

SINGAPORE CHILDREN'S SOCIETY

Unique Entity Number.: S62SS0057G

REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

LO HOCK LING & CO

Certified Public Accountants

盧鶴齡會計公司



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SINGAPORE CHILDREN'S SOCIETY

PARTICULARS OF THE SOCIETY AS AT 31 DECEMBER 2011

1. INSTRUMENT SETTING UP THE SOCIETY

Constitution of Singapore Children's Society

2. SOCIETY REGISTRATION NUMBER

R of S 117/52

3. UNIQUE ENTITY NUMBER OF THE SOCIETY

S62SS0057G

4. INSTITUTION OF A PUBLIC CHARACTER

IPC 000460

5. REGISTERED ADDRESS

298 Tiong Bahru Road #09-05 Central Plaza Singapore 168730

6. KEY EXECUTIVE COMMITTEE

<u>Name</u>	<u>Designation</u>
Mr Koh Choon Hui	Chairman
Professor Ho Lai Yun	Vice-Chairman
Mr Tan Suee Chieh	Vice-Chairman
Mrs Mae-Lim Hoon Ann	Honorary Secretary
Ms Theresa Sim May Ling	Honorary Treasurer
A/Professor Teo Eng Swee, Cuthbert	Honorary Assistant Secretary
Mr Ho Lon Gee	Honorary Assistant Treasurer

7. AUDIT COMMITTEE

Mr Tan Suee Chieh
Mr Harry Chua Chin Nam
Mr Philip Tan Seng Leong

8. INVESTMENT COMMITTEE

Mr Ho Lon Gee
Mr Koh Choon Hui
Professor Ho Lai Yun
Ms Theresa Sim May Ling
Mr Gwee Lian Kheng
Mr Wee Chorng Kien, Kurt

9. PRINCIPAL BANKERS

Citibank Singapore Ltd
DBS Bank Limited
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited
UBS AG
United Overseas Bank Limited

10. INDEPENDENT AUDITORS

Lo Hock Ling & Co.
Certified Public Accountants

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SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

Statement by Executive Committee

In our opinion, the financial statements set out on pages 7 to 28 are drawn up so as to present fairly, in all material respects, the state of affairs of Singapore Children's Society (the "Society") as at 31 December 2011 and the income and expenditure, changes in funds and cash flows of the Society for the year ended on that date in accordance with Singapore Financial Reporting Standards.

On behalf of the Executive Committee



Koh Choon Hui
Chairman



Theresa Sim May Ling
Honorary Treasurer

Singapore, 20 March 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

Report on the Financial Statements

We have audited the accompanying financial statements of the Singapore Children's Society (the "Society") set out on pages 7 to 28, which comprise the balance sheet (statement of financial position) as at 31 December 2011, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

(continued)

Opinion

In our opinion, the financial statements are properly drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 December 2011 and the results, changes in funds and cash flows of the Society for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion,

- (a) the accounting and other records required by the provisions of the Charities Act, Chapter 37 - Charities (Institutions of a Public Character) Regulations 2007 and its amendments in Charities (Institutions of a Public Character) (Amendment) Regulations 2008 to be kept by the Society have been properly kept in accordance with those regulations;
- (b) the Society has complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) (Amendment) Regulations 2008, and total relevant fund-raising expenses of the Society did not exceed 30% of its total relevant receipts from fund-raising for the year; and
- (c) nothing has come to our attention to cause us to believe that the donation moneys received during the year were not used in accordance with the objectives of the Society.

