METHODIST
WELFARE
SERVICES

Financial Statements FY2018/19

Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Contents

Methodist Welfare Services

Statement by the Board Of Governance

On behalf of the Board of Governance, we do hereby state that, to the best of our knowledge, the financial statements of Methodist Welfare Services (the "Society") as set out on pages 5 to 50 are properly drawn up in accordance with the Societies Act, Chapter 311, the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore so as to present fairly, in all material respects the financial position of the Society as at 31 March 2019 and of the financial performance, changes in accumulated fund and specific funds and cash flows of the Society for the financial year ended on that date.

On behalf of the Board of Governance

Rev Dr Daniel Koh Kah Soon
Chairman

Mrs Fong Loo Fern
Honorary Treasurer

13 July 2019

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Methodist Welfare Services (the "Society") as set out on pages 5 to 50, which comprise the balance sheet as at 31 March 2019, and the statement of comprehensive income, statement of changes in accumulated fund and specific funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Society as at 31 March 2019 and of the financial performance, changes in accumulated fund and specific funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

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

Other Information

The Board of Governance is responsible for the other information. The other information comprises the Statement by the Board of Governance as set out on page 1, and the information included in the Annual Report 2019, but does not include the financial statements and our auditor's report thereon.

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

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

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of the Board of Governance and those charged with governance for the Financial Statements

The Board of Governance is responsible for the preparation and fair presentation of these financial statements in accordance with the Societies Act, Charities Act and Regulations and FRSs, and for such internal control as the Board of Governance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Governance.

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

Report on the Audit of the Financial Statements (cont'd)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion,

(i) the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and

(ii) the fund raising appeal held during the financial year ended 31 March 2019 has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial year:

(i) the Society has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(ii) the Society has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

13 July 2019

Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 $	2018 $
Income			
Donations and fundraising income	4	**10,308,471**	8,533,860
Government grants	5	**23,603,204**	23,463,814
NCSS grants		**342,101**	328,031
Programme income		**3,721,942**	2,534,849
Amortisation of:			
– Capital grants	18	**388,306**	308,031
– Building grants	19	**303,392**	303,390
Interest income	6a	**450,470**	503,198
Other income	6b	**549,887**	322,936
Total income		**39,667,773**	36,298,109
Less: Expenditure			
Expenditure on manpower	7	**27,674,870**	23,733,840
Depreciation of property, plant and equipment	9	**1,702,007**	1,792,562
Maintenance		**3,341,165**	3,014,776
General expenditure		**8,361,431**	8,458,485
Net impairment losses on financial assets		**152,141**	218,157
Total expenditure		**41,231,614**	37,217,820
Deficit for the year	8	**(1,563,841)**	(919,711)
Other comprehensive income for the year:			
Items that are or may be reclassified subsequently to profit or loss			
Fair value (losses)/gains on available-for-sale financial assets			
– MWS – CSL Trust Endowment Fund		**–**	(16,738)
– Others		**–**	533,646
Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets			
– Others		**–**	(14,863)
		–	502,045
Items that will not be reclassified subsequently to profit or loss			
Financial assets at fair value through other comprehensive income			
– MWS – CSL Trust Endowment Fund		**50,767**	–
– Others		**10,927**	–
		61,694	–
Total comprehensive loss for the year		**(1,502,147)**	(417,666)

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

Balance Sheet

AT 31 MARCH 2019

	Note	2019 $	2018 $
Non-current assets			
Property, plant and equipment	9	**8,772,548**	9,645,030
Available-for-sale financial assets	10	**–**	10,050,964
Held-to-maturity financial assets	11	**–**	3,506,000
Financial assets at fair value through other comprehensive income	12	**8,355,771**	–
Other financial assets at amortised cost	13	**4,275,234**	–
Financial assets at fair value through profit or loss	14	**3,647,342**	–
		25,050,895	23,201,994
Current assets			
Held-to-maturity financial assets	11	**–**	701,602
Other receivables	15	**4,453,225**	3,516,394
Fixed deposits	16	**18,200,000**	20,000,000
Cash and bank balances	17	**11,422,292**	13,206,899
		34,075,517	37,424,895
Total assets		**59,126,412**	60,626,889
Non-current liabilities			
Capital grants	18	**1,654,667**	967,036
Building grants	19	**3,817,555**	4,120,947
		5,472,222	5,087,983
Current liabilities			
Sundry payables and accruals	20	**2,885,282**	2,815,822
Deferred income	20	**1,226,586**	1,678,615
		4,111,868	4,494,437
Total liabilities		**9,584,090**	9,582,420
Net assets		**49,542,322**	51,044,469
Funds			
General Accumulated Fund	21	**35,793,587**	33,638,331
Service Centres' Accumulated Funds	22	**6,214,461**	8,466,584
Fair Value Reserve	23	**561,939**	1,841,661
Asset Capitalisation Reserve	24	**1,302,365**	1,440,804
Dr LCM Manpower Development Fund	25	**1,053,148**	1,030,820
Building Maintenance Fund	26	**569,387**	519,387
Community Outreach Project Fund	27	**25,385**	30,825
Community Silver Trust	28	**969,098**	959,376
MWS – CSL Trust Endowment Fund	29	**1,339,831**	1,285,570
Social Concerns Fund	31	**227,728**	563,551
Other Funds	32	**1,485,393**	1,267,560
Total funds		**49,542,322**	51,044,469

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

Statement of Changes in Accumulated Fund and Specific Funds

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2019	General Accumulated Fund $	Service Centres' Accumulated Funds $	Fair Value Reserve $	Asset Capitalisation Reserve $	Dr LCM Manpower Development Fund $	Building Maintenance Fund $	Subtotal Funds $
At 1.4.2018	33,638,331	8,466,584	1,841,661	1,440,804	1,030,820	519,387	46,937,587
Effect of adoption of new accounting standards (Note 2(a))	1,204,326	–	(1,204,326)	–	–	–	–
At 1.4.2018, restated	34,842,657	8,466,584	637,335	1,440,804	1,030,820	519,387	46,937,587
Surplus/(deficit) for the year	2,698,143	(4,296,697)	–	(466,771)	4,562	–	(2,060,763)
Other comprehensive income/(loss) for the year, net of tax:							
– Fair value gains on financial assets at fair value through other comprehensive income	–	–	10,927	–	–	–	10,927
Other comprehensive income for the year, net of tax	–	–	10,927	–	–	–	10,927
Total comprehensive income/(loss) for the year	2,698,143	(4,296,697)	10,927	(466,771)	4,562	–	(2,049,836)
Transfer of funds	(1,747,213)	2,044,574	(86,323)	328,332	17,766	50,000	607,136
At 31.3.2019	**35,793,587**	**6,214,461**	**561,939**	**1,302,365**	**1,053,148**	**569,387**	**45,494,887**

