

Singapore Children's Society

Unique Entity Number : S62SS0057G

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

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LO HOCK LING & CO.

Certified Public Accountants

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INDEPENDENT MEMBER OF

POLARIS™
INTERNATIONAL

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SINGAPORE CHILDREN'S SOCIETY

PARTICULARS OF THE SOCIETY AS AT 31 DECEMBER 2010

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
Mr Ho Lon Gee	Honorary Treasurer
Dr Teo Eng Swee, Cuthbert	Honorary Assistant Secretary
Mr Wong Yew Meng	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
Mr Gwee Lian Kheng
Mr Wee Chorng Kien, Kurt

9. PRINCIPAL BANKERS

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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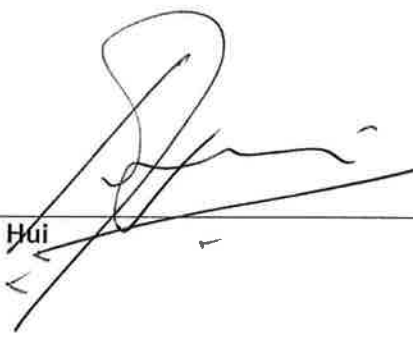
SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)


Statement by Executive Committee

In our opinion, the financial statements set out on pages 7 to 29 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 2010 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



Ho Lon Gee
Honorary Treasurer

Singapore, 29 MAR 2011

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 29, which comprise the balance sheet (statement of financial position) as at 31 December 2010, 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

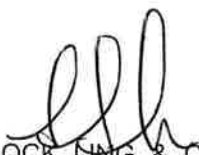
In our opinion, the financial statements are properly drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 December 2010 and the results, changes in funds and cash flows of the Society for the year ended 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, 29 MAR 2011


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 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		\$	\$
Non-current assets			
Property, plant and equipment	3	413,451	492,447
Investment property	4	-	-
Investments in available-for-sale financial assets	5	4,265,569	3,394,332
Investments in held-to-maturity financial assets	6	30,691,120	27,426,569
		35,370,140	31,313,348
Current assets			
Inventories	7	17,985	10,818
Receivables	8	569,067	530,501
Cash and cash equivalents	9	16,986,008	19,090,738
		<u>17,573,060</u>	<u>19,632,057</u>
Total assets		<u>52,943,200</u>	<u>50,945,405</u>
Funds and reserve			
Accumulated fund	10	31,030,779	28,593,068
Professor S.S. Ratnam Memorial Fund	10	249,367	250,180
Quota Club Education Fund	10	-	20,032
Children's Medical Fund	10	20,676,703	21,145,386
Inspire Fund	10	100,723	139,063
Fair value reserve	11	(59,924)	(389,357)
Total funds and reserve		51,997,648	49,758,372
Non-current liabilities			
Provision for restoration costs	12	112,500	112,500
		112,500	112,500
Current liabilities			
Deferred capital grant	13	-	28,676
Payables	14	833,052	1,045,857
		<u>833,052</u>	<u>1,074,533</u>
Total liabilities		<u>945,552</u>	<u>1,187,033</u>
Total funds, reserve and liabilities		<u>52,943,200</u>	<u>50,945,405</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 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		\$	\$
Income			
Donations and fund raising income	15	7,955,390	6,714,241
Grants		1,800,818	1,952,470
Gain on disposal of investment property		-	450,000
Other income	16	1,059,021	1,108,187
		10,815,229	10,224,898
Expenditure			
Administrative expenses		1,361,414	1,259,383
Children's home expenses		972,010	982,288
Children's medical fund expenses		692,669	1,220,750
Fund raising expenses	17	1,299,616	880,352
Information and corporate communications expenses		96,693	117,404
Research department expenses		857,043	560,509
Social work service expenses		3,625,941	3,194,555
		8,905,386	8,215,241
Surplus of income over expenditure	18	1,909,843	2,009,657
Other comprehensive income:			
Net fair value gain on available-for-sale financial assets	11	329,433	873,426
Other comprehensive income for the year		329,433	873,426
Total comprehensive income for the year		2,239,276	2,883,083
Total comprehensive income attributable to:			
Unrestricted fund:			
Accumulated fund		2,424,114	2,955,588
Restricted funds:			
Professor S.S. Ratnam Memorial Fund		(813)	136
Quota Club Education Fund		(6,435)	(7,500)
Children's Medical Fund		(468,683)	(948,148)
Inspire Fund		(38,340)	9,581
		1,909,843	2,009,657
Non-distributable reserve:			
Fair value reserve	11	329,433	873,426
		2,239,276	2,883,083