Singapore, 20 March 2012


LO HOCK LING & CO.
PUBLIC ACCOUNTANTS AND
CERTIFIED PUBLIC ACCOUNTANTS

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

Balance Sheet as at 31 December 2011

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		\$	\$
Non-current assets			
Property, plant and equipment	3	301,491	413,451
Investments in available-for-sale financial assets	4	4,566,163	4,265,569
Investments in held-to-maturity financial assets	5	4,016,314	30,691,120
		8,883,968	35,370,140
Current assets			
Investments in held-to-maturity financial assets	5	27,899,938	-
Inventories	6	12,477	17,985
Receivables	7	590,670	569,067
Cash and cash equivalents	8	16,768,802	16,986,008
		<u>45,271,887</u>	<u>17,573,060</u>
Total assets		<u>54,155,855</u>	<u>52,943,200</u>
Funds and reserves			
Accumulated fund	9	32,611,347	31,030,779
Professor S.S. Ratnam Memorial Fund	9	247,382	249,367
Children's Medical Fund	9	20,801,383	20,676,703
Inspire Fund	9	72,610	100,723
Fair value reserve	10	(586,680)	(59,924)
Total funds and reserves		53,146,042	51,997,648
Non-current liabilities			
Provision for restoration costs	11	112,500	112,500
		112,500	112,500
Current liabilities			
Payables	12	897,313	833,052
		<u>897,313</u>	<u>833,052</u>
Total liabilities		<u>1,009,813</u>	<u>945,552</u>
Total funds, reserves and liabilities		<u>54,155,855</u>	<u>52,943,200</u>

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

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

Statement of Comprehensive Income for the year ended 31 December 2011

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		\$	\$
Income			
Donations and fund raising income	13	7,716,844	7,955,390
Grants		1,799,272	1,800,818
Other income	14	991,491	1,059,021
		<u>10,507,607</u>	<u>10,815,229</u>
Expenditure			
Administrative expenses		1,322,001	1,361,414
Children's home expenses		1,069,214	972,010
Children's medical fund expenses		334,100	692,669
Fund raising expenses	15	1,433,763	1,299,616
Information and corporate communications expenses		168,155	96,693
Research department expenses		841,552	857,043
Social work service expenses		3,663,672	3,625,941
		<u>8,832,457</u>	<u>8,905,386</u>
Surplus of income over expenditure	16	1,675,150	1,909,843
Other comprehensive (loss)/income:			
Net fair value (loss)/gain on available-for-sale financial assets	10	(526,756)	329,433
Other comprehensive (loss)/income for the year		<u>(526,756)</u>	<u>329,433</u>
Total comprehensive income for the year		<u>1,148,394</u>	<u>2,239,276</u>
Total comprehensive income attributable to:			
Unrestricted fund:			
Accumulated fund		1,580,568	2,424,114
Restricted funds:			
Professor S.S. Ratnam Memorial Fund		(1,985)	(813)
Quota Club Education Fund		-	(6,435)
Children's Medical Fund		124,680	(468,683)
Inspire Fund		(28,113)	(38,340)
		<u>1,675,150</u>	<u>1,909,843</u>
Non-distributable reserve:			
Fair value reserve	10	(526,756)	329,433
		<u>1,148,394</u>	<u>2,239,276</u>

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

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

Statement of Changes in Funds for the year ended 31 December 2011

	(Unrestricted) ←	(Restricted) →					
	Accumulated Fund	Professor S.S. Ratnam Memorial Fund	Quota Club Education Fund	Children's Medical Fund	Inspire Fund	Fair Value Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2010	28,593,068	250,180	20,032	21,145,386	139,063	(389,357)	49,758,372
Total comprehensive income/ (loss) for the year	2,424,114	(813)	(6,435)	(468,683)	(38,340)	329,433	2,239,276
Transfer of funds	13,597	-	(13,597)	-	-	-	-
At 31 December 2010 and 1 January 2011	31,030,779	249,367	-	20,676,703	100,723	(59,924)	51,997,648
Total comprehensive income/ (loss) for the year	1,580,568	(1,985)	-	124,680	(28,113)	(526,756)	1,148,394
At 31 December 2011	32,611,347	247,382	-	20,801,383	72,610	(586,680)	53,146,042