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

Statement of Changes in Accumulated Fund and Specific Funds (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2019	Community Outreach Project Fund $	Community Silver Trust $	MWS – CSL Trust Endowment Fund $	Social Concerns Fund $	Other Funds $	Subtotal Funds $	Total Funds $
At 1.4.2018	30,825	959,376	1,285,570	563,551	1,267,560	4,106,882	51,044,469
Effect of adoption of new accounting standards (Note 2(a))	–	–	–	–	–	–	–
At 1.4.2018, restated	30,825	959,376	1,285,570	563,551	1,267,560	4,106,882	51,044,469
Surplus/(deficit) for the year	(5,440)	646,858	73,494	(335,823)	117,833	496,922	(1,563,841)
Other comprehensive income/(loss) for the year, net of tax:							
– Fair value gains on financial assets at fair value through other comprehensive income	–	–	50,767	–	–	50,767	61,694
Other comprehensive income/(loss) for the year, net of tax	–	–	50,767	–	–	50,767	61,694
Total comprehensive income/(loss) for the year	(5,440)	646,858	124,261	(335,823)	117,833	547,689	(1,502,147)
Transfer of funds	–	(637,136)	(70,000)	–	100,000	(607,136)	–
At 31.3.2019	**25,385**	**969,098**	**1,339,831**	**227,728**	**1,485,393**	**4,047,435**	**49,542,322**

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

2018	General Accumulated Fund $	Service Centres' Accumulated Funds $	Fair Value Reserve $	Asset Capitalisation Reserve $	Dr LCM Manpower Development Fund $	Building Maintenance Fund $	Subtotal Funds $
At 1.4.2017	32,393,314	10,518,170	1,322,878	1,391,283	1,034,083	469,387	47,129,115
Surplus/(deficit) for the year	3,040,547	(5,062,417)	–	(501,927)	(3,263)	–	(2,527,060)
Other comprehensive income/(loss) for the year, net of tax:							
– Fair value gains on available-for-sale financial assets	–	–	533,646	–	–	–	533,646
– Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets	–	–	(14,863)	–	–	–	(14,863)
Other comprehensive income for the year, net of tax	–	–	518,783	–	–	–	518,783
Total comprehensive income/(loss) for the year	3,040,547	(5,062,417)	518,783	(501,927)	(3,263)	–	(2,008,277)
Transfer of funds	(1,795,530)	3,010,831	–	551,448	–	50,000	1,816,749
At 31.3.2018	**33,638,331**	**8,466,584**	**1,841,661**	**1,440,804**	**1,030,820**	**519,387**	**46,937,587**

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

2018	Community Outreach Project Fund $	Community Silver Trust $	MWS – CSL Trust Endowment Fund $	Care & Share Grant $	Social Concerns Fund $	Other Funds $	Subtotal Funds $	Total Funds $
At 1.4.2017	14,018	906,020	1,299,586	58,422	1,130,182	924,792	4,333,020	51,462,135
Surplus/(deficit) for the year	16,807	955,233	62,722	875,000	(566,631)	264,218	1,607,349	(919,711)
Other comprehensive income/(loss) for the year, net of tax:								
– Fair value gains on available-for-sale financial assets	–	–	(16,738)	–	–	–	(16,738)	516,908
– Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets	–	–	–	–	–	–	–	(14,863)
Other comprehensive income/(loss) for the year, net of tax	–	–	(16,738)	–	–	–	(16,738)	502,045
Total comprehensive income/(loss) for the year	16,807	955,233	45,984	875,000	(566,631)	264,218	1,590,611	(417,666)
Transfer of funds	–	(901,877)	(60,000)	(933,422)	–	78,550	(1,816,749)	–
At 31.3.2018	**30,825**	**959,376**	**1,285,570**	**–**	**563,551**	**1,267,560**	**4,106,882**	**51,044,469**

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

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Deficit for the year		(1,563,841)	(919,711)
Amortisation of:			
– Capital grants	18	(388,306)	(308,031)
– Building grants	19	(303,392)	(303,390)
Depreciation of property, plant and equipment	9	1,702,007	1,792,562
Dividend income		(418,285)	(266,088)
Net fair value gain on financial assets at fair value through profit or loss		(59,766)	–
Gain on disposal of available-for-sale financial assets		–	(14,863)
Net impairment loss on financial assets		152,141	218,157
Interest income		(450,470)	(503,198)
Impairment loss on held-to-maturity financial assets		–	315,150
Loss on redemption of other financial assets at amortised cost		19,975	–
Loss on redemption of held-to-maturity financial assets		–	19,509
Property, plant and equipment written off		3,039	2,466
Operating (deficit)/surplus before working capital changes		(1,306,898)	32,563
Receivables		(864,385)	(1,826,230)
Payables		(217,972)	856,866
Capital grants	18	1,075,937	1,147,467
Deferred income		(452,029)	(1,229,873)
Net cash used in operating activities		(1,765,347)	(1,019,207)
Cash flows from investing activities			
Dividend received		418,285	266,088
Purchase of property, plant and equipment	9	(545,132)	(3,152,095)
Interest received		340,882	506,967
Purchase of financial assets at fair value through other comprehensive income		(2,122,796)	–
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,357,808	–
Purchase of available-for-sale financial assets		–	(833,299)
Proceeds from disposal of available-for-sale financial assets		–	94,751
Proceeds from redemption of financial assets at amortised cost		501,928	–
Proceeds from redemption of held-to-maturity financial assets		–	1,750,000
Purchase of financial assets at amortised cost		(1,770,235)	–
Purchase of held-to-maturity financial assets		–	(2,254,500)
Net cash used in investing activities		(1,819,260)	(3,622,088)
Net decrease in cash and cash equivalents		(3,584,607)	(4,641,295)
Cash and cash equivalents at beginning of financial year		33,206,899	37,848,194
Cash and cash equivalents at end of financial year		29,622,292	33,206,899
Cash and cash equivalents comprise:			
Fixed deposits		18,200,000	20,000,000
Cash and bank balances		11,422,292	13,206,899
		29,622,292	33,206,899

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

1 General Information

Methodist Welfare Services (the "Society") is registered in Singapore under the Societies Act, Chapter 311 and is an approved Institution of a Public Character.

The principal activities of the Society are to assist in the relief of poverty, physical, psychological and emotional suffering regardless of age, sex, race, nationality, religion or moral character, especially by the provision of nursing care, counselling, rehabilitation services, training or educational services or assistance. The Corporate Services is located at 70 Barker Road, #05-01, Singapore 309936.

The principal activities of the service centres of the Society are as follows:

MWS Home Hospice
The Centre provides palliative homecare, befriending, and loan of equipment to those with life-limiting illnesses.

MWS Bethany Nursing Home – Choa Chu Kang ("MWS BNH")
The Home provides residential quarters and rehabilitation facilities for the sick and needy requiring nursing care.

