-	-	-	-	-	-	-	(28,662)	(28,662)
At 31.3.2012	17,927,070	7,799,877	261,254	155,031	219,387	27,809	256,009	-	1,055,260	697,448	28,399,145
Surplus/(deficit) for the year	4,425,731	(11,556)	-	69,640	-	4,200	(116,733)	830,766	237,258	447,987	5,887,293
Other comprehensive income											
Fair value gains on available-for-sale financial assets	-	-	773,440	-	-	-	-	-	-	-	773,440
Total comprehensive income/(loss) for the year	4,425,731	(11,556)	773,440	69,640	-	4,200	(116,733)	830,766	237,258	447,987	6,660,733
Transfer of funds	(310,014)	160,014	-	-	50,000	-	-	-	-	100,000	-
At 31.3.2013	22,042,787	7,948,335	1,034,694	224,671	269,387	32,009	139,276	830,766	1,292,518	1,245,435	35,059,878

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

Statement of Cash Flows

For the financial year ended 31 March 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Surplus for the year		4,414,175	3,303,413
Adjustments for:			
Depreciation of property, plant and equipment	9	725,456	697,394
Transfer of funds to SFSC		–	(28,662)
Amortisation of:			
- Capital grants	15	(231,669)	(234,614)
- Building grants	16	(303,671)	(312,578)
Interest received		(109,858)	(73,760)
(Gain)/loss on disposal of investments		(548)	19,781
Loss on disposal of property, plant and equipment		–	2,298
Donation of fixed assets to SFSC		–	10,509
Operating surplus before working capital changes		4,493,885	3,383,781
Receivables		(502,247)	609,387
Payables		176,164	(56,339)
Cash from operations		4,167,802	3,936,829
Capital grants	15	–	452,973
Net cash from operating activities		4,167,802	4,389,802
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(366,670)	(668,669)
Interest received		109,858	73,760
Purchase of investment		(1,023,398)	(1,519,851)
Sale proceeds from disposal of investment		257,726	380,040
Sale proceeds from disposal of property, plant and equipment		–	2,560
Net cash used in investing activities		(1,022,484)	(1,732,160)
Cash flows from restricted funds			
Net receipts from/(payments to):			
Asset Capitalisation Reserve	21	107,500	49,900
Bursary Fund	23	4,200	10,750
Community Outreach Project Fund	24	(116,733)	(778,335)
Community Silver Trust	25	830,766	–
MWS - CSL Trust Endowment Fund for BMNH	26	18,290	13,341
Other Funds	27	447,987	(65,544)
Net cash from/(used in) restricted funds		1,292,010	(769,888)
Net increase in cash and cash equivalents		4,437,328	1,887,754
Cash and cash equivalents at beginning of financial year		21,169,797	19,282,043
Cash and cash equivalents at end of financial year		25,607,125	21,169,797
Cash and cash equivalents comprise:			
Fixed deposits		21,411,081	16,523,938
Cash and bank balances		4,196,044	4,645,859
		25,607,125	21,169,797

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

Notes to the Financial Statements

For the financial year ended 31 March 2013

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

1 General information

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.

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.

Service Planning & Development

The Centre advances, facilitates and researches programmes and social issues for the promotion of effective social interventions. The Centre commenced operations on 1 April 2012.

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 three family service centres are:

Covenant Family Service Centre

Daybreak Family Service Centre

Tampines Family Service Centre

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

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 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 income and expenditure 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 did not have any material effect on the financial results or position of the Society.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 March 2013 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Society

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 (cont'd)

For the financial year ended 31 March 2013

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 and upgrading the accounting system, server and database management system are capitalised in the Capital Grants account and amortised in accordance with the depreciation of the cost of the respective assets acquired using the grants.

Grants received for the purpose of construction of the building, and purchase of furniture and 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 income and expenditure 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 income or expenditure in the period to which they relate.

d) Employee benefits

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.

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 income or expenditure in the period in which the related service is performed.

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.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

2 Significant accounting policies (cont'd)

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 income or expenditure.

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 income or expenditure 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 income or expenditure.

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" (excluding prepayments), "fixed deposits" and "cash and bank balances" on the balance sheet.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

2 Significant accounting policies (cont'd)

h) Financial assets (cont'd)

i) Classification (cont'd)

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 income or expenditure. Any amount in the fair value reserve relating to that asset is also transferred to income or expenditure.

iii) Initial measurement

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

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 income or expenditure.