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 2010

		← (Unrestricted)		(Restricted)	→		
	\$	\$	\$	\$	\$	\$	
	Accumulated <u>Fund</u>	Professor S.S. Ratnam Memorial <u>Fund</u>	Quota Club Education <u>Fund</u>	Children's Medical <u>Fund</u>	Inspire <u>Fund</u>	Fair Value <u>Reserve</u>	<u>Total</u>
At 1 January 2009	25,637,480	250,044	27,532	22,093,534	129,482	(1,262,783)	46,875,289
Total comprehensive income/(loss) for the year	2,955,588	136	(7,500)	(948,148)	9,581	873,426	2,883,083
At 31 December 2009 and 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	31,030,779	249,367	-	20,676,703	100,723	(59,924)	51,997,648

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 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Surplus of income over expenditure		1,909,843	2,009,657
Adjustments for:			
Depreciation on property, plant and equipment	3	267,702	320,402
Gain on disposal of property, plant and equipment		-	(4,428)
Accretion of deferred capital grant	13	(28,676)	(28,676)
Amortisation of fair value reserve	18	235,260	232,444
Gain on disposal of available-for-sale financial assets		(70,602)	(44,062)
Interest income		(530,242)	(492,882)
Dividend income		(181,473)	(96,305)
Gain on disposal of investment property		-	(450,000)
Property, plant and equipment written off		3,192	-
		(304,839)	(563,507)
Operating surplus before working capital changes		1,605,004	1,446,150
Decrease in receivables		11,281	270,797
(Increase)/decrease in inventories		(7,167)	3,495
(Decrease)/increase in payables		(212,805)	100,897
Changes in working capital		(208,691)	375,189
Net cash from operating activities		1,396,313	1,821,339
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of property, plant and equipment		-	8,646
Purchase of property, plant and equipment		(191,898)	(233,997)
Proceeds from disposal of available-for-sale financial assets		415,184	1,488,006
Proceeds from disposal of investment property	4	-	1,950,000
Purchase of available-for-sale financial assets		(1,121,646)	(2,426,394)
Purchase of held-to-maturity financial assets	6	(3,029,291)	-
Interest received		252,606	260,438
Dividend received		174,002	96,305
Net cash (used in)/from investing activities		(3,501,043)	1,143,004
Net (decrease)/increase in cash and cash equivalents		(2,104,730)	2,964,343
Cash and cash equivalents at beginning of the year		19,090,738	16,126,395
Cash and cash equivalents at end of the year	9	16,986,008	19,090,738

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 2010

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 2010.

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 does not anticipate the adoption of the new FRS and INT FRS in future financial periods to have any material impact on the financial statements in the period of initial application.

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 (reinstatement 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 the statement of comprehensive income in the year the asset is derecognised.

(e) Investment Property

Investment property comprises property under operating lease that is held for long-term rental yields and/or for capital appreciation.

Investment property is recognised initially at cost and subsequently carried at fair value, determined annually by independent professional valuers. Change in fair value is recognised in the statement of comprehensive income.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to the statement of comprehensive income. The cost of maintenance, repairs and minor improvement is charged to the statement of comprehensive income when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Assets

(A) Classification

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 investments 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.

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

(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 equity as fair value reserve.

When available-for-sale investments are sold or impaired, the cumulative fair value adjustments in the fair value reserve is reclassified from equity to income and expenditure.

(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.

Unquoted equity instruments whose fair values cannot be reliably measured are carried at cost subsequent to initial recognition.

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Assets (continued)

(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 investments 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 the statement of comprehensive income.

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 the statement of comprehensive income.

(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 – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity to income and expenditure. Impairment losses recognised in profit or loss for equity investments are not reversed through the statement of comprehensive income.

(g) Inventories

Inventories are stated at the lower of 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.

(h) 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 the statement of comprehensive income.

