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methodist welfare services

financial statements for the financial year ended 31 march 2014

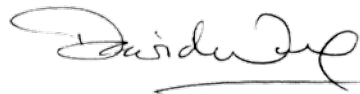
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the board of governance methodist welfare services

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 of Methodist Welfare Services (the "Society") as set out on pages 4 to 30 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 2014 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.



David Wong Cheong Fook
Chairman



Joseph Toh Guan Kiat
Honorary Treasurer

12 July 2014

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 30, which comprise the balance sheet as at 31 March 2014, and the statement of comprehensive income, statement of changes in accumulated fund and specific funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

THE BOARD OF GOVERNANCE'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Governance 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 the Board of Governance 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 the Board of Governance, 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 2014 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.

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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 the 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 2014 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 moneys 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 the 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

12 July 2014



BAKER TILLY
TFW

Baker Tilly TFW LLP
Chartered Accountants of Singapore

An independent member of Baker Tilly International

statement of comprehensive income

for the financial year ended 31 march 2014

| | Note | 2014 \$ | 2013 \$ |
|----------------------------------------------------------------------|------|-------------------|-------------------|
| Income | | | |
| Donations | 4 | 3,626,968 | 3,832,030 |
| Fund-raising income | 4 | 4,561,758 | 4,451,900 |
| Government grants | | 11,386,964 | 10,807,156 |
| NCSS grants | | 440,218 | 679,286 |
| Programme income | | 2,359,769 | 2,316,391 |
| Amortisation of: | | | |
| - Capital grants | 14 | 225,235 | 231,669 |
| - Building grants | 15 | 303,671 | 303,671 |
| Other income | 5 | 571,141 | 430,670 |
| Total income | | 23,475,724 | 23,052,773 |
| Less expenditure | | | |
| Expenditure on manpower | 6 | 12,673,148 | 11,325,779 |
| Depreciation of property, plant and equipment | 8 | 855,156 | 725,456 |
| Maintenance | | 1,598,525 | 1,549,780 |
| General expenditure | | 5,352,107 | 5,037,583 |
| Total expenditure | | 20,478,936 | 18,638,598 |
| Surplus for the year transferred to Accumulated Funds | 7 | 2,996,788 | 4,414,175 |
| (Deficit)/surplus from funds: | | | |
| Asset Capitalisation Reserve | 20 | (50,405) | (37,860) |
| Bursary Fund | 22 | (8,799) | 4,200 |
| Community Outreach Project Fund | 23 | (48,815) | (116,733) |
| Community Silver Trust | 24 | (64,533) | 938,266 |
| MWS - CSL Trust Endowment Fund for BMNH | 25 | 24,369 | 18,290 |
| Other Funds | 26 | (428,876) | 447,987 |
| | | (577,059) | 1,254,150 |
| Other comprehensive income for the year, net of tax | | | |
| Items that are or may be reclassified subsequently to profit or loss | | | |
| Fair value (losses)/gains on available-for-sale financial assets | | | |
| - MWS - CSL Trust Endowment Fund for BMNH | | (150,861) | 218,968 |
| - Others | | (209,398) | 773,440 |
| | | (360,259) | 992,408 |
| Surplus and total comprehensive income for the year | | 2,059,470 | 6,660,733 |
| Surplus/(deficit) for the year was transferred as follows: | | | |
| General Accumulated Fund | 17 | 4,203,290 | 4,425,731 |
| Service Centres' Accumulated Funds | 18 | (1,206,502) | (11,556) |
| | | 2,996,788 | 4,414,175 |

