

CLOSING THE GAP



Methodist
Welfare
Services

Financial Statements FY2016/17

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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Baker Tilly TFW LLP
Chartered Accountants of Singapore

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METHODIST WELFARE SERVICES STATEMENT BY THE BOARD OF GOVERNANCE

On behalf of the Board of Governance, we do hereby state that, to the best of our knowledge, the financial statements of Methodist Welfare Services (the "Society") as set out on pages 5 to 43 are properly drawn up in accordance with the Societies Act, Chapter 311, the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore so as to present fairly, in all material respects the financial position of the Society as at 31 March 2017 and of the financial performance, changes in accumulated fund and specific funds and cash flows of the Society for the financial year ended on that date.



Rev Dr Daniel Koh Kah Soon
Chairperson



Mrs Fong Loo Fern
Honorary Treasurer

8 July 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST WELFARE SERVICE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Methodist Welfare Services (the "Society") as set out on pages 5 to 43, which comprise the balance sheet as at 31 March 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Society as at 31 March 2017 and of the financial performance, changes in accumulated fund and specific funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Governance is responsible for the other information. The other information comprises the Statement by the Board of Governance as set out on page 1, and the information included in the Annual Report 2017, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST WELFARE SERVICE (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the Board of Governance and those charged with governance 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, Charities Act and Regulations and FRSs, 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.

In preparing the financial statements, the Board of Governance is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governance either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST WELFARE SERVICE (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of the Board of Governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

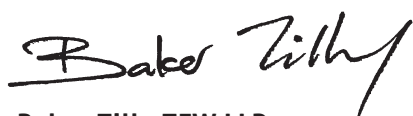
Report on Other Legal and Regulatory Requirements

In our opinion,

- a. the accounting and other records required by the Societies 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 2017 has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act 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 Society has not used the donation moneys in accordance with its objectives as required under Regulation 11 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

8 July 2017

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 \$	2016 \$
Income			
Donations and fund-raising income	4	7,731,574	8,386,689
Government grants	5	17,182,943	16,107,544
NCSS grants		249,305	208,897
Programme income		2,225,600	2,404,114
Amortisation of:			
• Capital grants	15	74,320	153,242
• Building grants	16	303,390	303,391
Other income	6	930,874	885,452
Total income		28,698,006	28,449,329
Less expenditure			
Expenditure on manpower	7	18,167,765	16,194,130
Depreciation of property, plant and equipment	9	889,787	863,830
Maintenance		1,959,430	1,756,280
General expenditure		5,204,990	6,019,741
Total expenditure		26,221,972	24,833,981
Surplus for the year transferred to Accumulated Funds	8	2,476,034	3,615,348
(Deficit)/surplus from funds:			
Asset Capitalisation Reserve	21	(403,397)	(212,160)
Dr LCM Manpower Development Fund	22	16,791	1,017,292
Community Outreach Project Fund	24	(7,025)	(26,998)
Community Silver Trust	25	105,271	684,007
MWS – CSL Trust Endowment Fund for BMNH	26	40,234	27,141
Care & Share Grant	27	(93,930)	421,548
Social Concerns Fund	28	(522,362)	1,652,544
Other Funds	29	(123,138)	54,343
		(987,556)	3,617,717
Other comprehensive income/(loss) for the year, net of tax:			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Fair value gains/(losses) on available-for-sale financial assets			
• MWS – CSL Trust Endowment Fund for BMNH		46,412	(63,684)
• Others		453,518	(442,932)
Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets			
• MWS – CSL Trust Endowment Fund for BMNH		(20,178)	(9,735)
• Others		(12,557)	(8,897)
		467,195	(525,248)
Total comprehensive income for the year		1,955,673	6,707,817
Surplus for the year was transferred as follows:			
General Accumulated Fund	18	3,355,954	4,009,303
Service Centres' Accumulated Funds included in:			
• Unrestricted Funds	19	(1,313,379)	(1,110,715)
• Restricted Funds	19	433,459	716,760
		2,476,034	3,615,348

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

BALANCE SHEET

AT 31 MARCH 2017

	Note	2017 \$	2016 \$
Non-current assets			
Property, plant and equipment	9	8,980,218	7,465,562
Available-for-sale financial assets	10	8,795,508	8,366,691
Held-to-maturity financial assets	11	2,768,753	3,973,482
		20,544,479	19,805,735
Current assets			
Held-to-maturity financial assets	11	1,269,008	516,758
Other receivables	12	1,912,090	1,803,146
Fixed deposits	13	28,000,000	25,900,000
Cash and bank balances	14	9,848,194	9,194,080
		41,029,292	37,413,984
Total assets		61,573,771	57,219,719
Non-current liabilities			
Capital grants	15	127,600	161,339
Building grants	16	4,424,337	4,727,727
		4,551,937	4,889,066
Current liabilities			
Sundry payables and accruals	17	2,651,211	1,982,423
Deferred income	17	2,908,488	841,768
		5,559,699	2,824,191
Total liabilities		10,111,636	7,713,257
Net assets		51,462,135	49,506,462
Funds			
Unrestricted Funds			
General Accumulated Fund	18	32,393,314	30,195,541
Service Centres' Accumulated Funds	19	6,185,952	6,843,463
Fair Value Reserve	20	1,322,878	881,917
Asset Capitalisation Reserve	21	1,391,283	498,858
Dr LCM Manpower Development Fund	22	1,034,083	1,017,292
Social Concerns Fund	28	1,130,182	1,652,544
		43,457,692	41,089,615
Restricted Funds			
Service Centres' Accumulated Funds	19	4,332,218	3,546,446
Building Maintenance Fund	23	469,387	419,387
Community Outreach Project Fund	24	14,018	21,043
Community Silver Trust	25	906,020	2,014,875
MWS – CSL Trust Endowment Fund for BMNH	26	1,299,586	1,233,118
Care & Share Grant	27	58,422	234,048
Other Funds	29	924,792	947,930
		8,004,443	8,416,847
Total funds		51,462,135	49,506,462