MWS Christalite Methodist Home
The Home is one of the four homes for destitute persons that replaced the Woodlands Home. It provides shelter, healthcare, befriending and counselling services for the destitutes.

MWS D'Joy Children's Centre
The Centre comprises childcare facilities for children of working parents.

MWS Community Services – Punggol
The Centre offers programmes and services to help children and families in the Punggol community. Services include school-based social work, parenting and family education programmes and activities for the students and their families.

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

MWS Nursing Home – Yew Tee
The Home provides residential quarters and rehabilitation facilities for the sick and needy requiring nursing care, as well as home care services that assist frail elderly persons in areas of personal hygiene and grooming, home engagement programmes, general housekeeping, medication reminding and other personal care task.

1 General Information (cont'd)

MWS Girls' Residence
The Centre provides a place of safety and a conducive environment for the physical, social and psychological development for the young female adult probationer.

MWS Family Development Programme
The Centre advances, facilitates and researches programmes and social issues for the promotion of effective social interventions.

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

The seven senior activity centres are:

(i) MWS Charis ACE – Geylang East

(ii) MWS Senior Activity Centre – Fernvale Rivergrove

(iii) MWS Senior Activity Centre – GreenTops@Sims Place

(iv) MWS Senior Activity Centre – Golden Lily@Pasir Ris

(v) MWS Senior Activity Centre – Kebun Baru

(vi) MWS Senior Activity Centre – Teck Ghee Vista

(vii) MWS Wesley Senior Activity Centre – Jalan Berseh

Family Service Centres

The Centres provide casework and counselling, information and referral services, preventive and developmental programmes and activities for individuals and families in need.

The three family service centres are:

(i) MWS Covenant Family Service Centre – Hougang

(ii) MWS Family Service Centre – Yishun

(iii) MWS Family Service Centre – Tampines

2 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements, presented in Singapore dollar ("$"), which is the functional currency of the Society, have been prepared in accordance with the Societies Act, Chapter 311, the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore ("FRSs") except for the departure from FRS 16 *Property, Plant and Equipment* which is permitted by FRS 1 *Presentation of Financial Statements* as disclosed in Note 3. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement in applying accounting policies, or areas when assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards
In the current financial year, the Society has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. Changes to the Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs. The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial performance or position of the Society, except as disclosed below:

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

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

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

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

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

The Society adopted FRS 115 using the modified retrospective approach without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening accumulated fund as at 1 April 2018.

At the date of initial application and 31 March 2019, the Society has assessed that the adoption of FRS 115 does not have any material impact to the financial position and results of the Society.

FRS 109 Financial Instruments

FRS 109 which replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace FRS 39 incurred loss model.

The Society applied FRS 109 using a modified retrospective approach, with date of initial application on 1 April 2018. The Company has not restated the comparative information, which continues to be reported under FRS 39. Differences arising from the adoption of FRS 109 have been recognised directly in the opening accumulated fund.

The effect of adopting FRS 109 as at 1 April 2018 was as follows:

	Increase/ (decrease) $
Assets	
Available-for-sale financial assets	(10,050,964)
Held-to-maturity financial assets	(4,207,602)
Financial assets at fair value through other comprehensive income	7,506,355
Financial assets at fair value through profit or loss	3,545,609
Other financial assets at amortised cost	3,206,602
Total assets	–
Total adjustments on equity:	
Fair value reserve	(1,204,326)
General accumulated fund	1,204,326
	–

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

FRS 109 Financial Instruments (cont'd)

The nature of these adjustments are described below:

(i) Classification and measurement

Under FRS 109, the Society classifies its financial assets based on the Society's model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Society's model was made as of the date of initial application on 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following are the changes in classification and measurement arising from adopting FRS 109:

- Loans and receivables (including other receivables (excluding prepayments), fixed deposits and cash and bank balances) as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 April 2018;

- Investment in quoted equity shares classified as available-for-sale (AFS) financial assets as at 31 March 2018 are classified and measured as financial assets at fair value though other comprehensive ("FVOCI") income beginning 1 April 2018. The Society elected to classify irrevocably its quoted equity investments under this category at the date of initial application as it intends to hold these investments on a long-term basis;

- Investment fund classified as AFS financial assets as at 31 March 2018 is classified and measured at fair value through profit or loss ("FVTPL") beginning 1 April 2018. As a result of the change in measurement of the Society's investment fund previously measured as AFS to FVTPL, fair value gain of $1,204,326 related to the investment fund that was previously presented under the fair value reserve was reclassified to the opening accumulated fund as at 1 April 2018; and

- Perpetual notes of $1,001,000 classified as held-to-maturity financial assets as at 31 March 2018 are classified and measured at FVOCI beginning 1 April 2018. The Society elected to classify irrevocably its perpetual notes at the date of initial application as it intends to hold these investments on a long-term basis.

The Society has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Society's financial liabilities.

2 Summary of Significant Accounting Policies (cont'd)

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

New and revised standards (cont'd)

FRS 109 Financial Instruments (cont'd)

(i) *Classification and measurement (cont'd)*

The following summarises the required or elected reclassifications as at 1 April 2018 upon adoption of FRS 109:

	Original carrying amount	FRS 109 measurement category		
		FVTPL	Amortised cost	FVOCI
	$	$	$	$
FRS 39 measurement category				
Loans and receivables				
Other receivables	3,199,547	–	3,199,547	–
Fixed deposits	20,000,000	–	20,000,000	
Cash and bank balances	13,206,899	–	13,206,899	–
Held-to-maturity financial assets				
Debt securities	4,207,602	–	3,206,602	1,001,000
Available-for-sale financial assets				
Quoted equity investment	6,505,355	–	–	6,505,355
Investment fund	3,545,609	3,545,609	–	–

(ii) ***Impairment***

FRS 109 requires the Society to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis. Upon adoption of FRS 109, the Society did not recognise additional impairment on the Society's financial assets at amortised cost.

At the date of initial application and 31 March 2019, the Society has assessed that the adoption of FRS 109 does not have any material impact to the financial position and results of the Society.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 March 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Society except as disclosed below:

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

FRS 116 Leases

FRS 116 replaces the existing FRS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Society plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of FRS 116 at the date of initial application in the opening accumulated fund as at 1 April 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Society's operating leases. At the balance sheet date, the Society has non-cancellable operating lease commitments of $1,302,613 (2018: $2,624,797) (Note 33(b)). Of these commitments, approximately $647,000 relate to short term leases and leases of low value items which will be recognised on a straight-line basis as expense in income and expenditure. For the remaining lease commitments, the Society expect to recognise right-of-use assets of approximately $650,000 and lease liabilities of approximately $650,000 on 1 April 2019.

The Society does not expect any significant impact on the financial statements from its activities as a lessor.