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

balance sheet

as at 31 march 2014

| | Note | 2014 \$ | 2013 \$ |
|-----------------------------------------|------|-------------------|------------|
| Non-current assets | | | |
| Property, plant and equipment | 8 | 7,211,687 | 7,368,920 |
| Available-for-sale financial assets | 9 | 6,954,349 | 7,278,855 |
| Held-to-maturity financial assets | 10 | 2,507,147 | 1,753,750 |
| | | 16,673,183 | 16,401,525 |
| Current assets | | | |
| Other receivables | 11 | 1,272,297 | 1,207,725 |
| Fixed deposits | 12 | 21,500,000 | 21,411,081 |
| Cash and bank balances | 13 | 5,925,933 | 4,196,044 |
| | | 28,698,230 | 26,814,850 |
| Total assets | | 45,371,413 | 43,216,375 |
| Non-current liabilities | | | |
| Capital grants | 14 | 225,409 | 450,644 |
| Building grants | 15 | 5,334,509 | 5,638,180 |
| | | 5,559,918 | 6,088,824 |
| Current liabilities | | | |
| Sundry payables and accruals | 16 | 2,692,147 | 2,067,673 |
| Total liabilities | | 8,252,065 | 8,156,497 |
| Net assets | | 37,119,348 | 35,059,878 |
| Funds | | | |
| Unrestricted Funds | | | |
| General Accumulated Fund | 17 | 24,201,182 | 22,042,787 |
| Service Centres' Accumulated Funds | 18 | 8,636,728 | 7,948,335 |
| Fair Value Reserve | 19 | 825,296 | 1,034,694 |
| Asset Capitalisation Reserve | 20 | 217,675 | 224,671 |
| | | 33,880,881 | 31,250,487 |
| Restricted Funds | | | |
| Building Maintenance Fund | 21 | 319,387 | 269,387 |
| Bursary Fund | 22 | 23,210 | 32,009 |
| Community Outreach Project Fund | 23 | 90,461 | 139,276 |
| Community Silver Trust | 24 | 722,824 | 830,766 |
| MWS - CSL Trust Endowment Fund for BMNH | 25 | 1,166,026 | 1,292,518 |
| Other Funds | 26 | 916,559 | 1,245,435 |
| | | 3,238,467 | 3,809,391 |
| Total funds | | 37,119,348 | 35,059,878 |

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 2014

| | Unrestricted Funds | | | | Restricted Funds | | | | MWS- CSL Trust Endowment Fund for BMNH | Other Funds | Total Funds |
|----------------------------------------------------------------|--------------------------------|------------------------------|-----------------------|------------------------------------|---------------------------------|---------------|---------------------------------------|---------------------------|----------------------------------------------------|----------------|-------------------|
| | General Accumulated Fund | Service Centres' Funds | Fair Value Reserve | Asset Capitalisation Reserve | Building Maintenance Fund | Bursary Fund | Community Outreach Project Fund | Community Silver Trust | | | |
| At 1.4.2012 | \$ 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) | - | (37,860) | - | 4,200 | (116,733) | 938,266 | 18,290 | 447,987 | 5,668,325 |
| Other comprehensive income for the year, net of tax | | | | | | | | | | | |
| Fair value gains on available-for-sale financial assets | - | - | 773,440 | - | - | - | - | - | 218,968 | - | 992,408 |
| Total comprehensive income/(loss) for the year | 4,425,731 | (11,556) | 773,440 | (37,860) | - | 4,200 | (116,733) | 938,266 | 237,258 | 447,987 | 6,660,733 |
| Transfer of funds | (310,014) | 160,014 | - | 107,500 | 50,000 | - | - | (107,500) | - | 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 |
| Surplus/(deficit) for the year | 4,203,290 | (1,206,502) | - | (50,405) | - | (8,799) | (48,815) | (64,533) | 24,369 | (428,876) | 2,419,729 |
| Other comprehensive loss for the year, net of tax | | | | | | | | | | | |
| Fair value losses on available-for-sale financial assets | - | - | (209,398) | - | - | - | - | - | (150,861) | - | (360,259) |
| Total comprehensive income/(loss) for the year | 4,203,290 | (1,206,502) | (209,398) | (50,405) | - | (8,799) | (48,815) | (64,533) | (126,492) | (428,876) | 2,059,470 |
| Transfer of funds | (2,044,895) | 1,894,895 | - | 43,409 | 50,000 | - | - | (43,409) | - | 100,000 | - |
| At 31.3.2014 | 24,201,182 | 8,636,728 | 825,296 | 217,675 | 319,387 | 23,210 | 90,461 | 722,824 | 1,166,026 | 916,559 | 37,119,348 |