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 2017

	Unrestricted Funds							Total Unrestricted Funds \$
	General Accumulated Fund \$	Service Centres' Accumulated Funds \$	Fair Value Reserve \$	Asset Capitalisation Reserve \$	Dr LCM Manpower Development Fund \$	Social Concerns Fund \$		
2016								
At 1.4.2015	28,677,606	5,612,810	1,333,746	541,020	-	-	-	36,165,182
Surplus/(deficit) for the year	4,009,303	(1,110,715)	-	(212,160)	1,017,292	1,652,544		5,356,264
<i>Other comprehensive loss for the year, net of tax:</i>								
• Fair value losses on available-for-sale financial assets		-	(442,932)	-	-	-		(442,932)
• Reclassification of fair value reserve to profit or loss on disposal of available- for-sale financial assets	-	-	(8,897)	-	-	-		(8,897)
Other comprehensive loss for the year, net of tax	-	-	(451,829)	-	-	-		(451,829)
Total comprehensive income/(loss) for the year	4,009,303	(1,110,715)	(451,829)	(212,160)	1,017,292	1,652,544		4,904,435
Transfer of funds	(2,491,368)	2,341,368	-	169,998	-	-		19,998
At 31.3.2016	30,195,541	6,843,463	881,917	498,858	1,017,292	1,652,544		41,089,615

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

STATEMENT OF CHANGES IN ACCUMULATED FUND AND SPECIFIC FUNDS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Restricted Funds							Total Funds
	Service Centres' Accumulated Funds	Building Maintenance Fund	Community Outreach Project Fund	Community Silver Trust	Endowment Fund for BMNH	Care & Share Grant	Other Funds	
2016								
At 1.4.2015	2,829,686	369,387	48,041	1,313,366	1,279,396	-	793,587	6,633,463
Surplus/(deficit) for the year	716,760	-	(26,998)	684,007	27,141	421,548	54,343	1,876,801
<i>Other comprehensive loss for the year, net of tax:</i>								
• Fair value losses on available-for-sale financial assets	-	-	-	-	(63,684)	-	-	(63,684)
• Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets	-	-	-	-	(9,735)	-	-	(9,735)
Other comprehensive loss for the year, net of tax	-	-	-	-	(73,419)	-	-	(73,419)
Total comprehensive income/(loss) for the year	716,760	-	(26,998)	684,007	(46,278)	421,548	54,343	1,803,382
Transfer of funds	-	50,000	-	17,502	-	(187,500)	100,000	(19,998)
At 31.3.2016	3,546,446	419,387	21,043	2,014,875	1,233,118	234,048	947,930	8,416,847
								49,506,462

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

STATEMENT OF CHANGES IN ACCUMULATED FUND AND SPECIFIC FUNDS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Unrestricted Funds						Total Unrestricted Funds \$
	General Accumulated Fund \$	Service Centres' Accumulated Funds \$	Fair Value Reserve \$	Asset Capitalisation Reserve \$	Dr LCM Manpower Development Fund \$	Social Concerns Fund \$	
2017							
At 1.4.2016	30,195,541	6,843,463	881,917	498,858	1,017,292	1,652,544	41,089,615
Surplus/(deficit) for the year	3,355,954	(1,313,379)	-	(403,397)	16,791	(522,362)	1,133,607
<i>Other comprehensive income/(loss) for the year, net of tax:</i>							
• Fair value gains on available-for-sale financial assets	-	-	453,518	-	-	-	453,518
• Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets	-	-	(12,557)	-	-	-	(12,557)
Other comprehensive income for the year, net of tax	-	-	440,961	-	-	-	440,961
Total comprehensive income/(loss) for the year	3,355,954	(1,313,379)	440,961	(403,397)	16,791	(522,362)	1,574,568
Reclassification to restricted funds	-	(305,805)	-	-	-	-	(305,805)
Transfer of funds	(1,158,181)	961,673	-	1,295,822	-	-	1,099,314
At 31.3.2017	32,393,314	6,185,952	1,322,878	1,391,283	1,034,083	1,130,182	43,457,692

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

STATEMENT OF CHANGES IN ACCUMULATED FUND AND SPECIFIC FUNDS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Restricted Funds							Total Funds
	Service Centres' Accumulated Funds	Building Maintenance Fund	Community Outreach Project Fund	Community Silver Trust	Endowment Fund for BMNH	Care & Share Grant	Other Funds	
2017								
At 1.4.2016	3,546,446	419,387	21,043	2,014,875	1,233,118	234,048	947,930	8,416,847
Surplus/(deficit) for the year	433,459	-	(7,025)	105,271	40,234	(93,930)	(123,138)	354,871
<i>Other comprehensive income/ (loss) for the year, net of tax:</i>								
• Fair value gains on available-for-sale financial assets	-	-	-	-	46,412	-	-	46,412
• Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets	-	-	-	-	(20,178)	-	-	(20,178)
Other comprehensive income for the year, net of tax	-	-	-	-	26,234	-	-	26,234
Total comprehensive income/ (loss) for the year	433,459	-	(7,025)	105,271	66,468	(93,930)	(123,138)	381,105
Reclassification from unrestricted funds	305,805	-	-	-	-	-	-	305,805
Transfer of funds	46,508	50,000	-	(1,214,126)	-	(81,696)	100,000	(1,099,314)
At 31.3.2017	4,332,218	469,387	14,018	906,020	1,299,586	58,422	924,792	8,004,443
								51,462,135