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Receivables (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 previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The amount of the reversal shall be recognised in the statement of comprehensive income.

(i) 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.

(j) Funds

General unrestricted funds are available for use at the discretion of the Executive Committee for the furtherance of the Society's objectives. Designated funds are those unrestricted funds transferred from the general fund for particular programme or projects at the discretion of Executive Committee.

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

(k) 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 the statement of comprehensive income 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 the statement of comprehensive income on a systematic basis in the same periods in which the expenses are incurred.

(l) 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.

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial Liabilities (continued)

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 the statement of comprehensive income 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 the statement of comprehensive income. Net gains or losses on derivatives include exchange differences.

(m) 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 the statement of comprehensive income 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, unless collectibility is in doubt.

(iii) Rental Income

Rental income from operating leases is recognised on a straight line basis over the lease term.

(iv) Dividend Income

Dividend income is recognised in the statement of comprehensive income when the shareholder's right to receive payment is established.

(n) 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.

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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.

An impairment loss on a non-revalued asset is recognised in the statement of comprehensive income. An impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. 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.

(p) 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.

(q) Leases

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 lessor, assets leased out under operating leases are included in investment property. Income arising from such operating lease is recognised on a straight line basis over the lease term.

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

SINGAPORE CHILDREN'S SOCIETY

(Registered under the Societies Act, Chapter 311)

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 2009	1,120,002	1,178,934	104,679	2,403,615
Additions	8,960	172,537	52,500	233,997
Disposals	-	(37,465)	(67,179)	(104,644)
At 31 December 2009 and 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	<u>1,135,173</u>	<u>1,399,939</u>	<u>90,000</u>	<u>2,625,112</u>
 <u>Accumulated depreciation</u>				
At 1 January 2009	932,735	788,755	99,055	1,820,545
Charge for the year	123,430	186,097	10,875	320,402
Disposals	-	(33,247)	(67,179)	(100,426)
At 31 December 2009 and 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	<u>1,114,400</u>	<u>1,044,010</u>	<u>53,251</u>	<u>2,211,661</u>
 <u>Carrying amount</u>				
At 31 December 2010	<u>20,773</u>	<u>355,929</u>	<u>36,749</u>	<u>413,451</u>
At 31 December 2009	<u>72,797</u>	<u>372,401</u>	<u>47,249</u>	<u>492,447</u>

Included in the carrying value of renovations is an amount of provision for site restoration costs of \$2,500 (2009: \$17,500).

4. INVESTMENT PROPERTY

	<u>2010</u>	<u>2009</u>
	\$	\$
Balance as at 1 January	-	1,500,000
Disposals	-	(1,500,000)
Balance as at 31 December	<u>-</u>	<u>-</u>

In the prior year, the Society entered into a sale and purchase agreement with a third party to dispose of its investment property known as 6 and 6A Jalan Klapa, Singapore 199318. The total sale proceeds of the property was \$1,950,000 and gain on disposal of investment property of \$450,000 was credited to the statement of comprehensive income.

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5. INVESTMENTS IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	<u>2010</u>	<u>2009</u>
	\$	\$
Equity securities	<u>4,265,569</u>	<u>3,394,332</u>

6. INVESTMENTS IN HELD-TO-MATURITY FINANCIAL ASSETS

	<u>2010</u>	<u>2009</u>
	\$	\$
Balance as at 1 January	27,426,569	27,194,125
Additions	3,029,291	-
Accrual for interest income - amortisation of discount	<u>235,260</u>	<u>232,444</u>
Balance as at 31 December	<u>30,691,120</u>	<u>27,426,569</u>

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

	<u>2010</u>	<u>2009</u>
	\$	\$
(a) Capital Protected Note	19,661,829	19,426,569
(b) 5-year Structured Deposit	8,000,000	8,000,000
(c) Straight Bonds	<u>3,029,291</u>	<u>-</u>
	<u>30,691,120</u>	<u>27,426,569</u>
Fair value of held-to-maturity financial assets at the balance sheet date	<u>30,670,200</u>	<u>26,528,000</u>

- (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 three Singapore corporate fixed rate notes of \$1,000,000 each, having fixed interests ranging from 3.1% to 4.3% per annum and maturing on 18 February 2015, 31 August 2020 and 12 October 2020 respectively. Management does not identify any potentially significant financial risk exposure.