Interest and dividend income on financial assets, available-for-sale are recognised separately in income or expenditure. 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 income or expenditure 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.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

2 Significant accounting policies (cont'd)

h) Financial assets (cont'd)

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 income or expenditure, 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 income or expenditure in the period in which the impairment occurs.

Impairment loss is reversed through income or expenditure. 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 income or expenditure. 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 income or expenditure when the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised. However, impairment losses recognised in income or expenditure on equity instruments classified as available-for-sale financial assets are not reversed through income or expenditure.

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.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

2 Significant accounting policies (cont'd)

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 Reserve

Specific donations given for the purchase of property, plant and equipment, which have been capitalised in the relevant property, plant and equipment accounts are credited to the Asset Capitalisation Reserve. Depreciation on the property, plant and equipment funded by the donation is charged directly to the Asset Capitalisation Reserve.

l) Operating leases

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 income or expenditure 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 expenditure 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 Bethany Methodist Nursing 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 for the nursing home 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 2013, the carrying amount of the building is \$6,288,153 (2012:\$6,636,984) and the building grants balances relating to the building is \$5,638,180 (2012:\$5,941,851).

4 Donations/Fund raising income

Included in donations are tax deductible and non tax deductible receipts of \$2,077,308 (2012: \$1,728,617) and \$1,754,722 (2012: \$1,378,298) respectively.

Included in fund raising income are tax deductible and non tax deductible receipts of \$4,208,976 (2012: \$4,127,249) and \$242,924 (2012: \$102,238) respectively.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

5 Other income

	2013	2012
	\$	\$
Interest income	109,858	73,760
Dividend income	197,369	181,415
Other grant	26,102	55,751
Income from MWS - CSL Trust Endowment Fund (note 26)	47,191	44,187
Sundry income	50,150	56,104
	430,670	411,217

6 Expenditure of manpower

	2013	2012
	\$	\$
Salaries and related costs	9,746,069	8,941,721
CPF	1,012,065	901,830
Manpower contract services	294,213	201,102
Other staff benefits and training	273,432	270,310
	11,325,779	10,314,963

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

	2013	2012
	\$	\$
Salaries and related costs	1,346,142	1,267,115
CPF	130,992	153,094

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

7 Surplus before donation

This is arrived at after charging:

	2013	2012
	\$	\$
Rent of building, equipment and others	896,713	892,399
Repairs and maintenance	653,067	485,915
Allowance for doubtful receivables	240,036	63,808
Food and refreshments	941,806	836,539
Input GST not recoverable	238,390	231,765
Medical supplies	853,963	821,869
Professional fees	376,314	333,268
Specific assistance to clients	748,345	234,858
Stationery and printing	172,274	125,552
Supplies and materials	448,002	373,067
Utilities	553,177	574,437

8 Donation to Sembawang Family Service Centre

This related 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.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

9 Property, plant and equipment

	Building \$	Equipment \$	Computers \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Renovations \$	Total \$
2013							
Cost							
At 1.4.2012	10,462,931	270,444	642,834	1,283,589	289,068	2,488,153	15,437,019
Additions	–	17,494	203,540	26,494	–	119,142	366,670
At 31.3.2013	10,462,931	287,938	846,374	1,310,083	289,068	2,607,295	15,803,689
Accumulated depreciation							
At 1.4.2012	3,825,947	147,604	582,917	1,199,911	132,137	1,782,937	7,671,453
Depreciation charge	348,831	13,958	74,669	20,973	28,907	275,978	763,316
At 31.3.2013	4,174,778	161,562	657,586	1,220,884	161,044	2,058,915	8,434,769
Net carrying value							
At 31.3.2013	6,288,153	126,376	188,788	89,199	128,024	548,380	7,368,920
2012							
Cost							
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	10,462,931	270,444	642,834	1,283,589	289,068	2,488,153	15,437,019
Accumulated depreciation							
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	3,825,947	147,604	582,917	1,199,911	132,137	1,782,937	7,671,453
Net carrying value							
At 31.3.2012	6,636,984	122,840	59,917	83,678	156,931	705,216	7,765,566

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

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

9 Property, plant and equipment (cont'd)

Depreciation is charged to:

	2013	2012
	\$	\$
Statement of Comprehensive Income	725,456	697,394
Asset Capitalisation Reserve (note 21)	37,860	29,612
	<u>763,316</u>	<u>727,006</u>

10 Available-for-sale investments

	2013	2012
	\$	\$
At fair value:		
Investment fund	2,933,756	2,620,343
Quoted equity investments	3,115,670	2,672,203
Quoted equity investment - Chen Su Lan Trust Fund (note 26)	1,229,429	979,431
	<u>7,278,855</u>	<u>6,271,977</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 (2012: \$2,299,190) to the total pooled fund.