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Surplus for the year		2,476,034	3,615,348
Adjustments for:			
Amortisation of:			
• Capital grants	15	(74,320)	(153,242)
• Building grants	16	(303,390)	(303,391)
Depreciation of property, plant and equipment	9	889,787	863,830
Dividend income		(197,606)	(195,341)
Interest income		(576,557)	(454,360)
Impairment loss on held-to-maturity financial assets		458,640	–
Loss on redemption of held-to-maturity financial assets		500	3,897
Gain on disposal of available-for-sale financial assets		(12,557)	(8,897)
Property, plant and equipment written off		2,246	17,016
Operating surplus before working capital changes		2,662,777	3,384,860
Receivables		(80,046)	(190,158)
Payables		(23,467)	268,556
Capital grants	15	40,581	–
Deferred income		2,066,720	(759,523)
Net cash from operating activities		4,666,565	2,703,735
Cash flows from investing activities			
Dividend received		197,606	195,341
Purchase of property, plant and equipment	9	(2,117,831)	(1,195,960)
Interest received		547,659	391,179
Purchase of available-for-sale financial assets		(362,420)	(1,252,293)
Proceeds from disposal of available-for-sale financial assets		433,533	106,827
Proceeds from redemption of held-to-maturity financial assets		500,000	750,000
Purchase of held-to-maturity financial assets		(506,661)	(2,470,232)
Net cash used in investing activities		(1,308,114)	(3,475,138)
Cash flows from funds			
Net receipts from/(payments to):			
Community Outreach Project Fund	24	(7,025)	(26,998)
Community Silver Trust	25	105,271	684,007
MWS – CSL Trust Endowment Fund for BMNH	26	20,056	17,406
Other Funds	29	(123,138)	54,343
Social Concerns Fund	28	(522,362)	1,652,544
Dr LCM Manpower Development Fund	22	16,791	1,017,292
Care & Share Grants	27	(93,930)	421,548
Net cash (used in)/from funds		(604,337)	3,820,142
Net increase in cash and cash equivalents		2,754,114	3,048,739
Cash and cash equivalents at beginning of financial year		35,094,080	32,045,341
Cash and cash equivalents at end of financial year		37,848,194	35,094,080
Cash and cash equivalents comprise:			
Fixed deposits		28,000,000	25,900,000
Cash and bank balances		9,848,194	9,194,080
		37,848,194	35,094,080

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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, Chapter 311 and is an approved Institution of a Public Character.

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 service centres 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 ("BMNH")

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.

HomeJoy Services

The Centre is a home care ensuite service that provides assistance to frail elderly persons in areas of personal hygiene and grooming, engagement programmes, assistance in housekeeping, medication reminder and other personal care tasks.

Methodist Welfare Services Nursing Home (Yew Tee) ("MWS Nursing Home (Yew Tee)")

The Home provides residential quarters and rehabilitation facilities for the sick and needy requiring nursing care, as well as home care services that assist frail elderly persons in areas of personal hygiene and grooming, home engagement programmes, general housekeeping, medication reminding and other personal care task. The Home has yet to commence operations as at 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

1 GENERAL INFORMATION (CONT'D)

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.

Senior Activity Centres

The Centres provide a range of programmes and services which enhance the well-being of older persons residing in the community and enabling them to age-in-place for as long as possible.

The seven senior activity centres are:

- (i) Charis Activity Centre for Elders**
- (ii) Senior Activity Centre – Fernvale Rivergrove ("SAC – Fernvale Rivergrove") (commenced operations during the financial year ended 31 March 2017)**
- (iii) Senior Activity Centre – GreenTops @ Sims Place ("SAC – GreenTops @ Sims Place") (commenced operations during the financial year ended 31 March 2017)**
- (iv) Senior Activity Centre – Golden Lily ("SAC – Golden Lily") (Yet to commence operations as at 31 March 2017)**
- (v) Senior Activity Centre – Kebun Baru ("SAC – Kebun Baru") (Yet to commence operations as at 31 March 2017)**
- (vi) Senior Activity Centre – Teck Ghee Vista ("SAC – Teck Ghee Vista") (commenced operations during the financial year ended 31 March 2017)**
- (vii) Wesley Seniors Activity Centre ("WSAC")**

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:

- (i) Covenant Family Service Centre**
- (ii) Daybreak Family Service Centre**
- (iii) Tampines Family Service Centre**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements, presented in Singapore dollar (“\$”), which is the functional currency of the Society, have been prepared in accordance with the Societies Act, Chapter 311, the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore (“FRSs”) 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 in conformity with FRSs 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 judgement in applying accounting policies, or areas when assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year 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 FRSs and Interpretations of FRSs (“INT FRSs”) that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRSs and INT FRSs 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 2017 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 except as disclosed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 ‘Revenue’, FRS 11 ‘Construction contracts’ and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in FRS 115 by applying a 5-step approach.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) *Basis of preparation (cont'd)*

FRS 115 Revenue from Contracts with Customers (cont'd)

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Board of Governance is currently assessing the impact of applying the new standard on the Society's financial statements.

Based on the nature of the income of the Society for the current financial year, the Board of Governance does not anticipate that the application of FRS 115 will have a material impact on the Society's financial statements.

FRS 109 Financial Instruments

FRS 109 which replaces FRS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held.

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

The impairment requirements in FRS 109 are based on an expected credit loss model and replace FRS 39 incurred loss model.

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to available-for-sale financial assets and allowance for impairment loss on loans and advances. Additional disclosures will also be made with respect to available-for-sale financial assets and allowance for impairment loss on loans and advances, including any significant judgement and estimation made. Management is in the process of performing an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Society's financial statements in the period of initial application as the management has yet to complete its detailed assessment. The Society plans to adopt the standard when it becomes effective in financial year ending 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) *Basis of preparation (cont'd)*

FRS 116 Leases

FRS 116 replaces the existing FRS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheet to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Society's operating leases. At the balance sheet date, the Society has non-cancellable operating lease commitments of \$2,321,441 (2016: \$707,826) (Note 30(b)). The Society anticipates that the adoption of FRS 116 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. But, it is not practicable to provide a reasonable estimate of the impact of FRS 116 until the Society performs a detailed assessment. The Society will perform a detailed assessment of the impact and plans to adopt the standard on the required effective date.

(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

(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 service 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) *Grants (cont'd)*

Revenue grants

When the grants received relates to an expenditure item, the grants are amortised to income or expenditure over the period necessary to match them on a systematic basis to the expenditures that the grants are intended to compensate.

Total revenue grants received for the service centres less the amounts amortised to income or expenditure at the balance sheet date are included in the balance sheet as deferred income.

(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 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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 nature of the assets and 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

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 against the same line item 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Impairment (cont'd)

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 previously recognised.

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 include sundry payables and accruals (excluding fees received in advance and accruals for unutilised annual leave) 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 plus directly attributable transaction costs 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 the amount can be estimated reliably. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) *Asset Capitalisation Reserve*

Specific donations given for the purchase of property, plant and equipment and fundings utilised for 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. The depreciation with respect to the aforesaid property, plant and equipment 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.