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

statement of cash flows

for the financial year ended 31 march 2014

| | Note | 2014 \$ | 2013 \$ |
|----------------------------------------------------------------|------|--------------------|-------------------|
| Cash flows from operating activities | | | |
| Surplus for the year | | 2,996,788 | 4,414,175 |
| Adjustments for: | | | |
| Amortisation of: | | | |
| - Capital grants | 14 | (225,235) | (231,669) |
| - Building grants | 15 | (303,671) | (303,671) |
| Depreciation of property, plant and equipment | 8 | 855,156 | 725,456 |
| Dividend income | | (165,473) | (144,767) |
| (Gain)/loss on disposal of available-for-sale financial assets | | (32,394) | 1,643 |
| Interest income | | (194,416) | (162,460) |
| Property, plant and equipment written off | | 43,486 | - |
| Operating surplus before working capital changes | | 2,974,241 | 4,298,707 |
| Receivables | | (64,572) | (502,247) |
| Payables | | 624,474 | 176,164 |
| Net cash from operating activities | | 3,534,143 | 3,972,624 |
| Cash flows from investing activities | | | |
| Dividend received | | 165,473 | 144,767 |
| Purchase of property, plant and equipment | 8 | (791,814) | (366,670) |
| Interest received | | 194,416 | 162,460 |
| Purchase of available-for-sale financial assets | | (408,402) | (271,648) |
| Proceeds from disposal of available-for-sale financial assets | | 420,413 | 257,726 |
| Purchase of held-to-maturity financial assets | | (753,397) | (751,750) |
| Net cash used in investing activities | | (1,173,311) | (825,115) |
| Cash flows from funds | | | |
| Net receipts from/(payments to): | | | |
| Asset Capitalisation Reserve | 20 | 43,409 | 107,500 |
| Bursary Fund | 22 | (8,799) | 4,200 |
| Community Outreach Project Fund | 23 | (48,815) | (116,733) |
| Community Silver Trust | 24 | (107,942) | 830,766 |
| MWS - CSL Trust Endowment Fund for BMNH | 25 | 8,999 | 16,099 |
| Other Funds | 26 | (428,876) | 447,987 |
| Net cash (used in)/from funds | | (542,024) | 1,289,819 |
| Net increase in cash and cash equivalents | | 1,818,808 | 4,437,328 |
| Cash and cash equivalents at beginning of financial year | | 25,607,125 | 21,169,797 |
| Cash and cash equivalents at end of financial year | | 27,425,933 | 25,607,125 |
| Cash and cash equivalents comprise: | | | |
| Fixed deposits | | 21,500,000 | 21,411,081 |
| Cash and bank balances | | 5,925,933 | 4,196,044 |
| | | 27,425,933 | 25,607,125 |

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

notes to the financial statements

for the financial year ended 31 march 2014

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

1 GENERAL INFORMATION

Methodist Welfare Services (the "Society") is registered in Singapore under the Societies Act.

The principal activities of 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, #05-01, Singapore 309936.

The principal activities of the branches of the Society 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.

Charis Activity Centre for Elderly

The Centre provides services to help the elderly to age in place, where they live comfortably in their own home and community while facing the challenges of ageing. It also serves as an integrated resource network to promote the well-being of the elderly residents in Geylang East neighbourhood. The Centre commenced operations on 29 March 2014.

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.

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

for the financial year ended 31 march 2014 (cont'd)

2 SUMMARY OF 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") except for the departure from FRS 16 Property, Plant and Equipment which is permitted by FRS 1 Presentation of Financial Statements as disclosed in Note 3. 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, other current receivables and payables 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 and revised FRS and INT 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 2014 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

Income is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Society, and the amount of income and related expenditure can be reliably measured.

| | |
|---------------------|-------------------------------------------------------|
| 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 2014 (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 or 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. A provision is made for the estimated liability for annual 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

The Society is exempted 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 initially recognised at cost and subsequently stated 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.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

(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

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.

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.

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.

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

Initial measurement

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

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 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 and accumulated in fair value reserve within the fund. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in fair value reserve within the fund, together with the related currency translation differences.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

(h) Financial assets (cont'd)

Subsequent measurement (cont'd)

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

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

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 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. When the asset becomes uncollectible, it is written off against allowance account. Subsequent recoveries of amounts previously written off are recognised in income or expenditure.

If in subsequent periods, the impairment loss decreases, and the decrease can be related to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through income or expenditure to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

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 if the impairment loss decrease can be related objectively to an event occurring after the impairment loss was recognised. 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.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

(i) Financial liabilities

Financial liabilities comprise sundry payables and accruals (excluding fees received in advance, provision for unutilised annual leave and deferred income) are recognised on the balance sheet when, and only when the Society becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in income or expenditure when the liabilities are derecognised and through the amortisation process.

(j) Provision for liabilities

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic 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 incidental to 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 expires, 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.

(m) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

(n) Funds

Unless specifically indicated, fund balances are not represented by any specific assets or liabilities but are represented by all assets of the Society.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

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 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 believes that the landlord will continue to renew the lease up to the conclusion of the 30 years because the building grants received from the Ministry of Health ("MOH") is conditional upon the Society agreeing to operate Bethany Methodist Nursing Home ("BMNH") for 30 years.

Similarly as mentioned in Note 2(c), the building grants received for the purpose of construction of the 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 building.

At 31 March 2014, the carrying amount of the building is \$5,939,319 (2013: \$6,288,150) and the building grants balances relating to the building is \$5,334,509 (2013: \$5,638,180).

Had the Society depreciated the building over its 3 years lease period which commenced from 2001, the financial statements of the Society at 31 March 2014 would be revised as follows:

- the carrying amounts of the building and the related building grants balances relating to the building at 31 March 2014 would be \$Nil (2013: \$Nil); and
- the depreciation expense on the building and the corresponding amortisation of building grants for the financial year would be \$Nil (2013: \$Nil).