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

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

Statement of Cash Flows for the year ended 31 December 2011

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Surplus of income over expenditure		1,675,150	1,909,843
Adjustments for:			
Depreciation on property, plant and equipment	3	220,183	267,702
Accretion of deferred capital grant		-	(28,676)
Amortisation of fair value reserve	16	238,109	235,260
Gain on disposal of available-for-sale financial assets		-	(70,602)
Interest income	14	(606,611)	(530,242)
Dividend income	14	(204,124)	(181,473)
Property, plant and equipment written off		-	3,192
Loss on disposal of held-to-maturity financial assets		10,000	-
Loss on disposal of property, plant and equipment		4,268	-
		(338,175)	(304,839)
Operating surplus before working capital changes		1,336,975	1,605,004
(Increase)/decrease in receivables		(14,133)	11,281
Decrease/(increase) in inventories		5,508	(7,167)
Increase/(decrease) in payables		64,261	(212,805)
Changes in working capital		55,636	(208,691)
Net cash from operating activities		1,392,611	1,396,313
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of property, plant and equipment		409	-
Purchase of property, plant and equipment		(112,900)	(191,898)
Proceeds from disposal of available-for-sale financial assets		-	415,184
Proceeds from disposal of held-to-maturity financial assets		990,000	-
Purchase of available-for-sale financial assets		(1,065,459)	(1,121,646)
Purchase of held-to-maturity financial assets		(1,987,023)	(3,029,291)
Interest received		363,004	252,606
Dividend received		202,152	174,002
Net cash used in investing activities		(1,609,817)	(3,501,043)
Net decrease in cash and cash equivalents		(217,206)	(2,104,730)
Cash and cash equivalents at beginning of the year		16,986,008	19,090,738
Cash and cash equivalents at end of the year	8	16,768,802	16,986,008

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

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2011

The following notes form an integral part of the financial statements.

1. GENERAL

Singapore Children's Society (the "Society") is registered in the Republic of Singapore and its registered office is located at 298 Tiong Bahru Road, #09-05 Central Plaza, Singapore 168730.

The principal activities of the Society are those of promoting the welfare of children in Singapore, as well as assisting and closely cooperate with the general public and all government, voluntary, religious and philanthropic bodies concerned with the welfare of children.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Society presents its financial statements in Singapore dollars, which is also its functional currency.

These financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and comply with Singapore Financial Reporting Standards (FRS), including related Interpretations promulgated by the Accounting Standards Council.

During the financial year, the Society adopted all the applicable new/revised FRSs which are effective on or before 1 January 2011.

The adoption of these new/revised FRSs did not have any material effect on the Society's financial statements and did not result in substantial changes to the Society's accounting policies.

(b) Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Society's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Depreciation of Property, Plant and Equipment

The costs of property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment are disclosed in note 2(d). Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of property, plant and equipment and the depreciation charge for the year are disclosed in note 3 to the financial statements.

(c) FRS and INT FRS not yet effective

The Society has not applied any new FRS or INT FRS (Interpretations of Financial Reporting Standards) that has been issued as at the balance sheet date but is not yet effective. The Society will adopt Charities Accounting Standard with effect from 1 January 2012.

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Any estimated costs of dismantling and removing the property, plant and equipment and reinstating the site to its original condition (restorations costs) are capitalised as part of the cost of the property, plant and equipment.

Depreciation is calculated on the straight line basis so as to write off the cost, less the residual value, of the assets over their estimated useful lives. The estimated useful lives are as follows:

Renovations	3 years
Office equipment, furniture and fittings	3 to 5 years
Motor vehicles	5 years

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

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognised in profit or loss in the year the asset is derecognised.

(e) Financial Assets

(A) Classification and Measurement

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

(i) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Society has the positive intention and ability to hold to maturity. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

Held-to-maturity financial assets are recognised initially at fair value plus transaction costs, and subsequently carried at amortised cost using the effective interest method.

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Assets (continued)

(A) Classification and Measurement (continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets 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 investment within 12 months from the balance sheet date.

Available-for-sale financial assets are recognised initially at fair value plus transaction costs, and subsequently carried at fair value. Unrealised gains and losses arising from changes in fair value of these financial assets are recognised directly in other comprehensive income and accumulated in a separate component of funds and reserves as fair value reserve.

When available-for-sale financial assets are sold or impaired, the cumulative fair value adjustments in the fair value reserve is reclassified from funds and reserves to profit or loss.

(B) Recognition and Derecognition

Financial assets are recognised on the balance sheet when the Society becomes a contractual party to the contractual provisions of the financial instrument. Purchases and sales of investments are recognised on trade-date, that is, 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.

(C) Determination of Fair Value

The fair values of quoted financial assets are based on bid price as at balance sheet date.

(D) Impairment of Financial Assets

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.

(i) Impairment of held-to-maturity financial assets

If there is objective evidence that an impairment loss on held-to-maturity financial assets carried at amortised cost has been incurred, the amount of the loss is measured 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 (i.e. the effective interest rate computed at initial recognition of these financial assets). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in profit or loss.