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

	<u>2010</u>	<u>2009</u>
	\$	\$
Within 1 year	-	-
After 1 year but not later than 5 years	28,670,160	27,426,569
After 5 years	<u>2,020,960</u>	<u>-</u>
	<u>30,691,120</u>	<u>27,426,569</u>

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7. INVENTORIES

Inventories comprise T-shirts and books held for sale in future fund-raising events.

8. RECEIVABLES

	<u>2010</u>	<u>2009</u>
	\$	\$
Deposits	153,954	149,050
Prepayments	46,231	49,489
Interest receivable	208,050	158,203
Other receivables	97,543	124,396
Receivables from Ministry of Community Development, Youth and Sports	<u>63,289</u>	<u>49,363</u>
	<u>569,067</u>	<u>530,501</u>

9. CASH AND CASH EQUIVALENTS

	<u>2010</u>	<u>2009</u>
	\$	\$
Cash at bank and in hand	5,406,688	7,181,515
Fixed deposits with financial institutions	<u>11,579,320</u>	<u>11,909,223</u>
	<u>16,986,008</u>	<u>19,090,738</u>

The fixed deposits mature within one year.

The interest rates relating to cash and cash equivalents at the balance sheet date range from 0.165% to 0.85% (2009: 0.1875% to 0.47%) per annum. Interest rates reprice at intervals of one month to twelve months (2009: two weeks to twelve months).

10. RESTRICTED AND UNRESTRICTED FUNDS

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

(i) Unrestricted fund comprises accumulated 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) Quota Club Education Fund

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

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10. RESTRICTED AND UNRESTRICTED FUNDS (continued)

(ii) Restricted funds comprise: (continued)

(c) 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.

(d) 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.

11. 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 gain/(loss) recognised directly in the fair value reserve are analysed as follows:

	<u>2010</u>	<u>2009</u>
	\$	\$
Balance as at 1 January	(389,357)	(1,262,783)
Amortisation of fair value reserve on held-to-maturity financial assets	235,260	232,444
Change in fair value of available-for-sale financial assets	173,741	685,044
Realised on disposal of available-for-sale financial assets	(79,568)	(44,062)
Net fair value gain on financial assets	<u>329,433</u>	<u>873,426</u>
Balance as at 31 December	<u>(59,924)</u>	<u>(389,357)</u>

12. 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.

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13. DEFERRED CAPITAL GRANT

	<u>2010</u>	<u>2009</u>
	\$	\$
Gross carrying value	143,380	143,380
Less: Accumulated accretion		
At 1 January	(114,704)	(86,028)
Accretion for the year	(28,676)	(28,676)
At 31 December	(143,380)	(114,704)
	-	28,676

Deferred capital grant comprises government grants received in relation to renovation expenditure and furniture, fittings and equipment procured by the Society.

14. PAYABLES

	<u>2010</u>	<u>2009</u>
	\$	\$
Accruals for operating expenses	495,846	778,805
Accruals for employees' unconsumed leave	115,518	85,768
Other payables	221,688	181,284
	833,052	1,045,857

15. DONATIONS AND FUND RAISING INCOME

	<u>2010</u>	<u>2009</u>
	\$	\$
Outright donations and direct appeals	6,625,144	6,137,710
Income from fund raising events	1,330,246	576,531
	7,955,390	6,714,241

Total gross donations (including donations received during fund raising events) received which qualified for tax deduction amounted to \$7,721,389 (2009: \$6,584,000).

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.

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16. OTHER INCOME

	<u>2010</u>	<u>2009</u>
	\$	\$
Interest income - arising from:		
- Accumulated Fund	304,935	268,932
- Professor S.S.Ratnam Memorial Fund	1,058	1,256
- Children's Medical Fund	223,986	222,341
- Inspire Fund	263	353
	530,242	492,882
Rental income from investment property	-	40,589
Dividend income	181,473	96,305
Gain on disposal of property, plant and equipment	-	4,428
Gain on disposal of available-for-sale financial assets	70,602	44,062
Government grant - job credit scheme	58,750	305,715
Others	217,954	124,206
	<u>1,059,021</u>	<u>1,108,187</u>