The net positive impact on the Society's surplus for the financial year is \$45,160 (2013: \$45,160).

4 DONATIONS/FUND-RAISING INCOME

Included in donations are tax deductible and non-tax deductible receipts of \$2,119,954 (2013: \$2,077,308) and \$1,507,014 (2013: \$1,754,722) respectively.

Included in fund-raising income are tax deductible and non-tax deductible receipts of \$4,353,576 (2013: \$4,208,976) and \$208,182 (2013: \$242,924) respectively.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

5 OTHER INCOME

| | 2014 \$ | 2013 \$ |
|---------------------------------------------------------------|----------------|----------------|
| Interest income from fixed deposit and bank balances | 124,541 | 109,858 |
| Interest income from held-to-maturity financial assets | 69,875 | 52,602 |
| Dividend income from available-for-sale financial assets | 165,473 | 144,767 |
| Other grants | 59,337 | 26,102 |
| Income from MWS - CSL Trust Endowment Fund for BMNH (Note 25) | 65,370 | 47,191 |
| Gain on disposal of available-for-sale financial assets | 32,394 | - |
| Sundry income | 54,151 | 50,150 |
| | 571,141 | 430,670 |

6 EXPENDITURE ON MANPOWER

| | 2014 \$ | 2013 \$ |
|-----------------------------------|-------------------|-------------------|
| Salaries and related costs | 11,041,459 | 9,746,069 |
| CPF | 1,111,582 | 1,012,065 |
| Manpower contract services | 123,622 | 294,213 |
| Other staff benefits and training | 396,485 | 273,432 |
| | 12,673,148 | 11,325,779 |

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

| | \$ | \$ |
|----------------------------|------------------|------------------|
| Salaries and related costs | 1,345,439 | 1,346,142 |
| CPF | 125,681 | 130,992 |
| | 1,471,120 | 1,477,134 |

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

7 SURPLUS FOR THE YEAR TRANSFERRED TO ACCUMULATED FUNDS

This is arrived at after charging/(crediting):

| | 2014 \$ | 2013 \$ |
|---------------------------------------------------------|------------|------------|
| Allowance for doubtful receivables, net | 100,648 | 240,036 |
| Food and refreshments | 868,544 | 941,806 |
| Input GST not recoverable | 292,895 | 238,390 |
| Loss on disposal of available-for-sale financial assets | - | 1,643 |
| Medical supplies | 816,073 | 853,963 |
| Professional fees | 663,425 | 376,314 |
| Property, plant and equipment written off | 43,486 | - |
| Rent of building, equipment and others | 935,848 | 896,713 |
| Repairs and maintenance | 662,677 | 653,067 |
| Specific assistance to clients | 811,466 | 748,345 |
| Stationery and printing | 162,701 | 172,274 |
| Supplies and materials | 600,162 | 448,002 |
| Utilities | 500,548 | 553,177 |

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

8 PROPERTY, PLANT AND EQUIPMENT

| | Building \$ | Equipment \$ | Computers \$ | Furniture, fittings and office equipment \$ | Motor vehicles \$ | Renovations \$ | Total \$ |
|---------------------------------|-------------------|-----------------|-----------------|---------------------------------------------------------|----------------------|-------------------|-------------------|
| 2014 | | | | | | | |
| Cost | | | | | | | |
| At 1.4.2013 | 10,462,931 | 287,938 | 846,374 | 1,310,083 | 289,068 | 2,607,295 | 15,803,689 |
| Additions | – | 92,513 | 24,000 | 193,899 | – | 481,402 | 791,814 |
| Write-offs | – | (68,205) | (223,629) | (37,240) | – | (175,344) | (504,418) |
| At 31.3.2014 | 10,462,931 | 312,246 | 646,745 | 1,466,742 | 289,068 | 2,913,353 | 16,091,085 |
| Accumulated depreciation | | | | | | | |
| At 1.4.2013 | 4,174,781 | 161,562 | 657,586 | 1,220,881 | 161,044 | 2,058,915 | 8,434,769 |
| Depreciation charge | 348,831 | 25,671 | 80,047 | 53,847 | 28,907 | 368,258 | 905,561 |
| Write-offs | – | (29,742) | (219,754) | (36,092) | – | (175,344) | (460,932) |
| At 31.3.2014 | 4,523,612 | 157,491 | 517,879 | 1,238,636 | 189,951 | 2,251,829 | 8,879,398 |
| Net carrying value | | | | | | | |
| At 31.3.2014 | 5,939,319 | 154,755 | 128,866 | 228,106 | 99,117 | 661,524 | 7,211,687 |
| 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 | 3,825,950 | 147,604 | 582,917 | 1,199,908 | 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 | 4,174,781 | 161,562 | 657,586 | 1,220,881 | 161,044 | 2,058,915 | 8,434,769 |
| Net carrying value | | | | | | | |
| At 31.3.2013 | 6,288,150 | 126,376 | 188,788 | 89,202 | 128,024 | 548,380 | 7,368,920 |