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Assets (continued)

(D) Impairment of Financial Assets (continued)

(i) Impairment of held-to-maturity financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment 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.

(ii) Impairment of available-for-sale financial assets

A significant or prolonged decline in the fair value of an available-for-sale equity investment is considered in determining whether the investment is impaired. If any such evidence exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) Inventories

Inventories are stated at the lower cost and net realisable value. Cost is calculated using the weighted average cost formula and comprise all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Receivables with a short duration are not discounted.

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, an impairment loss is recognised. The amount of the impairment loss is measured as the difference between the carrying value of the receivable and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the receivable is reduced directly or through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The amount of the reversal shall be recognised in profit or loss.

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and bank deposits with financial institutions which are subject to insignificant risks of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are stated at amounts at which they are convertible into cash.

(i) Funds

General unrestricted funds are available for use at the discretion of the Executive Committee for the furtherance of the Society's objectives.

Restricted funds are those donated for a particular cause, the use of which is restricted to that cause.

(j) Grants

Grant is only recognised when there is reasonable assurance that the conditions attached to the grant are met and the right to receive payment is established.

These grants are recognised as income to match the related expenditure.

(i) Grants related to assets

Grants which are designated for property, plant and equipment purchases are taken to deferred income in the period of receipt. The deferred income is accreted over the useful life of the property, plant and equipment by crediting to profit or loss an amount so as to match the related depreciation expense.

(ii) Grants related to income

Grants that compensated the Society for expense incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(k) Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Society becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value. Financial liabilities with a short duration are not discounted.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Revenue Recognition

(i) Donation and Fund Raising Income

Provided there is evidence of entitlement, as expressed in writing, donations and income from fund raising events are recognised in profit or loss in the period of receipt or when they become receivable.

Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

(ii) Interest Income

Interest income is recognised on a time-proportion basis, using the effective interest method.

(iii) Dividend Income

Dividend income is recognised in profit or loss when the shareholder's right to receive payment is established.

(m) Employee Benefits

(i) Defined Contribution Plans

The Society makes contributions to the state provident fund (Central Provident Fund). Such contributions are recognised as compensation expenses in the same period as the employment that gave rise to the contributions.

(ii) Short-term Compensated Absences

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

(n) Impairment of Non-Financial Assets

The carrying amounts of the Society's assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of Non-Financial Assets (continued)

An impairment loss on a non-revalued asset is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(o) Provisions

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(p) Operating leases

Leases whereby the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases.

When the Society is the lessee, operating lease payments are recognised as an expense on a straight line basis over the lease term.

3. PROPERTY, PLANT AND EQUIPMENT

	<u>Renovations</u>	<u>Office equipment, furniture and fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
	\$	\$	\$	\$
<u>Cost</u>				
At 1 January 2010	1,128,962	1,314,006	90,000	2,532,968
Additions	8,356	183,542	-	191,898
Written off	(2,145)	(97,609)	-	(99,754)
At 31 December 2010 and 1 January 2011	1,135,173	1,399,939	90,000	2,625,112
Additions	650	112,250	-	112,900
Disposals	-	(98,312)	-	(98,312)
At 31 December 2011	<u>1,135,823</u>	<u>1,413,877</u>	<u>90,000</u>	<u>2,639,700</u>

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	<u>Renovations</u>	<u>Office equipment, furniture and fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
	\$	\$	\$	\$
<u>Accumulated depreciation</u>				
At 1 January 2010	1,056,165	941,605	42,751	2,040,521
Charge for the year	60,380	196,822	10,500	267,702
Written off	(2,145)	(94,417)	-	(96,562)
At 31 December 2010 and 1 January 2011	1,114,400	1,044,010	53,251	2,211,661
Charge for the year	16,129	193,554	10,500	220,183
Disposals	-	(93,635)	-	(93,635)
At 31 December 2011	<u>1,130,529</u>	<u>1,143,929</u>	<u>63,751</u>	<u>2,338,209</u>
<u>Carrying amount</u>				
At 31 December 2011	<u>5,294</u>	<u>269,948</u>	<u>26,249</u>	<u>301,491</u>
At 31 December 2010	<u>20,773</u>	<u>355,929</u>	<u>36,749</u>	<u>413,451</u>

Included in the carrying value of renovations is an amount of provision for site restoration costs of nil (2010: \$2,500).