17. FUND RAISING EXPENSES

	<u>2010</u>	<u>2009</u>
	\$	\$
Direct costs incurred for:		
- Direct appeals	431,068	306,634
- Fund raising events	292,791	115,278
	723,859	421,912
Fund raising department expenses	<u>575,757</u>	<u>458,440</u>
	<u>1,299,616</u>	<u>880,352</u>

18. SURPLUS OF INCOME OVER EXPENDITURE

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

	<u>2010</u>	<u>2009</u>
	\$	\$
Amortisation of fair value reserve arising from investments reclassified from AFS to HTM	235,260	232,444
Accretion of deferred capital grant	(28,676)	(28,676)
Depreciation on property, plant and equipment	267,702	320,402
Operating lease expenses	615,508	529,993
Property, plant and equipment written off	3,192	-
Direct operating expenses arising from investment property that generated rental income	-	7,565
* Employee benefits expense	4,909,600	4,227,279

* Contributions to Central Provident Fund included in employee benefits expense amounted to \$540,630 (2009: \$461,343).

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19. 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.

20. OPERATING LEASE COMMITMENTS

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

	<u>2010</u>	<u>2009</u>
	\$	\$
Within 1 year	495,800	450,130
After 1 year but not later than 5 years	<u>930,162</u>	<u>260,326</u>
	<u>1,425,962</u>	<u>710,456</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.

21. 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>2010</u>	<u>2009</u>
	\$	\$
Short-term employee benefits	<u>1,166,114</u>	<u>968,196</u>
* Number of key management personnel	<u>12</u>	<u>11</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 management staff are classified as follows:-

	<u>No. of management staff</u>	
	<u>2010</u>	<u>2009</u>
Annual remuneration		
- between \$100,001 to \$150,000	2	2
- between \$150,001 to \$200,000	1	1

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22. 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.

Credit evaluations were performed on all tenants. Tenants were required to place security deposits with the Society at the commencement of each tenancy term.

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.

(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.

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22. FINANCIAL RISK MANAGEMENT (continued)

(iii) Market Risk (continued)

Sensitivity analysis for equity price risk

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

	<u>10% increase</u>		<u>10% decrease</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$	\$
Reserve	426,557	339,433	(426,557)	(339,433)
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 Society seeks to minimise risk of capital loss and maximising returns by investing only in Singapore dollar instruments. Investment in debt security is with a statutory board with good credit rating.

(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.

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22. FINANCIAL RISK MANAGEMENT (continued)

(v) Interest Rate Risk (continued)

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

	Non-interest bearing	Floating rates	Fixed rates	Total
	\$	\$	\$	\$
<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
Other financial assets	<u>4,265,569</u>	<u>19,661,829</u>	<u>11,029,291</u>	<u>34,956,689</u>
	<u>6,265,349</u>	<u>23,591,573</u>	<u>22,608,611</u>	<u>52,465,533</u>
<u>At 31 December 2009</u>				
<u>Financial Assets</u>				
Cash and bank deposits	4,381,859	2,799,656	-	7,181,515
Fixed deposits	-	-	11,909,223	11,909,223
Receivables	481,012	-	-	481,012
Other financial assets	<u>3,394,332</u>	<u>19,426,569</u>	<u>8,000,000</u>	<u>30,820,901</u>
	<u>8,257,203</u>	<u>22,226,225</u>	<u>19,909,223</u>	<u>50,392,651</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.

Sensitivity analysis for interest rate risk

For the variable 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 2010	235,916	(235,916)
31 December 2009	222,262	(222,262)

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22. FINANCIAL RISK MANAGEMENT (continued)

(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 2010</u>				
<u>Available-for-sale financial assets</u>				
- Equity securities	4,265,569	-	-	4,265,569
<u>At 31 December 2009</u>				
<u>Available-for-sale financial assets</u>				
- Equity securities	3,394,332	-	-	3,394,332

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.

23. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

(i) Investment in Equity and Debt Securities

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

(ii) Investment in Funds

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

(iii) 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.

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24. 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. 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, prevailing and projected profitability, projected operating cash flows and projected capital expenditures.

The management and investment committee closely monitor the investment of surplus funds and reserves. 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.

25. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Society for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Executive Committee dated 29 MAR 2011