Depreciation is charged to:

| | 2014 \$ | 2013 \$ |
|----------------------------------------|----------------|------------|
| Statement of Comprehensive Income | 855,156 | 725,456 |
| Asset Capitalisation Reserve (Note 20) | 50,405 | 37,860 |
| | 905,561 | 763,316 |

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 2014 \$ | 2013 \$ |
|------------------------------------|------------|------------|
| At fair value: | | |
| Investment fund | 2,762,581 | 2,933,756 |
| Quoted equity investments | | |
| - Chen Su Lan Trust Fund (Note 25) | 1,110,619 | 1,229,429 |
| - Others | 3,081,149 | 3,115,670 |
| | 6,954,349 | 7,278,855 |

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 \$2,141,283 (2013: \$2,299,190) to the total pooled fund.

10 HELD-TO-MATURITY FINANCIAL ASSETS

| | 2014 \$ | 2013 \$ |
|----------------------------------------------------------------------------------------------------------|------------|------------|
| Debt securities | | |
| - Bonds with fixed interest of 5.00% per annum and maturity date 7 September 2015 - Singapore | 250,500 | 250,500 |
| - Bonds with fixed interest of 5.25% per annum and maturity date 20 May 2016 - Singapore | 250,000 | - |
| - Bonds with fixed interest of 4.25% per annum and maturity date 26 April 2017 - 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 |
| - Preference shares with coupon rate of 4.00% per annum and maturity date 17 January 2018 - Singapore | 250,750 | 250,750 |
| - 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 3.30% per annum and maturity date 21 February 2022 - Singapore | 250,500 | 250,500 |
| - Perpetual Bonds with fixed interest of 7.80% per annum and maturity date 29 September 2049 - Singapore | 257,447 | - |
| - Perpetual Bonds with fixed interest of 8.75% per annum and maturity date 31 December 2049 - Singapore | 245,950 | - |
| | 2,507,147 | 1,753,750 |

The debt securities have fair values at the balance sheet date of \$2,558,313 (2013: \$1,804,688). The fair values were determined based on market prices provided by financial institutions at the balance sheet date.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

11 OTHER RECEIVABLES

| | 2014 | 2013 |
|--------------------|------------------|------------------|
| | \$ | \$ |
| Sundry receivables | 878,318 | 1,094,933 |
| Sundry deposits | 237,185 | 72,743 |
| Prepayments | 156,794 | 40,049 |
| | 1,272,297 | 1,207,725 |

(a) Sundry receivables comprise:

| | \$ | \$ |
|------------------------------------|------------------|------------------|
| Not past due and not impaired | 204,619 | 614,338 |
| Past due but not impaired | 673,699 | 480,595 |
| Past due and impaired | 268,590 | 390,194 |
| | 1,146,908 | 1,485,127 |
| Allowance for doubtful receivables | (268,590) | (390,194) |
| | 878,318 | 1,094,933 |

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

| | \$ | \$ |
|---------------------------|----------------|----------------|
| Past due 0 - 30 days | 170,417 | 94,419 |
| Past due 31 - 60 days | 126,868 | 93,399 |
| Past due 61 days and over | 376,414 | 292,777 |
| | 673,699 | 480,595 |

(b) Sundry receivables are stated after making allowance for doubtful receivables as follows:

| | \$ | \$ |
|---------------------------------------------------------|----------------|----------------|
| At 1 April | 390,194 | 150,256 |
| Allowance made | 135,502 | 240,036 |
| Allowance written back | (34,854) | - |
| Amounts written off against allowance | (222,252) | (98) |
| At 31 March | 268,590 | 390,194 |
| Bad debts directly written off to income or expenditure | - | 14,033 |

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.

12 FIXED DEPOSITS

All fixed deposits are placed with banks and matured within 12 months from the balance sheet date. At the balance sheet date, the interest rates of these fixed deposits range from 0.30% to 1.40% (2013: 0.25% to 1.20%) per annum.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

13 CASH AND BANK BALANCES

| | 2014 | 2013 |
|--------------------------|------------------|------------------|
| | \$ | \$ |
| Cash on hand and at bank | 5,623,097 | 3,901,018 |
| Cash with broker | 302,836 | 295,026 |
| | 5,925,933 | 4,196,044 |

14 CAPITAL GRANTS

| | 2014 | 2013 |
|----------------------------------------|-----------|-----------|
| | \$ | \$ |
| Cost | | |
| At 1 April and 31 March | 1,219,505 | 1,219,505 |
| Accumulated amortisation | | |
| At 1 April | 768,861 | 537,192 |
| Amortisation during the financial year | 225,235 | 231,669 |
| At 31 March | 994,096 | 768,861 |
| Net carrying value | | |
| At 31 March | 225,409 | 450,644 |

These are capital grants received for the purpose of:

- (a) renovation, and hostel and ward conversion, which are amortised over useful life of 5 years;
- (b) upgrading of server and data management system, which are amortised over useful life of 3 years; and
- (c) purchase of video conference equipment, which is amortised over useful life of 10 years.