3 CRITICAL JUDGEMENT 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 2017, the carrying amount of the building is \$4,892,826 (2016: \$5,241,657) and the building grants balances relating to the building is \$4,424,337 (2016: \$4,727,727).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3 CRITICAL JUDGEMENT IN APPLYING SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

As the Society has no legal right to extend the lease period to 30 years, depreciating the building over 30 years is not in accordance with FRS 16 *Property, Plant and Equipment*, which requires consideration of the legal rights on the use of the asset in determining its useful life. As the Board of Governance is of the view that depreciating the building over the land's legal lease period of 3 years would not reflect a fair presentation of the Society's financial position and financial performance, the departure from FRS 16 is permitted by FRS 1 *Presentation of Financial Statements*.

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 2017 would be revised as follows:

- the carrying amounts of the building and the related building grants balances relating to the building at 31 March 2017 would be \$Nil (2016: \$Nil); and
- the depreciation expense on the building and the corresponding amortisation of building grants for the financial year would be \$Nil (2016: \$Nil).

The net positive impact on the Society's surplus for the financial year is \$45,441 (2016: \$45,440).

4 DONATIONS AND FUND-RAISING INCOME

	2017 \$	2016 \$
Donations:		
Tax deductible	1,036,651	1,667,600
Non-tax deductible	657,267	1,244,021
	1,693,918	2,911,621
Fund-raising income:		
Tax deductible	5,785,774	5,352,230
Non-tax deductible	251,882	122,838
	6,037,656	5,475,068
Total	7,731,574	8,386,689

Total tax deductible receipts issued by the Society amounting to \$6,841,602 (2016: \$10,394,110) as follows:

	2017 \$	2016 \$
Statement of Comprehensive Income	6,822,425	7,019,830
Dr LCM Manpower Development Fund (Note 22)	–	1,000,000
Community Outreach Project Fund (Note 24)	29,227	90,070
Social Concerns Fund (Note 28)	–	2,785,985
Other Funds (Note 29)	–	15,000
Less: Prior year deferred income (Note 17)	(60,470)	(577,245)
Add: Current year deferred income (Note 17)	50,420	60,470
	6,841,602	10,394,110

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4 DONATIONS AND FUND-RAISING INCOME (CONT'D)

Total direct fund-raising expenses incurred by the Society amounting to \$466,507 (2016: \$666,067) and charged to:

	2017 \$	2016 \$
Statement of Comprehensive Income	466,507	496,994
Social Concerns Fund	–	169,073
	466,507	666,067

Included in the total direct fund-raising expenses is expenditure of manpower of \$231,972 (2016: \$257,324).

5 GOVERNMENT GRANTS

	2017 \$	2016 \$
Government subvention	13,944,085	12,665,454
Care & Share grant (Note 27)	693,930	703,452
Community Silver Trust grant (Note 25)	592,415	742,917
Rental subsidy	587,931	587,932
IRAS Wage Credit and Special Employment Credit	321,217	544,754
ILTC salary adjustment grant	512,383	489,326
AIC grant – Project Irene	148,601	43,255
MSF Corporate Development grant	317,784	231,732
MSF grant – Funded Programme	788	2,185
MSF grant – Guidance Programme	4,350	7,114
MSF grant – Mandatory counseling & MPP	34,322	89,423
Senior Mobility Fund	24,886	–
Others	251	–
	17,182,943	16,107,544

6 OTHER INCOME

	2017 \$	2016 \$
Interest income from fixed deposits and bank balances	373,583	269,491
Interest income from held-to-maturity financial assets	202,974	184,869
Dividend income from available-for-sale financial assets	197,606	195,341
Other grants	21,452	90,409
Income from MWS – CSL Trust Endowment Fund for BMNH (Note 26)	55,000	59,735
Gain on disposal of available-for-sale financial assets	12,557	8,897
Sundry income	67,702	76,710
	930,874	885,452

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

7 EXPENDITURE ON MANPOWER

	2017 \$	2016 \$
Salaries and related costs	15,705,194	13,951,266
CPF	1,743,958	1,519,328
Manpower contract services	167,524	206,231
Other staff benefits and training	551,089	517,305
	18,167,765	16,194,130

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

	2017 \$	2016 \$
Salaries and related costs	2,716,334	2,291,039
CPF	314,599	246,662
	3,030,933	2,537,701

Key management staff comprise Directors of Headquarters and Heads and related top key management of service centres.

8 SURPLUS FOR THE YEAR TRANSFERRED TO ACCUMULATED FUNDS

This is arrived at after charging/(crediting):

	2017 \$	2016 \$
Net allowance for doubtful receivables (Note 12)	12,378	17,874
Bad debts recovered	(600)	(8,446)
Bad debts written off	91,683	62,070
Food and refreshments	835,607	895,111
Input GST not recoverable	425,715	340,653
Impairment loss on held-to-maturity financial assets	458,640	-
Loss on redemption of held-to-maturity financial assets	500	3,897
Medical supplies	838,107	688,604
Professional fees	832,865	889,558
Property, plant and equipment written off	2,246	17,016
Rent of building, equipment and others	1,140,269	995,466
Repairs and maintenance	819,161	760,814
Specific assistance to clients	75,037	1,286,874
Stationery and printing	135,742	134,658
Supplies and materials	589,353	770,023
Utilities	447,621	387,399

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

9 PROPERTY, PLANT AND EQUIPMENT

	Building \$	Equipment \$	Computers \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Renovations \$	Total \$
2017							
Cost							
At 1.4.2016	10,462,931	697,487	764,682	546,080	431,579	4,131,501	17,034,260
Additions	-	966,189	143,762	160,087	-	1,540,048	2,810,086
Write-offs	-	-	(100,845)	(49,713)	-	-	(150,558)
At 31.3.2017	10,462,931	1,663,676	807,599	656,454	431,579	5,671,549	19,693,788
Accumulated depreciation							
At 1.4.2016	5,221,274	155,993	622,245	254,111	224,866	3,090,209	9,568,698
Depreciation charge	348,831	132,126	128,622	89,785	43,158	550,662	1,293,184
Write-offs	-	-	(100,845)	(47,467)	-	-	(148,312)
At 31.3.2017	5,570,105	288,119	650,022	296,429	268,024	3,640,871	10,713,570
Net carrying value							
At 31.3.2017	4,892,826	1,375,557	157,577	360,025	163,555	2,030,678	8,980,218