11 Held-to-maturity financial assets

	2013	2012
	\$	\$
<i>Quoted debt securities</i>		
- 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	250,500
- Bonds with fixed interest of 4.25% per annum and maturity date 26 April 2017 - Singapore	250,500	-
- Bonds with fixed interest of 5.00% per annum and maturity date 7 September 2015 - Singapore	250,500	-
- Preference shares with coupon rate 4% per annum and maturity date 17 January 2018 - Singapore	250,750	-
	<u>1,753,750</u>	<u>1,002,000</u>

The quoted debt securities have fair values at the balance sheet of \$1,804,688 (2012: \$1,006,650). The fair values were determined based on bid prices of the bonds provided by a financial institution at balance sheet date.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

12 Other receivables

	2013 \$	2012 \$
Sundry receivables	1,094,933	599,196
Sundry deposits	72,743	74,243
Prepayments	40,049	32,039
	<u>1,207,725</u>	<u>705,478</u>

a) Sundry receivables comprise:

	2013 \$	2012 \$
Not past due and not impaired	614,338	394,546
Past due but not impaired	480,595	204,650
Past due and impaired	390,194	150,256
	<u>1,485,127</u>	<u>749,452</u>
Allowance for doubtful receivables	(390,194)	(150,256)
	<u>1,094,933</u>	<u>599,196</u>

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

	2013 \$	2012 \$
Past due 0 - 30 days	94,419	50,270
Past due 31 - 60 days	93,399	33,018
Past due 60 days and over	292,777	121,362
	<u>480,595</u>	<u>204,650</u>

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

	2013 \$	2012 \$
At 1 April	150,256	94,845
Allowance made	240,036	74,785
Allowance written back	-	(10,977)
Amounts written off against allowance	(98)	(8,397)
At 31 March	<u>390,194</u>	<u>150,256</u>

Bad debts directly written off to income or expenditure	<u>14,033</u>	<u>13,325</u>
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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.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

13 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 0.25% to 1.20% (2012: 0.075% to 0.900%) 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.

14 Cash and bank balances

	2013	2012
	\$	\$
Cash on hand and at bank	3,901,018	4,336,950
Cash with broker	295,026	308,909
	<u>4,196,044</u>	<u>4,645,859</u>

15 Capital grants

	2013	2012
	\$	\$
Cost at 1 April	1,219,505	766,532
Grants received	-	452,973
	<u>1,219,505</u>	<u>1,219,505</u>
Accumulated amortisation	(768,861)	(537,192)
At 31 March	<u>450,644</u>	<u>682,313</u>
Accumulated amortisation comprises:		
At 1 April	537,192	302,578
Amortisation during the year	231,669	234,614
At 31 March	<u>768,861</u>	<u>537,192</u>

Capital grants received in year 2012 related to:

- MOH for the ward conversion and database management system of BMNH.
- Ministry of Social and Family Development ("MSF") formerly known as Ministry of Community Development, Youth and Sport ("MCYS") for the hostel conversion at Residence@St George's located at St George's Lane.
- MSF 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.

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

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

16 Building grants

	2013 \$	2012 \$
Cost at 1 April/31 March	10,141,625	10,141,625
Accumulated amortisation	(4,503,445)	(4,199,774)
	<u>5,638,180</u>	<u>5,941,851</u>
Accumulated amortisation comprises:		
At 1 April	4,199,774	3,887,196
Amortisation during the year	303,671	312,578
At 31 March	<u>4,503,445</u>	<u>4,199,774</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 BMNH 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.

17 Sundry payables and accruals

	2013 \$	2012 \$
Sundry payables	1,210,694	1,160,760
Accrued operating expenses	315,593	260,381
Residents' deposits and monies held for safekeeping	466,193	453,634
Deferred income (net)	75,193	16,734
	<u>2,067,673</u>	<u>1,891,509</u>

Deferred income represents net donations received for the fund raising event "MWS Golf 2013" (2012: "MWS Golf 2012") to be held on 17 July 2013 (2012: 11 July 2012). This includes tax deductible and non tax deductible receipts of \$79,630 (2012: \$19,460) and \$1,050 (2012: \$Nil) respectively.