15 BUILDING GRANTS

| | 2014 | 2013 |
|----------------------------------------|------------|------------|
| | \$ | \$ |
| Cost | | |
| At 1 April and 31 March | 10,141,625 | 10,141,625 |
| Accumulated amortisation | | |
| At 1 April | 4,503,445 | 4,199,774 |
| Amortisation during the financial year | 303,671 | 303,671 |
| At 31 March | 4,807,116 | 4,503,445 |
| Net carrying value | | |
| At 31 March | 5,334,509 | 5,638,180 |

These are 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.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

16 SUNDRY PAYABLES AND ACCRUALS

| | 2014 \$ | 2013 \$ |
|-----------------------------------------------------|------------------|------------------|
| Sundry payables | 1,673,591 | 1,210,694 |
| Accrued operating expenses | 570,880 | 315,593 |
| Residents' deposits and monies held for safekeeping | 398,772 | 466,193 |
| Deferred income (net) | 48,904 | 75,193 |
| | 2,692,147 | 2,067,673 |

Deferred income represents net donations received for the fund-raising event "MWS Golf 2014" (2013: "MWS Golf 2013") to be held on 30 July 2014 (2013: 17 July 2013). This includes tax deductible and non-tax deductible receipts of \$50,000 (2013: \$79,630) and \$Nil (2013: \$1,050) respectively for "MWS Golf 2014" (2013: "MWS Golf 2013").

17 GENERAL ACCUMULATED FUND

| | 2014 \$ | 2013 \$ |
|----------------------------------------------------|--------------------|-------------------|
| At 1 April | 22,042,787 | 17,927,070 |
| Surplus for the year | 4,203,290 | 4,425,731 |
| Balance before transfers | 26,246,077 | 22,352,801 |
| Transfers to: | | |
| - Service Centres' Accumulated Funds (Note 18) | (1,944,895) | (210,014) |
| - Other Funds - General Maintenance Fund (Note 26) | (100,000) | (100,000) |
| At 31 March | 24,201,182 | 22,042,787 |

18 SERVICE CENTRES' ACCUMULATED FUNDS

| 2014 | At 1.4.2013 \$ | (Deficit)/surplus \$ | Transfer of funds \$ | At 31.3.2014 \$ |
|---------------------------------------------|-------------------|-------------------------|-------------------------|--------------------|
| Funds held by Centres: | | | | |
| Agape Methodist Hospice | (381,762) | (8,865) | - | (390,627) |
| Bethany Methodist Nursing Home (Note 21) | 1,776,841 | (415,745) | (50,000) | 1,311,096 |
| Charis Activity Centre for Elderly | - | (26,382) | 57,179 | 30,797 |
| Christalite Methodist Home | 4,642,293 | 210,626 | - | 4,852,919 |
| Covenant Family Service Centre | 421,960 | (281,510) | 126,542 | 266,992 |
| Daybreak Family Service Centre | 607,994 | 227,686 | - | 835,680 |
| D'Joy Children's Centre | 39,481 | (242,413) | 245,413 | 42,481 |
| Familyworks Community Services | (8,117) | 43,602 | - | 35,485 |
| Residence@St George's | (217,092) | 24,493 | 15,761 | (176,838) |
| Service Planning & Development | (842,974) | (836,745) | 1,500,000 | (179,719) |
| Tampines Family Service Centre | 1,780,039 | 68,754 | - | 1,848,793 |
| Wesley Seniors Activity Centre | 129,672 | 29,997 | - | 159,669 |
| | 7,948,335 | (1,206,502) | 1,894,895 | 8,636,728 |

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

| 2013 | At 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 21) | 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 |

19 FAIR VALUE RESERVE

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

20 ASSET CAPITALISATION RESERVE

| | 2014 | 2013 |
|------------------------------------------------|-----------------|----------|
| | \$ | \$ |
| At 1 April | 224,671 | 155,031 |
| Depreciation charge for the year (Note 8) | (50,405) | (37,860) |
| Balance before transfer | 174,266 | 117,171 |
| Transfer from Community Silver Trust (Note 24) | 43,409 | 107,500 |
| At 31 March | 217,675 | 224,671 |