4. INVESTMENTS IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale (AFS) financial assets, stated at fair value, are analysed as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Quoted investments - Singapore	<u>4,566,163</u>	<u>4,265,569</u>

5. INVESTMENTS IN HELD-TO-MATURITY FINANCIAL ASSETS

	<u>2011</u>	<u>2010</u>
	\$	\$
Balance as at 1 January	30,691,120	27,426,569
Additions	1,987,023	3,029,291
Accrual for interest income - amortisation of discount	238,109	235,260
Disposals	(1,000,000)	-
Balance as at 31 December	<u>31,916,252</u>	<u>30,691,120</u>

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5. INVESTMENTS IN HELD-TO-MATURITY FINANCIAL ASSETS (continued)

The maturity periods of held-to-maturity financial assets are as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Current		
- Within 1 year	27,899,938	-
Non-current		
- After 1 year but not later than 5 years	2,997,514	28,670,160
- After 5 years	1,018,800	2,020,960
	4,016,314	30,691,120
	31,916,252	30,691,120

Held-to-maturity (HTM) financial assets are analysed as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
(a) Capital Protected Note	19,899,938	19,661,829
(b) 5-year Structured Deposit	8,000,000	8,000,000
(c) Straight Bonds	3,031,424	3,029,291
(d) Convertible Bond	984,890	-
	31,916,252	30,691,120
Fair value of held-to-maturity financial assets at the balance sheet date	31,851,406	30,670,200

- (a) Capital protected note investment is managed by professional fund managers. The fund managers have guaranteed the total principal amount of \$20,000,000 at the end of the 5-year management term maturing on 25 May 2012.
- (b) 5-year structured deposit investment matures on 27 March 2012 with 100% principal guaranteed for \$8,000,000 and pays a fixed interest of 2.5% per annum plus potential bonus interest which is linked to performance of underlying investment.
- (c) Straight bonds investments represent five Singapore corporate fixed rate notes bearing fixed interests ranging from 3.1% to 4.3% per annum and maturing on 15 December 2014, 18 February 2015, 16 December 2015, 9 November 2016 and 31 August 2020 respectively. Management does not identify any potentially significant financial risk exposure.
- (d) Convertible bond investment represents Singapore corporate bond which bears a nominal value of \$1,000,000. The bond bears a fixed interest rate of 2.875% per annum and matures on 3 September 2016. Upon maturity date, the bond can be converted into new ordinary shares of the issuer.

6. INVENTORIES

Inventories comprise merchandises held for sale in future fund-raising events.

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7. RECEIVABLES

	<u>2011</u>	<u>2010</u>
	\$	\$
Deposits	133,699	153,954
Prepayments	117,106	46,231
Interest receivable	213,547	208,050
Other receivables	45,653	97,543
Receivables from Ministry of Community Development, Youth and Sports	<u>80,665</u>	<u>63,289</u>
	<u>590,670</u>	<u>569,067</u>

8. CASH AND CASH EQUIVALENTS

	<u>2011</u>	<u>2010</u>
	\$	\$
Cash at bank and in hand	4,097,948	5,406,688
Fixed deposits with financial institutions	<u>12,670,854</u>	<u>11,579,320</u>
	<u>16,768,802</u>	<u>16,986,008</u>

The fixed deposits mature within one year.

The interest rates relating to cash and cash equivalents at the balance sheet date range from 0.12% to 1.00% (2010: 0.165% to 0.85%) per annum. Interest rates reprice at intervals of two weeks to twelve months (2010: one month to twelve months).

9. RESTRICTED AND UNRESTRICTED FUNDS

As at the balance sheet date, the Society has the following funds:

(i) Accumulated fund represents unrestricted fund, which is a distributable fund intended for general use of the Society.

(ii) Restricted funds comprise:

(a) Professor S.S. Ratnam Memorial Fund

Professor S.S. Ratnam Memorial Fund is a distributable fund in support of education.