(b) Income recognition

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

Donations	–	when received
Fund-raising income	–	in the period the event occurred
Programme income	–	over the period of provision of services to clients
Interest income	–	on a time proportion basis
Dividend income	–	when the right to receive payment is established

2 Summary of Significant Accounting Policies (cont'd)

(c) Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Capital grants
Grants received/receivable for the purpose of maintaining, converting, renovating and furnishing a space for the use as a centre, upgrading of server and data management system and purchase of air conditioner and compressors are capitalised in the Capital Grants account and amortised in accordance with the depreciation of the cost of the respective assets acquired using the grants.

Grants received for the purpose of construction of the building, and purchase of furniture and equipment for the nursing home are capitalised in the Building Grants account and amortised in accordance with the depreciation of the cost of the respective assets acquired using the grants.

Total capital grants received for the service centres and building grants received for the nursing home less the amounts amortised to income or expenditure at the balance sheet date are included in the balance sheet as capital grants and building grants.

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

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

(d) Employee benefits

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

Defined contribution plans
The Society contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Singapore Government. Contributions to CPF are charged to income or expenditure in the period in which the related service is performed.

(e) Income tax

The Society is exempted from income tax under the Income Tax Act. As such, no provision for income tax has been made in the financial statements of the Society.

2 Summary of Significant Accounting Policies (cont'd)

(f) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently stated at cost less accumulated depreciation and any impairment loss. Depreciation is charged by equal annual instalments in accordance with a schedule of rates which are calculated to write off the assets over their estimated useful lives as follows:

Building at 9 Choa Chu Kang Avenue 4	–	30 years
Equipment	–	10 years
Computers	–	3 years
Furniture, fittings and office equipment	–	5 to 10 years
Motor vehicles	–	10 years
Renovations	–	5 years

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to income or expenditure.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in income or expenditure when the changes arise.

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

(g) Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in income or expenditure.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

(h) Financial assets

The accounting policy for financial assets before 1 April 2018 are as follows:

Classification
The Society classifies its financial assets in the following categories: loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

2 Summary of Significant Accounting Policies (cont'd)

(h) Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "other receivables" (excluding prepayments), "fixed deposits" and "cash and bank balances" on the balance sheet.

Financial asset, held-to-maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity.

Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

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

Initial measurement

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

Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method, less impairment.

Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in income or expenditure and the other changes are recognised in other comprehensive income and accumulated in fair value reserve within the fund. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in fair value reserve within the fund, together with the related currency translation differences.

2 Summary of Significant Accounting Policies (cont'd)

(h) Financial assets (cont'd)

Subsequent measurement (cont'd)

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

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

Impairment

The Society assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance recognised in income or expenditure is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income or expenditure.

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

Financial assets, held-to-maturity

If there is objective evidence that an impairment loss on held-to-maturity financial assets has incurred, the carrying amount of the asset is reduced by an allowance for impairment. This allowance, calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognised in income or expenditure in the period in which the impairment occurs.

Impairment loss is reversed through income or expenditure if the impairment loss decrease can be related objectively to an event occurring after the impairment loss was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2 Summary of Significant Accounting Policies (cont'd)

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

Impairment (cont'd)

Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is reclassified to income or expenditure. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

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

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Society classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

2 Summary of Significant Accounting Policies (cont'd)

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

Classification and measurement (cont'd)

The Society reclassifies financial assets when and only when its business model for managing those assets changes.

The Society's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement

(i) Debt instruments

Debt instruments include fixed deposits, cash and bank balances, other receivables (excluding prepayments) and investment in debt securities. The Society's debt instruments are measured as follows:

Amortised cost
The Society measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

2 Summary of Significant Accounting Policies (cont'd)

(h) Financial assets (cont'd)

Subsequent measurement (cont'd)

(ii) Equity instruments

The Society subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income". For equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination, the Society may make an irrevocable election (on an investment by investment basis) to designate equity investments as at FVOCI.

The Society has designated its equity investments that are not held for trading as FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss except for equity investment designated at FVOCI which would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to opening accumulated fund upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

(iii) Funds placed with fund manager

The Society classify a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis as financial assets at fair value through profit or loss. Such portfolio of financial assets is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The collection of contractual cash flows is only incidental to achieving the Society's objective. The Society's primary focus on a portfolio of financial assets is on the fair value information and uses that information to assess the assets' performance and to make decisions.

Impairment

The Society recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost and debt instruments at FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2 Summary of Significant Accounting Policies (cont'd)

(h) Financial assets (cont'd)

Impairment (cont'd)

If the Society has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Society measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Society recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income, and does not reduce the carrying amount of the financial assets in the balance sheet.

(i) Financial liabilities

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

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

(j) Provision for liabilities

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be estimated reliably. Where the Society expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(k) Asset Capitalisation Reserve

Specific donations given for the purchase of property, plant and equipment and fundings utilised for purchase of property, plant and equipment, which have been capitalised in the relevant property, plant and equipment accounts are credited to the Asset Capitalisation Reserve. The depreciation with respect to the aforesaid property, plant and equipment is charged directly to the Asset Capitalisation Reserve.

2 Summary of Significant Accounting Policies (cont'd)

(l) Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to income or expenditure on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expenditure in the period in which termination takes place.

(m) Cash and cash equivalents

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

(n) Funds

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Society, the financial statements are maintained substantially in accordance with the principles of "fund accounting" whereby the resources for various purposes are classified for accounting and reporting purposes into specific funds that are in accordance with the activities or objectives specified.

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

3 Critical Judgment in Applying Significant Accounting Policies

In the process of applying the Society's accounting policies, which are described in Note 2, the Board of Governance has made the following assumptions.

The cost of the building at 9, Choa Chu Kang Avenue 4 is depreciated over 30 years from 2001 based on an understanding that the land will be made available by the Government of Singapore (the "landlord") for 30 years although the tenancy agreement with the landlord in respect of the lease of the said land is for 3 years with an option to renew the lease for another 3 years at the discretion of the landlord. The Board of Governance believes that the landlord will continue to renew the lease up to the conclusion of the 30 years because the building grants received from the Ministry of Health ("MOH") is conditional upon the Society agreeing to operate MWS BNH for 30 years.

Similarly as mentioned in Note 2(c), the building grants received for the purpose of construction of the building, and purchase of furniture and equipment for the nursing home are amortised over the useful lives of the respective assets acquired using the grants, the majority of which relates to the building.

At 31 March 2019, the net carrying value of the building is $4,195,164 (2018: $4,543,995) and the building grants balances relating to the building is $3,817,555 (2018: $4,120,947).

3 Critical Judgment in Applying Significant Accounting Policies (cont'd)

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

Had the Society depreciated the building over its 3 years lease period which commenced from 2001, the financial statements of the Society at 31 March 2019 would be revised as follows:

- the net carrying value of the building and the related building grants balances relating to the building at 31 March 2019 would be $Nil (2018: $Nil); and
- the depreciation expense on the building and the corresponding amortisation of building grants for the financial year would be $Nil (2018: $Nil).