	Building \$	Equipment \$	Computers \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Renovations \$	Total \$
2016							
Cost							
At 1.4.2015	10,462,931	266,072	579,607	512,908	317,568	3,915,806	16,054,892
Additions	-	431,985	185,200	166,146	114,011	298,618	1,195,960
Write-offs	-	-	(125)	(133,544)	-	(58,422)	(192,091)
Costs adjustments	-	-	-	-	-	(24,501)	(24,501)
Reclassifications	-	(570)	-	570	-	-	-
At 31.3.2016	10,462,931	697,487	764,682	546,080	431,579	4,131,501	17,034,260
Accumulated depreciation							
At 1.4.2015	4,872,443	86,891	525,337	309,738	181,708	2,691,666	8,667,783
Depreciation charge	348,831	69,102	97,033	67,016	43,158	450,850	1,075,990
Write-offs	-	-	(125)	(122,643)	-	(52,307)	(175,075)
At 31.3.2016	5,221,274	155,993	622,245	254,111	224,866	3,090,209	9,568,698
Net carrying value							
At 31.3.2016	5,241,657	541,494	142,437	291,969	206,713	1,041,292	7,465,562

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation of property, plant and equipment charged to:

	2017 \$	2016 \$
Statement of Comprehensive Income	889,787	863,830
Asset Capitalisation Reserve (Note 21)	403,397	212,160
	1,293,184	1,075,990

During the financial year, the Society acquired property, plant and equipment with an aggregate cost of \$2,810,086 (2016: \$1,195,960) of which \$2,117,831 (2016: \$1,195,960) was paid in cash and \$692,255 (2016: Nil) remained outstanding and included in accrued operating expenses under sundry payables and accruals (Note 17) as at 31 March 2017.

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 \$	2016 \$
At fair value:		
Investment fund	3,322,745	3,107,863
Quoted equity investments		
• Chen Su Lan Trust Fund (Note 26)	1,241,705	1,206,013
• Dr LCM Manpower Development Fund (Note 22)	570,463	488,684
• Others	3,660,595	3,564,131
	8,795,508	8,366,691

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 and is managed by MCS Investment Panel. The Society contributed \$2,341,283 (2016: \$2,341,283) to the total pooled funds. The pooled funds are primarily placed in quoted equity securities, quoted bonds and cash at bank.

11 HELD-TO-MATURITY FINANCIAL ASSETS

	2017 \$	2016 \$
<i>Debt securities</i>		
Non-current	2,768,753	3,973,482
Current	1,269,008	516,758
	4,037,761	4,490,240

The debt securities represent bonds with fixed interest rates ranging from 3.55% to 7.00% (2016: 3.30% to 7.00%) per annum and maturity dates ranging from 26 April 2017 to 29 December 2049 (2016: 20 May 2016 to 29 December 2049).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

11 HELD-TO-MATURITY FINANCIAL ASSETS (CONT'D)

The fair values of the debt securities at the balance sheet date totalled \$4,101,025 (2016: \$4,374,600). The fair values are determined based on market prices provided by financial institutions at the balance sheet date.

During the financial year, the Society recognised an impairment loss of \$458,640 (2016: \$Nil) for held-to-maturity financial assets in income or expenditure as there is objective evidence that these held-to-maturity financial assets are impaired.

Debt securities amounting to \$253,900 (2016: \$253,900) are invested using Dr LCM Manpower Development Fund (Note 22).

12 OTHER RECEIVABLES

	2017 \$	2016 \$
Grant receivables – not past due and not impaired	417,902	547,580
Sundry receivables	845,263	819,975
Interest receivables	159,326	130,428
Sundry deposits	270,759	215,378
Prepayments	218,840	89,785
	1,912,090	1,803,146

(a) Sundry receivables comprise:

	2017 \$	2016 \$
Not past due and not impaired	155,904	136,966
Past due but not impaired	689,359	683,009
Past due and impaired	112,136	99,758
	957,399	919,733
Allowance for doubtful receivables	(112,136)	(99,758)
	845,263	819,975

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

	2017 \$	2016 \$
Past due 0 to 30 days	76,003	72,419
Past due 31 to 60 days	62,854	65,701
Past due 61 days and over	550,502	544,889
	689,359	683,009

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

12 OTHER RECEIVABLES (CONT'D)

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

	2017 \$	2016 \$
At beginning of the year	99,758	81,884
Allowance made	12,378	17,874
At end of the year	112,136	99,758
Bad debts directly written off to income or expenditure	91,683	62,070

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.

13 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 ranging from 0.88% to 1.70% (2016: 0.60% to 1.80%) per annum.

14 CASH AND BANK BALANCES

	2017 \$	2016 \$
Cash on hand and at bank	9,417,683	8,982,854
Cash with broker	430,511	211,226
	9,848,194	9,194,080

15 CAPITAL GRANTS

	2017 \$	2016 \$
Cost		
At beginning of the year	1,455,937	1,510,041
Grant received/receivable	40,581	-
Write-offs	-	(54,104)
At end of the year	1,496,518	1,455,937
Accumulated amortisation		
At beginning of the year	1,294,598	1,195,460
Amortisation	74,320	153,242
Write-offs	-	(54,104)
At end of the year	1,368,918	1,294,598
Net carrying value		
At end of the year	127,600	161,339

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

15 CAPITAL GRANTS (CONT'D)

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;
- (c) purchase of video conference equipment, which is amortised over useful life of 10 years. This equipment is no longer in use and has been written off in the financial year ended 31 March 2016; and
- (d) purchase of air conditioner and compressors, which are amortised over useful life of 10 years.