(b) Children's Medical Fund

Children's Medical Fund (CMF) is a distributable fund in support of subsidies for treatment and rehabilitative care of chronic illnesses for children. Income derived from investment of CMF has been used to fund these subsidies since the Society took over the administration of this fund in January 2007.

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9. RESTRICTED AND UNRESTRICTED FUNDS (continued)

(ii) Restricted funds comprise: (continued)

(c) Inspire Fund

Inspire fund is a distributable fund in support of the low income households with school-going children to participate in the INFOCOM sector by enabling personal computer ownership for these targeted households.

(d) Quota Club Education Fund

Quota Club Education Fund was a distributable fund in support of needy families' children education purposes. In the prior year, the amount was transferred to accumulated fund with the discretion of the Executive Committee as the Quota Club was defunct.

10. FAIR VALUE RESERVE

The fair value reserve is a non-distributable reserve that comprises the cumulative net changes in the fair value of available-for-sale financial assets. Net (loss)/gain recognised directly in the fair value reserve are analysed as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Balance as at 1 January	(59,924)	(389,357)
Amortisation of fair value reserve on held-to-maturity financial assets	238,109	235,260
Change in fair value of available-for-sale financial assets	(764,865)	173,741
Realised on disposal of available-for-sale financial assets	-	(79,568)
Net fair value (loss)/gain on financial assets	(526,756)	329,433
Balance as at 31 December	(586,680)	(59,924)

11. PROVISION FOR RESTORATION COSTS

The provision for restoration costs relates to estimated cost of dismantling, removing and restoring the related premises at the expiration of the lease periods. The estimation was based on quotation received from an external party.

12. PAYABLES

	<u>2011</u>	<u>2010</u>
	\$	\$
Accruals for operating expenses	557,819	495,846
Accruals for employees' unconsumed leave	121,173	115,518
Other payables	218,321	221,688
	897,313	833,052

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13. DONATIONS AND FUND RAISING INCOME

	<u>2011</u>	<u>2010</u>
	\$	\$
Outright donations and direct appeals	6,412,851	6,625,144
Income from fund raising events	1,303,993	1,330,246
	7,716,844	7,955,390

Total gross donations (including donations received during fund raising events) received which qualified for tax deduction amounted to \$6,826,476 (2010: \$7,721,389).

The total donations collected from and the total expenses incurred on public fund-raising appeals in the financial year have been audited and the Society had met the 30/70 fund-raising rule for the financial year that total expenses incurred on public fund-raising appeals in the financial year did not exceed 30% of total donations collected through the public appeals in the same year.

14. OTHER INCOME

	<u>2011</u>	<u>2010</u>
	\$	\$
Interest income - arising from:		
- Accumulated Fund	381,260	304,935
- Professor S.S.Ratnam Memorial Fund	1,149	1,058
- Children's Medical Fund	224,202	223,986
- Inspire Fund	-	263
Dividend income	606,611	530,242
Gain on disposal of available-for-sale financial assets	204,124	181,473
Government grant - jobs credit scheme	-	70,602
Others	834	58,750
	179,922	217,954
	991,491	1,059,021

15. FUND RAISING EXPENSES

	<u>2011</u>	<u>2010</u>
	\$	\$
Direct costs incurred for:		
- Direct appeals	539,566	431,068
- Fund raising events	192,208	292,791
Fund raising department expenses	731,774	723,859
	701,989	575,757
	1,433,763	1,299,616

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16. SURPLUS OF INCOME OVER EXPENDITURE

The following items have been included in arriving at the surplus of income over expenditure:

	<u>2011</u>	<u>2010</u>
	\$	\$
Amortisation of fair value reserve arising from investments reclassified from AFS to HTM	238,109	235,260
Accretion of deferred capital grant	-	(28,676)
Audit fees	26,000	26,000
Depreciation on property, plant and equipment	220,183	267,702
Operating lease expenses	495,587	615,508
Property, plant and equipment written off	-	3,192
Loss on disposal of held-to-maturity financial assets	10,000	-
Loss on disposal of property, plant and equipment	4,268	-
* Employee benefits expense	5,268,117	4,909,600

* Contributions to Central Provident Fund included in employee benefits expense amounted to \$611,524 (2010: \$540,630).