18 General Accumulated Fund

	2013 \$	2012 \$
At 1 April	17,927,070	14,662,184
Surplus for the year	4,425,731	2,443,178
Balance before transfers	<u>22,352,801</u>	<u>17,105,362</u>
Transfers from/(to):		
- Service Centres' Accumulated Funds (note 19)	(210,014)	921,708
- General Maintenance Fund (note 27)	(100,000)	(100,000)
At 31 March	<u>22,042,787</u>	<u>17,927,070</u>

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

19 Service Centres' Accumulated Funds

2013	As 1.4.2012 \$	(Deficit)/ surplus \$	Transfer of Funds \$	At 31.3.2013 \$
Funds held by Centres:				
Agape Methodist Hospice	(166,839)	(214,923)	–	(381,762)
Bethany Methodist Nursing Home (note 22)	1,767,656	59,185	(50,000)	1,776,841
Christalite Methodist Home	4,112,854	529,439	–	4,642,293
Covenant Family Service Centre	279,138	142,822	–	421,960
Daybreak Family Service Centre	413,250	194,744	–	607,994
D'Joy Children's Centre	42,980	(79,080)	75,581	39,481
Familyworks Community Services	(9,360)	1,243	–	(8,117)
Residence@St George's	(89,457)	(262,068)	134,433	(217,092)
Service Planning & Development	–	(842,974)	–	(842,974)
Tampines Family Service Centre	1,382,749	397,290	–	1,780,039
Wesley Seniors Activity Centre	66,906	62,766	–	129,672
	7,799,877	(11,556)	160,014	7,948,335

2012	As 1.4.2011 \$	(Deficit)/ surplus \$	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 22)	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
	7,911,350	860,235	(971,708)	7,799,877

20 Fair value reserve

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

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

21 Asset Capitalisation Reserve

	2013 \$	2012 \$
At 1 April	155,031	134,743
Transfer from Community Silver Trust (note 25)	107,500	-
Donations	-	49,900
Depreciation charged (note 9)	(37,860)	(29,612)
Net surplus	69,640	20,288
At 31 March	224,671	155,031

22 Building Maintenance Fund

	2013 \$	2012 \$
At 1 April	219,387	169,387
Transfer from Service Centres' Accumulated Fund (note 19)	50,000	50,000
At 31 March	269,387	219,387

This fund is for the future major repairs and maintenance of BMNH.

23 Bursary Fund

	2013 \$	2012 \$
At 1 April	27,809	17,059
Donations	45,300	53,520
Bursary programme	(41,100)	(160,600)
Charge to Statement of Comprehensive Income	-	117,830
Net surplus	4,200	10,750
At 31 March	32,009	27,809

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 \$12,200 (2012: \$44,520) and \$33,100 (2012: \$9,000) respectively.

The fund is held in cash.

24 Community Outreach Project Fund

	2013 \$	2012 \$
At 1 April	256,009	1,034,344
Receipts	33,090	306,920
Expenditure	(149,823)	(1,085,255)
Net deficit	(116,733)	(778,335)
At 31 March	139,276	256,009

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

24 Community Outreach Project Fund (cont'd)

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

Included is an amount of \$Nil (2012: \$62,225) relating to MCS's 125th anniversary project.

Included in receipts are tax deductible and non tax deductible receipts of \$33,090 (2012:\$123,025) and \$Nil (2012: \$183,895) respectively for the community outreach projects.

25 Community Silver Trust

	2013 \$	2012 \$
At 1 April	-	-
Grants received	952,463	-
Expenditure charge to Statement of Comprehensive Income	(14,197)	-
Capital expenditure transfer to Asset Capitalisation Reserve (note 21)	(107,500)	-
At 31 March	<u>830,766</u>	<u>-</u>

Community Silver Trust ("CST") is a Trust managed by the MOH and MSF. The objective of CST is to encourage donations and provide additional resources for the service providers in the intermediate and long term care sector to enhance capabilities and provide value-added services to achieve higher quality care and affordable step down care.