21 BUILDING MAINTENANCE FUND

| | 2014 | 2013 |
|---------------------------------------------------------------|----------------|---------|
| | \$ | \$ |
| At 1 April | 269,387 | 219,387 |
| Transfer from Service Centres' Accumulated Funds (Note 18) | 50,000 | 50,000 |
| At 31 March | 319,387 | 269,387 |

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

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

22 BURSARY FUND

| | 2014 \$ | 2013 \$ |
|-----------------------------------------------------------------|------------|------------|
| At 1 April | 32,009 | 27,809 |
| Donations received | 54,440 | 45,300 |
| Bursary programme expenditure (Deficit)/surplus for the year | (63,239) | (41,100) |
| At 31 March | 23,210 | 32,009 |

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 \$35,160 (2013: \$12,200) and \$19,280 (2013: \$33,100) respectively.

The fund is held in cash.

23 COMMUNITY OUTREACH PROJECT FUND

| | 2014 \$ | 2013 \$ |
|----------------------|------------|------------|
| At 1 April | 139,276 | 256,009 |
| Receipts | 72,571 | 33,090 |
| Expenditure | (121,386) | (149,823) |
| Deficit for the year | (48,815) | (116,733) |
| At 31 March | 90,461 | 139,276 |

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

Included in receipts are tax deductible and non-tax deductible receipts of \$71,060 (2013:\$33,090) and \$1,511 (2013: \$Nil) respectively for the community outreach projects.

24 COMMUNITY SILVER TRUST

| | 2014 \$ | 2013 \$ |
|----------------------------------------------------|------------|------------|
| At 1 April | 830,766 | - |
| Grants received | - | 952,463 |
| Expenditure | (64,533) | (14,197) |
| (Deficit)/surplus for the year | (64,533) | 938,266 |
| Balance before transfer | 766,233 | 938,266 |
| Transfer to Asset Capitalisation Reserve (Note 20) | (43,409) | (107,500) |
| At 31 March | 722,824 | 830,766 |

Community Silver Trust ("CST") is a trust managed by the MOH and Ministry of Social and Family Development ("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.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

25 MWS - CSL TRUST ENDOWMENT FUND FOR BMNH

| | 2014 | 2013 |
|------------------------------------------------------------------|------------------|-----------|
| | \$ | \$ |
| At 1 April | 1,292,518 | 1,055,260 |
| Dividend received | 74,369 | 63,290 |
| Gain on disposal of available-for-sale financial assets | 15,370 | 2,191 |
| Transfer to Statement of Comprehensive Income (Note 5) | (65,370) | (47,191) |
| Surplus for the year | 24,369 | 18,290 |
| Fair value (losses)/gains on available-for-sale financial assets | (150,861) | 218,968 |
| At 31 March | 1,166,026 | 1,292,518 |

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 investments at fair value of \$1,110,619 (2013: \$1,229,429) (Note 9) and the remainder in cash.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

26 OTHER FUNDS

| 2014 | At 1.4.2013 | Receipts | Expenditure | Surplus/(deficit) | Transfer of funds | At 31.3.2014 |
|------------------------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| General Maintenance Fund (Note 17) | 400,000 | - | - | - | 100,000 | 500,000 |
| Medifund | 271,434 | 209,028 | 302,116 | (93,088) | - | 178,346 |
| Medifund Silver | 271,199 | 189,737 | 395,037 | (205,300) | - | 65,899 |
| MILK Fund | 1,750 | - | 1,750 | (1,750) | - | - |
| Financial Assistance Fund | 2,037 | 5,136 | 486 | 4,650 | - | 6,687 |
| FSC Comcare Fund | 23,790 | 6,390 | 20,261 | (13,871) | - | 9,919 |
| School Pocket Money Fund | 168,749 | 229,463 | 303,755 | (74,292) | - | 94,457 |
| Staff Crisis Fund | 17,170 | - | - | - | - | 17,170 |
| Tuition Scheme | 86,556 | 77,500 | 124,885 | (47,385) | - | 39,171 |
| Walk in the Needy Fund | 2,750 | 4,000 | 1,840 | 2,160 | - | 4,910 |
| | 1,245,435 | 721,254 | 1,150,130 | (428,876) | 100,000 | 916,559 |
| 2013 | At 1.4.2012 | Receipts | Expenditure | Surplus/(deficit) | Transfer of funds | At 31.3.2013 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| General Maintenance Fund (Note 17) | 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

for the financial year ended 31 march 2014 (cont'd)

26 OTHER FUNDS (CONT'D)

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. Non-tax deductible receipts of \$5,136 (2013: \$466) were received during the financial year.