17. TAXATION

The Society is registered as a charitable institution and by virtue of Section 13 of the Income Tax Act, Chapter 134, is exempted from taxation. Therefore, no provision for taxation has been made in the financial statements for the current financial year.

18. OPERATING LEASE COMMITMENTS

The Society leases offices from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

As at the balance sheet date, the Society has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Within 1 year	470,798	495,800
After 1 year but not later than 5 years	<u>511,944</u>	<u>930,162</u>
	<u>982,742</u>	<u>1,425,962</u>

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

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19. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Society if the Society has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Society and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Society is governed by the Executive Committee which is the final authority and has overall responsibility for policy making and determination of all activities. Members of the Executive Committee are volunteers and receive no monetary remuneration for their contribution, except for reimbursement of out-of-pocket expenses.

The Society has in place a conflict of interests policy in its code of conduct. All members of the Executive Committee and senior management are required to declare their interest yearly.

Key management personnel compensation

	<u>2011</u>	<u>2010</u>
	\$	\$
Short-term employee benefits	<u>1,204,514</u>	<u>1,166,114</u>
* Number of key management personnel	<u>12</u>	<u>12</u>

* These key management personnel represent the senior management of the Society and the annual remuneration (includes basic salary, bonuses, allowances, and the employer's contributions to Central Provident Fund) of the top three staff are classified as follows:-

	<u>No. of staff</u>	
	<u>2011</u>	<u>2010</u>
Annual remuneration		
- between \$100,001 to \$150,000	2	2
- between \$150,001 to \$200,000	1	1

20. FINANCIAL RISK MANAGEMENT

Risk management is integral to the whole business of the Society. The Society has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. Management continually monitors the Society's risk management process to ensure that an appropriate balance between risk and control is achieved.

(i) Credit Risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other counterparties to settle their financial and contractual obligations to the Society as and when they fall due. Cash and fixed deposits are placed with financial institutions which are regulated in Singapore. The Society limits its credit risk exposure in respect of investment by only investing with counterparties that have a sound credit rating. Management does not expect any counterparties to fail to meet its obligations.

At the balance sheet date, Management believes that there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

There are no financial assets which are past due or impaired as at the balance sheet date.

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20. FINANCIAL RISK MANAGEMENT (continued)

(ii) Liquidity Risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting financial obligations due to shortage of funds.

The Society monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by Management to finance the Society's operations and to mitigate the effects of fluctuations in cash flows.

The Society's financial liabilities at the balance sheet date will mature within one year.

(iii) Market Risk

The Society is exposed to market risk and the risk of impairment in the value of investments held. The Society manages the risk of impairment by evaluation of investment opportunities, continuously monitoring the performance of investments held and assessing market risk relevant to which the investments operate.

The Investment Committee meets regularly to assess and review the risks as well as performance of the investments.

At the balance sheet date, the Society held quoted available-for-sale equity investments.

Sensitivity analysis for equity price risk

A 10% increase/(decrease) in the underlying equity prices at the reporting date would increase/(decrease) the fair value reserve and surplus by the following amount:

	<u>10% increase</u>		<u>10% decrease</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	\$	\$	\$	\$
Fair value reserve	456,616	426,557	(456,616)	(426,557)
Surplus	-	-	-	-

This analysis assumes that all other variables remain constant.

(iv) Investment Risk

Exposure to investment risk relates primarily to the Society's investment portfolio comprising equity securities, debts securities and funds placed with fund managers. All investments are approved by the Society's Investment Committee which is tasked with the responsibility to review the investment operation of the Society and to make appropriate investment decisions. The investment Committee works within the guidelines of the Investment Policy.

The Society seeks to minimise risk of capital loss and maximising returns by investing only in Singapore dollar instruments.

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20. FINANCIAL RISK MANAGEMENT (continued)

(v) Interest Rate Risk

Interest rate 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 interest rates.

The Society's exposure to changes in interest rates relates primarily to interest-earning cash and cash equivalents and investments in debt securities which are exposed to a risk of change in their fair value due to changes in interest rates.

Information relating to the Society's interest rate exposures is also disclosed in the notes to the financial statements. The Society does not enter into derivatives to hedge its interest rate risk.