16 BUILDING GRANTS

	2017 \$	2016 \$
Cost		
At beginning and end of the year	10,141,625	10,141,625
Accumulated amortisation		
At beginning of the year	5,413,898	5,110,507
Amortisation	303,390	303,391
At end of the year	5,717,288	5,413,898
Net carrying value		
At end of the year	4,424,337	4,727,727

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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

17 SUNDRY PAYABLES AND ACCRUALS AND DEFERRED INCOME

	2017 \$	2016 \$
Sundry payables and accruals		
Sundry payables	1,155,947	1,151,601
Accrued operating expenses	1,094,270	419,664
Residents' deposits and monies held for safekeeping	400,994	411,158
	2,651,211	1,982,423
Deferred income		
Deferred donations (net) ^(a)	78,944	149,082
Donation received from Chen Su Lan Trust ^(b)	1,000,000	–
ILTC salary adjustment grant ^(c)	291,643	692,686
Pre-operating funding ^(d)	1,537,901	–
	2,908,488	841,768

(a) Deferred donations represent net donations received for the fund-raising event MWS Golf 2017 (2016: "MWS Golf 2016") to be held on 19 July 2017 (2016: 15 July 2016). This includes tax deductible and non-tax deductible receipts of \$50,420 (2016: \$60,470) and \$32,000 (2016: \$103,000) respectively for MWS Golf 2017 (2016: "MWS Golf 2016").

(b) This is donation received from Chen Su Lan Trust for funding operations of Methodist Welfare Services Nursing Home (Yew Tee) from 1 April 2017 to 31 March 2020.

(c) This is grant received from MOH to subsidise Agape Methodist Hospice and Bethany Methodist Nursing Home's staff salaries involved in taking care the residents that require long-term care.

(d) This is pre-operating funding received from MOH for funding expenditure on manpower and other operating expenses of Methodist Welfare Services Nursing Home (Yew Tee) which will start admitting patients from August 2017.

18 GENERAL ACCUMULATED FUND

	2017 \$	2016 \$
At beginning of the year	30,195,541	28,677,606
Surplus for the year	3,355,954	4,009,303
Balance before transfers	33,551,495	32,686,909
Transfers to:		
• Service Centres' Accumulated Funds (Note 19)	(1,058,181)	(2,391,368)
• Other Funds – General Maintenance Fund (Note 29)	(100,000)	(100,000)
At end of the year	32,393,314	30,195,541

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

19 SERVICE CENTRES' ACCUMULATED FUNDS

2017	At 1.4.2016 \$	(Deficit)/ surplus \$	Transfer of funds \$	Reclassification \$	At 31.3.2017 \$
Funds held by service centres:				-	
<i>Unrestricted Funds</i>					
Agape Methodist Hospice	34,721	56,181	-	-	90,902
Bethany Methodist Nursing Home	1,442,304	225,400	(50,000)	-	1,617,704
Charis Activity Centre for Elders	49,622	(131,691)	59,264	-	(22,805)
Christalite Methodist Home	5,081,083	46,010	-	-	5,127,093
D'Joy Children's Centre	2,563	(149,081)	144,500	-	(2,018)
FamilyWorks					
Community Services	216	(77,870)	65,800	-	(11,854)
HomeJoy Services	(43,372)	(286,374)	-	-	(329,746)
Residence @ St George's	(82,689)	(417,183)	366,268	-	(133,604)
SAC – Fernvale					
Rivergrove	(1,459)	(192,504)	142,504	-	(51,459)
SAC – GreenTops @					
Sims Place	(189)	(168,022)	158,022	-	(10,189)
SAC – Golden Lily	-	(23,495)	-	-	(23,495)
SAC – Kebun Baru	-	(17,073)	-	-	(17,073)
SAC – Teck Ghee Vista	-	(150,630)	75,315	-	(75,315)
Service Planning & Development	54,858	(22,051)	-	-	32,807
WSAC*	305,805	-	-	(305,805)	-
MWS Nursing Home (Yew Tee)	-	(4,996)	-	-	(4,996)
	6,843,463	(1,313,379)	961,673	(305,805)	6,185,952

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

19 SERVICE CENTRES' ACCUMULATED FUNDS (CONT'D)

2017	At 1.4.2016 \$	(Deficit)/ surplus \$	Transfer of funds \$	Reclassification \$	At 31.3.2017 \$
Funds held by service centres:					
<i>Restricted Funds</i>					
Covenant Family Service Centre	353,822	(143,393)	46,508	–	256,937
Daybreak Family Service Centre	1,219,087	207,197	–	–	1,426,284
Tampines Family Service Centre	1,973,537	338,588	–	–	2,312,125
WSAC*	–	31,067	–	305,805	336,872
	<u>3,546,446</u>	<u>433,459</u>	<u>46,508</u>	<u>305,805</u>	<u>4,332,218</u>
Total	10,389,909	(879,920)	1,008,181	–	10,518,170

* During the financial year ended 31 March 2017, WSAC reclassified the accumulated fund from "unrestricted" to "restricted" with effect from 1 April 2016. This accumulated fund has been restricted to the use of the programmes within WSAC as stipulated in the Ministry of Social and Family Development funding agreement.

2016	At 1.4.2015 \$	(Deficit)/ surplus \$	Transfer of funds \$	At 31.3.2016 \$
Funds held by service centres:				
<i>Unrestricted Funds</i>				
Agape Methodist Hospice	(219,400)	254,121	–	34,721
Bethany Methodist Nursing Home	1,269,687	222,617	(50,000)	1,442,304
Charis Activity Centre for Elders	54,196	(4,574)	–	49,622
Christalite Methodist Home	5,205,497	(124,414)	–	5,081,083
D'Joy Children's Centre	42,481	(189,918)	150,000	2,563
Familyworks Community Services	25,484	(60,268)	35,000	216
HomeJoy Services	(24,814)	(18,558)	–	(43,372)
Residence @ St George's	(191,021)	(98,036)	206,368	(82,689)
SAC – Fernvale Rivergrove	–	(1,459)	–	(1,459)
SAC – GreenTops @ Sims Place	–	(189)	–	(189)
Service Planning & Development	(792,125)	(1,153,017)	2,000,000	54,858
WSAC	242,825	62,980	–	305,805
	<u>5,612,810</u>	<u>(1,110,715)</u>	<u>2,341,368</u>	<u>6,843,463</u>
<i>Restricted Funds</i>				
Covenant Family Service Centre	247,225	106,597	–	353,822
Daybreak Family Service Centre	903,896	315,191	–	1,219,087
Tampines Family Service Centre	1,678,565	294,972	–	1,973,537
	<u>2,829,686</u>	<u>716,760</u>	<u>–</u>	<u>3,546,446</u>
Total	8,442,496	(393,955)	2,341,368	10,389,909