The net positive impact on the Society's surplus for the financial year is $45,441 (2018: $45,441).

4 Donations and Fundraising Income

	2019 $	2018 $
Donations:		
Tax deductible	2,227,026	914,343
Non-tax deductible	1,517,518	1,594,322
	3,744,544	2,508,665
Fundraising income:		
Tax deductible	6,151,650	5,687,340
Non-tax deductible	412,277	337,855
	6,563,927	6,025,195
Total	**10,308,471**	**8,533,860**

Total tax deductible receipts issued by the Society amounting to $8,432,176 (2018: $6,600,763) as follows:

	2019 $	2018 $
Accumulated Funds	8,360,426	6,568,275
Community Outreach Project Fund (Note 27)	18,250	33,413
Less: Prior year deferred income (Note 20)	(49,500)	(50,425)
Add: Current year deferred income (Note 20)	103,000	49,500
	8,432,176	**6,600,763**

4 Donations and Fundraising Income (cont'd)

Total direct fund-raising expenses incurred by the Society amounting to $542,607 (2018: $558,260) and charged to:

	2019 $	2018 $
Accumulated Funds	542,607	558,260

Included in the total direct fund-raising expenses is expenditure of manpower of $287,856 (2018: $261,730).

5 Government Grants

	2019 $	2018 $
AIC Grant – Project Irene	168,086	129,866
Care & Share Grant (Note 30)	–	875,000
Community Silver Trust Grant (Note 28)	646,858	955,233
Government subvention	19,304,964	17,670,743
ILTC Salary Adjustment Grant	1,044,090	1,096,868
IRAS Wage Credit and Special Employment Credit	329,179	371,783
Rental subsidy	1,189,143	1,108,598
Medifund Grant	299,632	413,084
Medifund Silver Grant	377,027	312,665
MSF Corporate Development Grant	–	240,540
MSF Grant – Funded Programme	–	143,171
MSF Grant – Guidance Programme	870	–
Nursing Home IT Enablement Grant	24,350	62,772
Others	23,922	10,214
Senior Mobility Fund	135,415	58,248
Silver Volunteer Fund	59,668	15,029
Total	**23,603,204**	**23,463,814**

6a Interest Income

	2019 $	2018 $
Interest income from fixed deposits and bank balances	307,383	320,802
Interest income from debt securities	143,087	182,396
	450,470	503,198

6b Other Income

	2019 $	2018 $
Net fair value gain on financial assets at fair value through profit or loss	59,766	–
Dividend income	418,285	266,088
Gain on disposal of available-for-sale financial assets	–	14,863
Sundry income	71,836	41,985
	549,887	322,936

7 Expenditure on Manpower

	2019 $	2018 $
Salaries and related costs	**24,222,454**	20,700,111
CPF	**2,582,361**	2,286,952
Manpower contract services	**66,104**	76,597
Other staff benefits and training	**803,951**	670,180
	27,674,870	**23,733,840**

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

	2019 $	2018 $
Salaries and related costs	**4,539,252**	3,780,607
CPF	**450,088**	406,832
	4,989,340	**4,187,439**

Key management staff comprise Directors of Corporate Services, Heads and related top key management of service centres.

8 Deficit for the Year

This is arrived at after (crediting)/charging:

	2019 $	2018 $
Net impairment losses on financial assets:		
- Allowance for doubtful receivables	**5,183**	491
- Write-back of allowance for doubtful receivables	**(44,896)**	(67,731)
- Bad debts written off	**76,855**	285,397
- Impairment loss on other financial assets at amortised cost	**114,999**	–
Impairment loss on held-to-maturity financial assets	**–**	315,150
Food and refreshments	**1,454,786**	1,119,388
Input GST not recoverable	**553,431**	597,569
Loss on redemption of held-to-maturity financial assets	**–**	19,509
Loss on redemption of other financial assets at amortised cost	**19,975**	–
Medical supplies	**1,302,217**	1,162,192
Professional fees	**1,053,186**	999,515
Property, plant and equipment written off	**3,039**	2,466
Rent of building, equipment and others	**1,826,553**	1,760,657
Repairs and maintenance	**1,514,612**	1,254,117
Specific assistance to clients	**1,620,277**	1,270,284
Stationery and printing	**133,010**	160,521
Supplies and materials	**921,873**	1,693,282
Utilities	**659,337**	556,425

9 Property, Plant and Equipment

	Building $	Equipment $	Computers $	Furniture, fittings and office equipment $	Motor vehicles $	Renovations $	Total $
2019							
Cost							
At 1.4.2018	10,462,931	1,749,635	1,070,414	1,800,736	582,782	6,175,156	21,841,654
Additions	–	662,231	20,736	92,777	–	56,820	832,564
Write-offs	–	(26,163)	(1,537)	(4,887)	–	–	(32,587)
Reclassification	–	1,001,069	–	(1,001,069)	–	–	–
At 31.3.2019	**10,462,931**	**3,386,772**	**1,089,613**	**887,557**	**582,782**	**6,231,976**	**22,641,631**
Accumulated depreciation							
At 1.4.2018	5,918,936	460,576	847,280	506,439	259,702	4,203,691	12,196,624
Depreciation charge	348,831	342,895	175,751	61,657	44,042	728,831	1,702,007
Write-offs	–	(24,385)	(1,536)	(3,627)	–	–	(29,548)
Reclassification	–	100,107	–	(100,107)	–	–	–
At 31.3.2019	**6,267,767**	**879,193**	**1,021,495**	**464,362**	**303,744**	**4,932,522**	**13,869,083**
Net carrying value							
At 31.3.2019	**4,195,164**	**2,507,579**	**68,118**	**423,195**	**279,038**	**1,299,454**	**8,772,548**
2018							
Cost							
At 1.4.2017	10,462,931	1,663,676	807,599	656,454	431,579	5,671,549	19,693,788
Additions	–	87,102	262,815	1,152,708	208,003	749,212	2,459,840
Write-offs	–	(1,143)	–	(8,426)	(56,800)	(245,605)	(311,974)
At 31.3.2018	**10,462,931**	**1,749,635**	**1,070,414**	**1,800,736**	**582,782**	**6,175,156**	**21,841,654**
Accumulated depreciation							
At 1.4.2017	5,570,105	288,119	650,022	296,429	268,024	3,640,871	10,713,570
Depreciation charge	348,831	173,600	197,258	215,970	48,478	808,425	1,792,562
Write-offs	–	(1,143)	–	(5,960)	(56,800)	(245,605)	(309,508)
At 31.3.2018	**5,918,936**	**460,576**	**847,280**	**506,439**	**259,702**	**4,203,691**	**12,196,624**
Net carrying value							
At 31.3.2018	**4,543,995**	**1,289,059**	**223,134**	**1,294,297**	**323,080**	**1,971,465**	**9,645,030**

Depreciation of property, plant and equipment charged to:

	2019 $	2018 $
Accumulated Funds	**1,235,236**	1,290,635
Asset Capitalisation Reserve (Note 24)	**466,771**	501,927
	1,702,007	**1,792,562**

During the financial year, the Society acquired property, plant and equipment with an aggregate cost of $832,564 (2018: $2,459,840) of which $545,132 (2018: $2,459,840) was paid in cash and $287,432 (2018: $Nil) remained outstanding and included in sundry payables under sundry payables and accruals (Note 20) as at 31 March 2019 and 31 March 2018 respectively. The amount outstanding of $692,255 as at 31 March 2017 had been fully paid during the financial year ended 31 March 2018.