The following table presents the carrying amounts of the Society's financial instruments that are exposed to interest rate risk:

	Non-interest bearing	<u>Floating rates</u>	<u>Fixed rates</u>	<u>Total</u>
	\$	\$	\$	\$
<u>At 31 December 2011</u>				
<u>Financial Assets</u>				
Cash and bank deposits	1,806,048	2,291,900	-	4,097,948
Fixed deposits	-	-	12,670,854	12,670,854
Receivables	473,564	-	-	473,564
Investments in available-for-sale financial assets	4,566,163	-	-	4,566,163
Investments in held-to-maturity financial assets	-	<u>19,899,938</u>	<u>12,016,314</u>	<u>31,916,252</u>
	<u>6,845,775</u>	<u>22,191,838</u>	<u>24,687,168</u>	<u>53,724,781</u>
<u>At 31 December 2010</u>				
<u>Financial Assets</u>				
Cash and bank deposits	1,476,944	3,929,744	-	5,406,688
Fixed deposits	-	-	11,579,320	11,579,320
Receivables	522,836	-	-	522,836
Investments in available-for-sale financial assets	4,265,569	-	-	4,265,569
Investments in held-to-maturity financial assets	-	<u>19,661,829</u>	<u>11,029,291</u>	<u>30,691,120</u>
	<u>6,265,349</u>	<u>23,591,573</u>	<u>22,608,611</u>	<u>52,465,533</u>

Interest on financial instruments classified under floating rates is repriced at intervals of less than one year. Interest on financial instruments classified under fixed rates is fixed until the maturity of the instruments. The other financial instruments of the Society that are included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

All of the Society's financial liabilities are non-interest bearing and are therefore not subject to interest rate risk.

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20. FINANCIAL RISK MANAGEMENT (continued)

(v) Interest Rate Risk (continued)

Sensitivity analysis for interest rate risk

For the variable interest rate financial assets, a change of 100 basis points (bp) in interest rate at the balance sheet date would increase / (decrease) surplus by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	<u>Surplus</u>	
	<u>100 bp increase</u>	<u>100 bp decrease</u>
	\$	\$
31 December 2011	221,918	(221,918)
31 December 2010	235,916	(235,916)

(vi) Fair Value Measurement

The table below analyses the three-level fair value measurement hierarchy of the Society's financial instruments which are carried at fair value. The different levels have been defined as follows:

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$	\$
<u>At 31 December 2011</u>				
<u>Available-for-sale financial assets</u>				
- Quoted investments	4,566,163	-	-	4,566,163
<u>At 31 December 2010</u>				
<u>Available-for-sale financial assets</u>				
- Quoted investments	4,265,569	-	-	4,265,569

The fair value of financial instruments traded in active markets (such as available-for-sale equity securities) is based on quoted market prices at the balance sheet date. These instruments are included in Level 1.

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21. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

- Investment in Equity

The fair values of these available-for-sale financial assets are determined by reference to their quoted bid prices at the balance sheet date.

- Investment in Debt Securities and Other Funds

The fair value of these held-to-maturity financial assets are determined by reference to market valuation reports provided by the fund managers at the balance sheet date.

- Other Financial Assets and Liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including receivables, cash and cash equivalents, and payables) are assumed to approximate their fair values due to their short term nature.

22. RESERVE MANAGEMENT

The primary objective in the management of the Society's reserves is to ensure that it maintains strong and healthy capital ratios in order to support its operations and future growth.

The Society targets to maintain an optimum level of accumulated fund which is equivalent to five years of its budgeted operating expenditure. This excludes restricted funds. The Society regularly reviews and manages its reserves to ensure optimal capital structure, taking into consideration the future capital requirements of the Society and capital efficiency, projected income and operating cash flows.

The Management and Investment Committee closely monitor the investment of surplus funds and reserves on a periodic basis. The Investment Committee provides strategic direction on the long term financial and assets development of the Society.

The Society is not subject to externally imposed capital requirements.

There were no changes to the Society's approach to reserve management during the year.

23. CHANGE IN FINANCIAL REPORTING FRAMEWORK

Subsequent to the balance sheet date, the Management of the Society has decided to adopt the Charities Accounting Standard, taking into account the context and circumstances relevant to the charity sector for financial periods beginning on or after 1 January 2012.

24. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Society for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Executive Committee dated 20 March 2012.