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

20 FAIR VALUE RESERVE

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

21 ASSET CAPITALISATION RESERVE

	2017 \$	2016 \$
At beginning of the year	498,858	541,020
Depreciation of property, plant and equipment (Note 9)	(403,397)	(212,160)
Deficit for the year	(403,397)	(212,160)
Balance before transfer	95,461	328,860
Transfer from/(to) Community Silver Trust (Note 25)	1,214,126	(17,502)
Transfer from Care & Share Grant (Note 27)	81,696	187,500
At end of the year	1,391,283	498,858

22 DR LCM MANPOWER DEVELOPMENT FUND ("LCM FUND")

	2017 \$	2016 \$
At beginning of the year	1,017,292	-
Tax deductible donation received	-	1,000,000
Dividends received	29,175	15,704
Interest received	9,150	1,588
Expenditure	(21,534)	-
Surplus for the year	16,791	1,017,292
At end of the year	1,034,083	1,017,292

The LCM Fund is set up from donations in memory of the late Dr Ling Chaw Ming in accordance with the wishes of the donors. The donation received from the donors of \$1,000,000 shall be used for general educational purposes, including without limitation the funding of scholarships, upgrading of skills, study trips and attachments, priority given but not restricted to staff in healthcare sector. The balance of the fund is to be invested at the sole discretion of the Board of Governance of the Society in line with its investment policies.

The LCM Fund is represented by quoted equity investments at fair value of \$570,463 (2016: \$488,684) (Note 10), debt securities at cost of \$253,900 (2016: \$253,900) (Note 11) and the remainder in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

23 BUILDING MAINTENANCE FUND

	2017 \$	2016 \$
At beginning of the year	419,387	369,387
Transfer from Service Centres' Accumulated Funds (Note 19)	50,000	50,000
At end of the year	469,387	419,387

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

24 COMMUNITY OUTREACH PROJECT FUND

	2017 \$	2016 \$
At beginning of the year	21,043	48,041
Receipts	29,327	91,646
Expenditure	(36,352)	(118,644)
Deficit for the year	(7,025)	(26,998)
At end of the year	14,018	21,043

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 \$29,227 (2016: \$90,070) and \$100 (2016: \$1,576) respectively for the community outreach projects.

25 COMMUNITY SILVER TRUST

	2017 \$	2016 \$
At beginning of the year	2,014,875	1,313,366
Grants received	697,686	1,459,717
Credit to Statement of Comprehensive Income (Note 5)	(592,415)	(742,917)
Grants refund	-	(32,793)
Surplus for the year	105,271	684,007
Balance before transfer	2,120,146	1,997,373
Transfer (to)/from Asset Capitalisation Reserve (Note 21)	(1,214,126)	17,502
At end of the year	906,020	2,014,875

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

25 COMMUNITY SILVER TRUST (CONT'D)

Community Silver Trust ("CST") is a trust managed by the MOH. 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.

Grants received under CST will be credited to statement of comprehensive income over the period necessary to match them on a systematic basis to the expenditures that the grants intended to compensate.

26 MWS – CSL TRUST ENDOWMENT FUND FOR BMNH

	2017 \$	2016 \$
At beginning of the year	1,233,118	1,279,396
Dividend received	75,056	77,141
Gain on disposal of available-for-sale financial assets	20,178	9,735
Credit to Statement of Comprehensive Income (Note 6)	(55,000)	(59,735)
Surplus for the year	40,234	27,141
Fair value gains/(losses) on available-for-sale financial assets	46,412	(63,684)
Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets	(20,178)	(9,735)
At end of the year	1,299,586	1,233,118

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 \$1,241,705 (2016: \$1,206,013) (Note 10) and the remainder in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

27 CARE & SHARE GRANT

	2017 \$	2016 \$
At beginning of the year	234,048	–
Grants received	600,000	1,125,000
Credit to Statement of Comprehensive Income (Note 5)	(693,930)	(703,452)
(Deficit)/surplus for the year	(93,930)	421,548
Balance before transfer	140,118	421,548
Transfer to Asset Capitalisation Reserve (Note 21)	(81,696)	(187,500)
At end of the year	58,422	234,048

Care & Share Grant is a national fund-raising and volunteerism movement led by Community Chest for the social service sector, in celebration of SG50. It aims to bring our nation together to show care and concern for the needy and recognise the contributions made by voluntary welfare organisations (VWOs). The grant shall be used to develop social service related voluntary welfare organisations and their programmes to better serve beneficiaries.

Grants received under Care & Share Grant will be credited to statement of comprehensive income over the period necessary to match them on a systematic basis to the expenditures that the grants intended to compensate.

28 SOCIAL CONCERNS FUND

	2017 \$	20156 \$
At beginning of the year	1,652,544	–
Receipts	–	3,363,838
Expenditure	(522,362)	(1,711,294)
(Deficit)/surplus for the year	(522,362)	1,652,544
At end of the year	1,130,182	1,652,544

To commemorate the 130th anniversary of the Methodist Church in Singapore and SG50, the fund was set up for the "Getting Out of Debt" Programme in August 2015, to provide debt alleviation, monetary assistance and financial education to families that are in debt. Tax deductible and non-tax deductible receipts of Nil (2016: \$2,785,985) and Nil (2016: \$577,853) were received respectively during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