26 MWS - CSL Trust Endowment Fund for BMNH

	2013 \$	2012 \$
<i>Endowment Fund</i>		
At 1 April	1,021,635	1,008,294
Dividend income received	63,290	58,341
Gain/(loss) on disposal of quoted equity	2,191	(813)
	<u>1,087,116</u>	<u>1,065,822</u>
Transfer to BMNH (note 5)	(47,191)	(44,187)
At 31 March	<u>1,039,925</u>	<u>1,021,635</u>
<i>Fair Value Reserve</i>		
At 1 April	33,625	29,018
Fair value adjustments during the year	218,968	4,607
At 31 March	<u>252,593</u>	<u>33,625</u>
Total	<u>1,292,518</u>	<u>1,055,260</u>

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 fair value of \$1,229,429 (2012: \$979,431) (note 10) and the remainder in cash.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

27 Other Funds

2013	At 1.4.2012	Receipts	Expenditure	Surplus/ (deficit)	Transfer of funds	At 31.3.2013
	\$	\$	\$	\$	\$	\$
General Maintenance Fund (note 18)	300,000	-	-	-	100,000	400,000
Medifund	228,572	118,041	75,179	42,862	-	271,434
Medifund Silver	1,065	442,811	172,677	270,134	-	271,199
MILK Fund	11,698	80,000	89,948	(9,948)	-	1,750
Financial Assistance Fund	3,468	466	1,897	(1,431)	-	2,037
Fixed Asset Fund	2,157	-	2,157	(2,157)	-	-
FSC Comcare Fund	-	33,000	9,210	23,790	-	23,790
North East Essentials Relief Fund	795	-	795	(795)	-	-
School Pocket Money Fund	45,182	394,672	271,105	123,567	-	168,749
Staff Crisis Fund	11,648	6,247	725	5,522	-	17,170
Tuition Scheme	89,265	100,900	103,609	(2,709)	-	86,556
Economic Downturn Assistance Fund	3,598	-	3,598	(3,598)	-	-
Walk in the Needy Fund	-	4,000	1,250	2,750	-	2,750
	697,448	1,180,137	732,150	447,987	100,000	1,245,435

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

27 Other Funds (cont'd)

2012	At 1.4.2011	Receipts	Expenditure	Surplus/ (deficit)	Transfer of funds	Transfer of SFSC*	At 31.3.2012
	\$	\$	\$	\$	\$	\$	\$
General Maintenance Fund (note 18)	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.

General Maintenance Fund

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

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.

Financial Assistance Fund

This fund is set up to provide financial assistance to needy, families and children. Tax deductible receipts of \$466 (2012: \$2,000) were received during the year.

Fixed Asset Fund

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

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

27 Other Funds (cont'd)

FSC Comcare Fund

These are funds received from National Council of Social Service (“NCSS”) to provide immediate assistance to needy clients who require urgent and temporary financial relief to tide over their current situations.

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.

School Pocket Money Fund

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

Staff Crisis Fund

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

Tuition Scheme

This fund is set up for the tuition programme at the student care centres. Tax deductible receipts of \$100,900 (2012: \$60,850) 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.

Walk in the Needy Fund

These are donations received from Paya Lebar Methodist Church to finance needy walk-in and urgent cases.

28 Operating lease commitment

The Society leases land and office equipment from non-related parties under non-cancellable operating lease arrangements. The leases have an average tenure of between three to six years, varying terms and renewal options.

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

	2013	2012
	\$	\$
Within 1 year	409,154	559,416
Within 2 to 5 years	65,949	425,229
More than 5 years	13,479	–
	<hr/>	<hr/>

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 2013 and 31 March 2012.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

30 Financial instruments

a) Categories of financial instruments

Financial instruments at balance sheet date are as follows:

	2013 \$	2012 \$
<i>Financial assets</i>		
Other receivables	1,167,676	673,439
Fixed deposits	21,411,081	16,523,938
Cash and bank balances	4,196,044	4,645,859
Loans and receivables	26,774,801	21,843,236
Available-for-sale investments	7,278,855	6,271,977
Held-to-maturity financial assets	1,753,750	1,002,000
<i>Financial liabilities</i>		
Sundry payables and accruals at amortised cost	1,850,262	1,815,006

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 12.

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.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

30 Financial instruments (cont'd)

b) *Financial risk management (cont'd)*

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 2013, the Society's investment in available-for-sale is \$7,278,855 (2012: \$6,271,977). A 10% increase/(decrease) in the underlying market prices at the balance sheet date would increase/(decrease) the fair value reserve by \$727,886 (2012: \$627,198).

This analysis assumes that all other variables remain constant.

Notes to the Financial Statements (cont'd)

For the financial year ended 31 March 2013

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 \$
2013	
Assets	
Available-for-sale investments:	
- investment fund	2,933,756
- equity investments	3,115,670
- equity investment - Chen Su Lan Trust Fund	<u>1,229,429</u>
2012	
Assets	
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 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 2013 were authorised for issue in accordance with a resolution of the Board of Governance dated 13 July 2013.

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Methodist
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That All May Have Life to the Full

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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