10 Available-for-Sale Financial Assets

	2019 $	2018 $
At fair value:		
Investment fund	–	3,545,609
Quoted equity investments		
- MWS – CSL Trust Endowment Fund (Note 29)	–	1,257,297
- Dr LCM Manpower Development Fund (Note 25)	–	643,432
- Others	–	4,604,626
	–	**10,050,964**

Investment fund and quoted equity investments classified as available-for-sale financial assets as at 31 March 2018 are classified and measured at fair value through profit or loss (Note 14) and fair value through other comprehensive income (Note 12) respectively from 1 April 2018.

11 Held-to-Maturity Financial Assets

	2019 $	2018 $
Debt securities		
Non-current	–	3,506,000
Current	–	701,602
	–	**4,207,602**

Debt securities classified as held-to-maturity financial assets as at 31 March 2018 are classified as other financial assets at amortised cost (Note 13) and financial assets at fair value through other comprehensive income (Note 12) from 1 April 2018.

12 Financial Assets at Fair Value Through Other Comprehensive Income

	2019 $	2018 $
Equity investments designated at FVOCI		
- MWS – CSL Trust Endowment Fund (Note 29)	1,146,384	–
- Dr LCM Manpower Development Fund (Note 25)	934,479	–
- Perpetual notes	1,252,000	–
- Others	5,022,908	–
	8,355,771	**–**

The perpetual notes represent non-cumulative non-convertible perpetual notes that bear interest at 3.8%, 4.0% and 4.75% per annum which will be reset every 5 years ("Reset date") from issue date and may be redeemed at the option of the issuer on or after 25 August 2020, 24 August 2023 and 14 October 2020 respectively (first Reset dates). The issuer may be required or have the discretion to defer or cease payment of interest and additional interest does not accrue on those deferred interest amounts.

13 Other Financial Assets at Amortised Costs

	2019 $	2018 $
Debt securities	4,275,234	–

The debt securities represent bonds with fixed interest rates ranging from 2.25% to 4.50% (2018: 2.25% to 6.50%) per annum and maturity dates ranging from 31 August 2020 to 12 November 2025 (2018: 23 July 2018 to 29 December 2049).

The fair values of the debt securities at the balance sheet date totaled $4,306,445 (2018: $4,203,925). The fair values are determined based on market prices provided by financial institutions at the balance sheet date.

During the financial year, the Society recognised an impairment loss of $114,999 (2018: $315,150) for other financial assets at amortised costs in income or expenditure as there is objective evidence that these other financial assets at amortised cost are impaired.

14 Financial Assets at Fair Value through Profit or Loss

	2019 $	2018 $
Investment fund	3,647,341	–
Others	1	–
	3,647,342	–

The investment fund is placed with The Methodist Church in Singapore ("MCS"). The funds of the Society are pooled with those of MCS and other Methodist organisations and is managed by MCS Investment Panel. The Society contributed $2,341,283 (2018: $2,341,283) to the total pooled funds. The pooled funds are primarily placed in quoted equity securities, quoted bonds and cash at bank.

15 Other Receivables

	2019 $	2018 $
Grant receivables	2,256,055	1,856,880
Sundry receivables	957,640	810,518
Interest receivables	109,588	155,557
Sundry deposits	365,834	376,592
Prepayments	764,108	316,847
	4,453,225	3,516,394

16 Fixed Deposits

All fixed deposits are placed with banks and matured within 12 months from the balance sheet date. At the balance sheet date, the interest rates of these fixed deposits ranging from 1.60% to 1.99% (2018: 1.09% to 1.48%) per annum.

17 Cash and Bank Balances

	2019 $	2018 $
Cash on hand and at bank	11,063,431	12,898,058
Cash with broker	358,861	308,841
	11,422,292	**13,206,899**

18 Capital Grants

	2019 $	2018 $
Cost		
At beginning of the year	2,643,985	1,496,518
Grant received/receivable	1,075,937	1,147,467
At end of the year	3,719,922	2,643,985
Accumulated amortisation		
At beginning of the year	1,676,949	1,368,918
Amortisation	388,306	308,031
At end of the year	2,065,255	1,676,949
Net carrying value		
At end of the year	**1,654,667**	**967,036**

These are capital grants received for the purpose of:

(a) renovation, and hostel and ward conversion, which are amortised over useful life of 5 years;

(b) upgrading of server and data management system and purchase of computer equipment, which are amortised over useful life of 3 years; and

(c) purchase of air conditioner and compressors, which are amortised over useful life of 10 years.

19 Building Grants

	2019 $	2018 $
Cost		
At beginning and end of the year	10,141,625	10,141,625
Accumulated amortisation		
At beginning of the year	6,020,678	5,717,288
Amortisation	303,392	303,390
At end of the year	6,324,070	6,020,678
Net carrying value		
At end of the year	**3,817,555**	**4,120,947**

These are grants received from Ministry of Health ("MOH") for the construction and furnishing of the MWS BNH undertaken by the Society. Under the agreement with MOH, the Society is required to operate MWS BNH for the duration of the land lease or for 30 years from 1 September 2001, whichever is the lesser and to apply the grants received for the purposes as stipulated in the letter of undertaking to MOH dated 1 September 2001.

20 Sundry Payables and Accruals and Deferred Income

	2019 $	2018 $
Sundry payables and accruals		
Sundry payables	1,794,247	1,697,783
Accrued operating expenses	639,712	706,910
Residents' deposits and monies held for safekeeping	451,323	411,129
	2,885,282	2,815,822
Deferred income		
Deferred donations (net)[a]	131,207	51,517
Donation received from Chen Su Lan Trust[b]	1,095,379	1,627,098
	1,226,586	1,678,615

(a) Deferred donations include net donations received for the fund-raising event "MWS Golf 2019" (2018: "MWS Golf 2018") to be held on 10 July 2019 (2018: 11 July 2018). This includes tax deductible and non-tax deductible receipts of $103,000 (2018: $49,500) and $25,000 (2018: $2,000) respectively for "MWS Golf 2019" (2018: "MWS Golf 2018").