29 OTHER FUNDS

2017	At 1.4.2016 \$	Receipts \$	Expenditure \$	Surplus/ (deficit) \$	Transfer of funds \$	At 31.3.2017 \$
General Maintenance Fund (Note 18)	700,000	-	-	-	100,000	800,000
Medifund	17,046	82,828	(116,069)	(33,241)	19,551	3,356
Medifund Silver Financial	77,463	147,790	(202,528)	(54,738)	(19,551)	3,174
Assistance Fund	12,583	800	(603)	197	-	12,780
FSC Comcare Fund	21,549	17,701	(21,404)	(3,703)	-	17,846
Fixed Asset Fund	15,000	6,450	-	6,450	-	21,450
School Pocket Money Fund	85,182	84,729	(122,410)	(37,681)	-	47,501
Staff Crisis Fund	17,170	-	-	-	-	17,170
Walk in the Needy Fund	1,937	6,813	(7,235)	(422)	-	1,515
	947,930	347,111	(470,249)	(123,138)	100,000	924,792
2016	At 1.4.2015 \$	Receipts \$	Expenditure \$	Surplus/ (deficit) \$	Transfer of funds \$	At 31.3.2016 \$
General Maintenance Fund (Note 18)	600,000	-	-	-	100,000	700,000
Medifund	55,526	70,414	(89,343)	(18,929)	(19,551)	17,046
Medifund Silver Financial	7,529	218,553	(168,170)	50,383	19,551	77,463
Assistance Fund	8,161	4,449	(27)	4,422	-	12,583
FSC Comcare Fund	18,718	20,332	(17,501)	2,831	-	21,549
Fixed Asset Fund	-	15,000	-	15,000	-	15,000
School Pocket Money Fund	84,706	217,901	(217,425)	476	-	85,182
Staff Crisis Fund	17,170	-	-	-	-	17,170
Walk in the Needy Fund	1,777	4,000	(3,840)	160	-	1,937
	793,587	550,649	(496,306)	54,343	100,000	947,930

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

29 OTHER FUNDS (CONT'D)

Included in receipts are as follows:

	2017 \$	2016 \$
Grants received	333,048	527,200
Donations		
• Tax deductible	–	15,000
• Non-tax deductible	14,063	8,449
	<u>347,111</u>	<u>550,649</u>

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

Financial Assistance Fund

This fund is set up to provide financial assistance to needy, families and children.

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.

Fixed Asset Fund

This fund is set up for cyclical maintenance and renovation.

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.

Walk in the Needy Fund

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

30 COMMITMENTS

(a) Capital commitments

Capital commitments not provided for in the financial statements:

	2017 \$	2016 \$
Capital commitments in respect of property, plant and equipment	<u>189,505</u>	<u>662,662</u>

(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:

	2017 \$	2016 \$
Within 1 year	867,622	543,853
Within 2 to 5 years	<u>1,453,819</u>	<u>163,973</u>
	<u>2,321,441</u>	<u>707,826</u>

Minimum lease payments recognised as an expenditure in income or expenditure for the financial year ended 31 March 2017 amounted to \$786,871 (2016: \$681,718).

31 MANAGEMENT OF RESERVES

The reserves are not expected to exceed the equivalent of two years' expenditure of the Society and its service centres, and are maintained so as to provide working capital, and to enable the Society and its service centres to develop over the longer term. No changes are made in the objectives, policies or processes during the financial years ended 31 March 2017 and 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

32 FINANCIAL INSTRUMENTS

(a) *Categories of financial instruments*

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

	2017 \$	2016 \$
<i>Financial assets</i>		
Other receivables	1,693,250	1,713,361
Fixed deposits	28,000,000	25,900,000
Cash and bank balances	9,848,194	9,194,080
Loans and receivables	39,541,444	36,807,441
Available-for-sale financial assets	8,795,508	8,366,691
Held-to-maturity financial assets	4,037,761	4,490,240
<i>Financial liabilities</i>		
Financial liabilities at amortised cost		
• sundry payables and accruals	2,236,211	1,606,534

(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 dollar.

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, 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. Held-to-maturity financial assets are issued by reputable and good credit rating corporations.

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 Notes 11 and 12.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

32 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 as it has no significant interest-bearing assets and liabilities except for held-to-maturity financial assets and fixed deposits.

Fixed deposits and held-to-maturity financial assets are at fixed rates of interest which expose the Society to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates).

For interest income from fixed deposits and held-to-maturity financial assets, the Society manages interest rate risks by placing fixed deposits and held-to-maturity financial assets with reputable financial institutions and reputable and good credit rating corporations respectively on varying maturities and interest rate terms.

At the balance sheet date, the Society has no significant interest-bearing assets and liabilities at variable rates of interest, therefore the Society's financial performance is substantially independent of changes in market interest rates. Accordingly, the sensitivity analysis for interest rate risk is not disclosed.

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. The Society does not have exposure to commodity price risk.

At 31 March 2017, the Society's investment in available-for-sale is \$8,795,508 (2016: \$8,366,691). A 10% increase/(decrease) in the underlying market prices at the balance sheet date would increase/(decrease) the other comprehensive income by \$879,551 (2016: \$836,669).

This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

33 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).

(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:

	Level 1 \$
2017	
Financial assets	
Available-for-sale financial assets:	
• investment fund	3,322,745
• quoted equity investments – Chen Su Lan Trust Fund	1,241,705
• quoted equity investments – Dr LCM Manpower Development Fund	570,463
• quoted equity investments – Others	<u>3,660,595</u>
2016	
Financial assets	
Available-for-sale financial assets:	
• investment fund	3,107,863
• quoted equity investments – Chen Su Lan Trust Fund	1,206,013
• quoted equity investments – Dr LCM Manpower Development Fund	488,684
• quoted equity investments – Others	<u>3,564,131</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

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

	Carrying amount \$	Fair value measurement at balance sheet date Level 2 \$
2017		
Financial assets		
Held-to-maturity financial assets		
• Debt securities	<u>4,037,761</u>	<u>4,101,025</u>
2016		
Financial assets		
Held-to-maturity financial assets		
• Debt securities	<u>4,490,240</u>	<u>4,374,600</u>

(d) *Determination of fair values*

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

Quoted equity investments and investment fund

The fair values of quoted equity investments and investment fund are based on quoted market prices or dealer quotes for similar investments at the balance sheet date. These instruments are included in Level 1.

Debt securities

The fair values of 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 their fair values due to their short-term nature and where the effect of discounting is immaterial.

34 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Society for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Governance dated 8 July 2017.

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MWS is a member of NCSS.

IPC REGISTRATION NO: IPC000360

CHARITY REGISTRATION NO: 00166

UEN: S8155 0088H

BANK: The Development Bank of Singapore Limited

AUDITOR: Baker Tilly TFW LLP

PRO BONO LEGAL SERVICE PROVIDER: Drew & Napier LLC



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