Fixed Asset Fund

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

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 were 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 \$77,500 (2013: \$100,900) were received during the financial year.

Economic Downturn Assistance Fund

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

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

26 OTHER FUNDS (CONT'D)

Walk in the Needy Fund

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

27 COMMITMENTS

(a) Capital commitments

Capital commitments not provided for in the financial statements:

| | 2014 | 2013 |
|-----------------------------------------------------------------|----------------|------|
| | \$ | \$ |
| Capital commitments in respect of property, plant and equipment | 558,726 | – |

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

| | 2014 | 2013 |
|---------------------|------------------|---------|
| | \$ | \$ |
| Within 1 year | 593,772 | 409,154 |
| Within 2 to 5 years | 1,069,354 | 65,949 |
| More than 5 years | – | 13,479 |
| | 1,663,126 | 488,582 |

28 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 2014 and 31 March 2013.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

29 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the balance sheet date are as follows:

| | 2014 \$ | 2013 \$ |
|---------------------------------------------------------------------------|------------|------------|
| Financial assets | | |
| Other receivables | 1,115,503 | 1,167,676 |
| Fixed deposits | 21,500,000 | 21,411,081 |
| Cash and bank balances | 5,925,933 | 4,196,044 |
| Loans and receivables | 28,541,436 | 26,774,801 |
| | <hr/> | <hr/> |
| Available-for-sale financial assets | 6,954,349 | 7,278,855 |
| | <hr/> | <hr/> |
| Held-to-maturity financial assets | 2,507,147 | 1,753,750 |
| | <hr/> | <hr/> |
| Financial liabilities | | |
| Financial liabilities at amortised cost - sundry payables and accruals | 2,261,048 | 1,850,262 |
| | <hr/> | <hr/> |

(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 available-for-sale financial assets, 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

Receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Society. Available-for-sale financial assets, held-to-maturity financial assets, fixed deposits and cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions which are regulated and have good credit standings.

Financial assets that are either past due and/or impaired

Information regarding financial assets that are either past due and/or impaired is disclosed in Note 11.

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

29 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

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 repayments obligations.

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 classified as available-for-sale financial assets and held-to-maturity financial assets. The Society does not have exposure to commodity price risk.

At 31 March 2014, the Society's investment in available-for-sale is \$6,954,349 (2013: \$7,278,855). A 10% increase/(decrease) in the underlying market prices at the balance sheet date would increase/(decrease) the fair value reserve by \$695,435 (2013: \$727,886).

This analysis assumes that all other variables remain constant.

30 FAIR VALUES OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

30 FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(b) Fair value measurements of assets that are measured 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:

| 2014 | Level 1 \$ | Level 2 \$ |
|------------------------------------------------------|---------------|---------------|
| Financial assets | | |
| Available-for-sale financial assets: | | |
| - investment fund | - | 2,762,581 |
| - quoted equity investments - Chen Su Lan Trust Fund | 1,110,619 | - |
| - quoted equity investments - others | 3,081,149 | - |
| | <hr/> | <hr/> |
| 2013 | | |
| Financial assets | | |
| Available-for-sale financial assets: | | |
| - investment fund | - | 2,933,756 |
| - quoted equity investments - Chen Su Lan Trust Fund | 1,229,429 | - |
| - quoted equity investments - others | 3,115,670 | - |
| | <hr/> | <hr/> |

(c) Assets not carried at fair value but which fair values are disclosed

| 2014 | Carrying amount \$ | Fair value measurement at balance sheet date Level 2 \$ |
|-----------------------------------|-----------------------|------------------------------------------------------------------|
| Financial assets | | |
| Held-to-maturity financial assets | | |
| - Debt securities | 2,507,147 | 2,558,313 |
| | <hr/> | <hr/> |
| 2013 | | |
| Financial assets | | |
| Held-to-maturity financial assets | | |
| - Debt securities | 1,753,750 | 1,804,688 |
| | <hr/> | <hr/> |

(d) Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Quoted equity investments

The fair values of quoted equity investments are based on quoted market prices at the balance sheet date. These instruments are included in Level 1.

Investment fund and debt securities

The fair values of investment fund and debt securities are determined based on market prices provided by financial institutions at the balance sheet date. These instruments are included in Level 2.

(e) Fair value of financial instruments by classes that are not measured at fair value and whose carrying amounts are reasonable approximation of fair value

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

notes to the financial statements

for the financial year ended 31 march 2014 (cont'd)

31 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Society for the financial year ended 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Governance dated 12 July 2014.

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Methodist
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MWS is a Member of NCSS / IPC Status has been renewed until 30 September 2017
Charity Registration No: 00166 / UEN: S81SS 0088H