(b) This is donation received from Chen Su Lan Trust for:

- funding operations of MWS Nursing Home – Yew Tee from 1 April 2017 to 31 March 2020 amounting to $340,000 (2018: $670,000).
- funding Debt and Savings matching programmes from 1 January 2018 till fully depleted amounting to $755,379 (2018: $957,098).

21 General Accumulated Fund

	2019 $	2018 $
At beginning of the year	33,638,331	32,393,314
Effect of adoption of FRS 109	1,204,326	–
Surplus for the year	2,698,143	3,040,547
Balance before transfers	37,540,800	35,433,861
Transfers to:		
– Service Centres' Accumulated Funds	(1,715,770)	(1,735,044)
– Other Funds – General Maintenance Fund (Note 32)	(100,000)	(100,000)
– Care & Share Grant (Note 30)	–	39,514
Transfer gain on disposal of financial assets at fair value through other comprehensive income from fair value reserve	68,557	–
At end of the year	35,793,587	33,638,331

22 Service Centres' Accumulated Funds

	At 1.4.2018 $	(Deficit)/ surplus $	Transfer of funds $	At 31.3.2019 $
2019				
Funds held by service centres:				
MWS Home Hospice	550,617	392,326	55,995	998,938
MWS Bethany Nursing Home – Choa Chu Kang	284,877	(663,126)	105,890	(272,359)
MWS Charis ACE – Geylang East	(55,404)	(54,078)	55,477	(54,005)
MWS D'Joy Children's Centre	27,982	(162,000)	192,000	57,982
MWS Community Services – Punggol	(21,854)	(134,514)	124,516	(31,852)
MWS Home Care	(685,376)	(548,904)	–	(1,234,280)
MWS Girls' Residence*	(125,662)	(427,072)	438,583	(114,151)
MWS Senior Activity Centre – Fernvale Rivergrove	(101,461)	(196,879)	136,878	(161,462)
MWS Senior Activity Centre – GreenTops @ Sims Place	(20,191)	(223,393)	213,392	(30,192)
MWS Senior Activity Centre – Golden Lily @ Pasir Ris	(24,262)	(128,384)	115,611	(37,035)
MWS Senior Activity Centre – Kebun Baru	(42,072)	(237,517)	187,517	(92,072)
MWS Senior Activity Centre – Teck Ghee Vista	(36,178)	(204,386)	145,384	(95,180)
MWS Family Development Programme	(285,636)	(201,809)	–	(487,445)
MWS Nursing Home – Yew Tee	(462,625)	(857,788)	153,477	(1,166,936)
MWS Family Service Centre Centre – Hougang*	181,529	(170,793)	106,412	117,148
MWS Family Service Centre – Yishun*	1,533,498	161,440	–	1,694,938
MWS Family Service Centre – Tampines*	2,529,443	226,557	–	2,756,000
MWS Wesley Senior Activity Centre – Jalan Berseh* ("MWS Wesley SAC – Jalan Berseh")	362,962	(44,537)	13,442	331,867
MWS Christalite Methodist Home ("MWS CMH")*	4,856,397	(821,840)	–	4,034,557
Total	**8,466,584**	**(4,296,697)**	**2,044,574**	**6,214,461**

22 Service Centres' Accumulated Funds (cont'd)

	At 1.4.2017 $	(Deficit)/ surplus $	Transfer of funds $	At 31.3.2018 $
2018				
Funds held by service centres:				
MWS Home Hospice	90,902	427,894	31,821	550,617
MWS Bethany Nursing Home – Choa Chu Kang	1,617,704	(1,697,812)	364,985	284,877
MWS Charis ACE – Geylang East	(22,805)	(91,384)	58,785	(55,404)
MWS D'Joy Children's Centre	(2,018)	(157,099)	187,099	27,982
MWS Community Services – Punggol	(11,854)	(173,634)	163,634	(21,854)
MWS Home Care	(329,746)	(359,232)	3,602	(685,376)
MWS Girls' Residence*	(133,604)	(437,262)	445,204	(125,662)
MWS Senior Activity Centre – Fernvale Rivergrove	(51,459)	(195,119)	145,117	(101,461)
MWS Senior Activity Centre – GreenTops @ Sims Place	(10,189)	(226,880)	216,878	(20,191)
MWS Senior Activity Centre – Golden Lily @ Pasir Ris	(23,495)	(128,555)	127,788	(24,262)
MWS Senior Activity Centre – Kebun Baru	(17,073)	(228,566)	203,567	(42,072)
MWS Senior Activity Centre – Teck Ghee Vista	(75,315)	(100,398)	139,535	(36,178)
MWS Family Development Programme	32,807	(326,669)	8,226	(285,636)
MWS Nursing Home – Yew Tee	(4,996)	(1,226,429)	768,800	(462,625)
MWS Covenant Family Service Centre – Hougang*	256,937	(148,547)	73,139	181,529
MWS Family Service Centre – Yishun*	1,426,284	100,152	7,062	1,533,498
MWS Family Service Centre – Tampines*	2,312,125	195,296	22,022	2,529,443
MWS Wesley Senior Activity Centre – Jalan Berseh* ("MWS Wesley SAC – Jalan Berseh")	336,872	(17,477)	43,567	362,962
MWS Christalite Methodist Home* ("MWS CMH")	5,127,093	(270,696)	–	4,856,397
Total	**10,518,170**	**(5,062,417)**	**3,010,831**	**8,466,584**

* Funds received from MOH, MSF and NCSS are expendable for any activities within the respective Service Centres' programmes at the discretion of the Board of Governance of the Society. These funds are strictly classified and retained within the respective Service Centres and are not available for use by any of the other Service Centres of the Society. If, however, in rare instances where a transfer of funds between Service Centres is required, a request will be put up for approval to the relevant funding government agencies or organisations and the transfer effected only after receipt of such approval.

23 Fair Value Reserve

The reserve represents changes in the fair value of financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets).

24 Asset Capitalisation Reserve

	2019 $	2018 $
At beginning of the year	**1,440,804**	1,391,283
Depreciation of property, plant and equipment (Note 9)	**(466,771)**	(501,927)
Deficit for the year	**(466,771)**	(501,927)
Balance before transfer	**974,033**	889,356
Transfer from Community Silver Trust (Note 28)	**328,332**	474,460
Transfer from Care & Share Grant (Note 30)	**–**	55,538
Transfer from Other Funds – Fixed Asset Fund (Note 32)	**–**	21,450
At end of the year	**1,302,365**	**1,440,804**

25 Dr LCM Manpower Development Fund ("LCM Fund")

	2019 $	2018 $
At beginning of the year	**1,030,820**	1,034,083
Dividends received	**47,515**	24,548
Interest received	**–**	9,125
Expenditure	**(42,953)**	(36,936)
Surplus/(deficit) for the year	**4,562**	(3,263)
Transfer of gain on disposal of financial assets at fair value through other comprehensive income from fair value reserve	**17,766**	–
At end of the year	**1,053,148**	**1,030,820**

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

The LCM Fund is represented by quoted equity investments at fair value of $934,479 (Note 12) (2018: $643,432) (Note 10) and the remainder in cash.

26 Building Maintenance Fund

	2019	2018
	$	$
At beginning of the year	519,387	469,387
Transfer from Service Centres' Accumulated Funds	50,000	50,000
At end of the year	**569,387**	**519,387**

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

27 Community Outreach Project Fund

	2019	2018
	$	$
At beginning of the year	30,825	14,018
Receipts	18,250	33,413
Expenditure	(23,690)	(16,606)
(Deficit)/surplus for the year	(5,440)	16,807
At end of the year	**25,385**	**30,825**

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

Included in receipts are tax deductible and non-tax deductible receipts of $18,250 (2018: $33,408) and $Nil (2018: $5) respectively for the community outreach projects.

28 Community Silver Trust

	2019	2018
	$	$
At beginning of the year	959,376	906,020
Grants received	646,858	955,233
Surplus for the year	646,858	955,233
Balance before transfer	1,606,234	1,861,253
Transfer to Asset Capitalisation Reserve (Note 24)	(328,332)	(474,460)
Transfer to Service Centres' Accumulated Funds	(308,804)	(427,417)
At end of the year	**969,098**	**959,376**

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

29 MWS – CSL Trust Endowment Fund

	2019 $	2018 $
At beginning of the year	1,285,570	1,299,586
Dividend received	73,494	62,722
Surplus for the year	73,494	62,722
Fair value loss on available-for-sale financial assets	–	(16,738)
Fair value gain on financial assets through other comprehensive income	50,767	–
Transfer to Service Centres' Accumulated Funds	(70,000)	(60,000)
At end of the year	**1,339,831**	**1,285,570**

This is an endowment fund where in accordance with the wishes of Chen Su Lan Trust (the donor), the donation received from the donor of $1,000,000 should not be expended but should be invested at the full discretion of the Board of Governance of the Society. The surplus of income from the investment less fees and any other payables in relation to the investment shall be used to pay for medical services at MWS BNH.

The endowment fund is represented by quoted equity investments at fair value of $1,146,384 (Note 12) (2018: $1,257,297) (Note 10) and the remainder in cash.

30 Care & Share Grant

	2019 $	2018 $
At beginning of the year	–	58,422
Grants received/receivables	–	875,000
Surplus for the year	–	875,000
Balance before transfer	–	933,422
Transfer to Asset Capitalisation Reserve (Note 24)	–	(55,538)
Transfer to General Accumulated Fund (Note 21)	–	(39,514)
Transfer to Service Centres' Accumulated Funds	–	(838,370)
At end of the year	**–**	**–**

Care & Share Grant is a national fund-raising and volunteerism movement led by Community Chest for the social service sector, in celebration of SG50. It aims to bring our nation together to show care and concern for the needy and recognise the contributions made by voluntary welfare organisations (VWOs). The grant was used to develop social service related voluntary welfare organisations and their programmes to better serve beneficiaries and was fully utilised in 2018.

31 Social Concerns Fund

	2019 $	2018 $
At beginning of the year	563,551	1,130,182
Expenditure for the year	(335,823)	(566,631)
At end of the year	**227,728**	**563,551**

To commemorate the 130th anniversary of the Methodist Church in Singapore and SG50, the fund was set up for the "Getting Out of Debt" Programme in August 2015, to provide debt alleviation, monetary assistance and financial education to families that are in debt.

32 Other Funds

2019	At 1.4.2018 $	Receipts $	Expenditure $	Surplus/ (deficit) $	Transfer of funds $	At 31.3.2019 $
General Maintenance Fund (Note 21)	900,000	–	–	–	100,000	1,000,000
Medifund	229,488	299,632	(276,259)	23,373	–	252,861
Medifund Silver	45,890	377,026	(282,797)	94,229	–	140,119
Financial Assistance Fund	11,972	860	(155)	705	–	12,677
FSC Comcare Fund	20,186	19,814	(14,767)	5,047	–	25,233
School Pocket Money Fund	41,065	44,376	(52,660)	(8,284)	–	32,781
Staff Crisis Fund	17,170	–	–	–	–	17,170
PLMC Immediate Fund	1,789	12,800	(10,037)	2,763	–	4,552
	1,267,560	754,508	(636,675)	117,833	100,000	1,485,393

2018	At 1.4.2017 $	Receipts $	Expenditure $	Surplus/ (deficit) $	Transfer of funds $	At 31.3.2018 $
General Maintenance Fund (Note 21)	800,000	–	–	–	100,000	900,000
Medifund	3,356	413,084	(186,952)	226,132	–	229,488
Medifund Silver	3,174	312,665	(269,949)	42,716	–	45,890
Financial Assistance Fund	12,780	–	(808)	(808)	–	11,972
FSC Comcare Fund	17,846	21,394	(19,054)	2,340	–	20,186
Fixed Asset Fund (Note 24)	21,450	–	–	–	(21,450)	–
School Pocket Money Fund	47,501	63,921	(70,357)	(6,436)	–	41,065
Staff Crisis Fund	17,170	500	(500)	–	–	17,170
PLMC Immediate Fund	1,515	8,000	(7,726)	274	–	1,789
	924,792	819,564	(555,346)	264,218	78,550	1,267,560

Included in receipts are as follows:

	2019 $	2018 $
Medifund Grant	299,632	413,084
Medifund Silver Grant	377,026	312,665
NCSS grants	64,190	85,815
Donations (Tax deductible)	860	–
Donations (Non-tax deductible)	12,800	8,000
	754,508	819,564

32 Other Funds (cont'd)

General Maintenance Fund

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

Medifund

These are monies from the government to support any resident who has difficulties in paying their medical fees.

Medifund Silver

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

Financial Assistance Fund

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

FSC Comcare Fund

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

Fixed Asset Fund

This fund is set up for cyclical maintenance and renovation.

School Pocket Money Fund

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

Staff Crisis Fund

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

PLMC Immediate Fund

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

33 Commitments

(a) Capital commitments

Capital commitments not provided for in the financial statements:

	2019 $	2018 $
Capital commitments in respect of property, plant and equipment	**7,213,400**	86,730

33 Commitments (cont'd)

(b) *Operating lease commitment*

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

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

	2019 $	2018 $
Within 1 year	**1,194,449**	1,417,337
Within 2 to 5 years	**108,164**	1,207,460
	1,302,613	**2,624,797**

Minimum lease payments recognised as an expenditure in income or expenditure for the financial year ended 31 March 2019 amounted to $1,826,553 (2018: $1,760,657).

34 Management of Reserves

The reserves are not expected to exceed the equivalent of two years' expenditure of the Society and its service centres, and are maintained so as to provide working capital, and to enable the Society and its service centres to develop over the longer term. No changes are made in the objectives, policies or processes during the financial years ended 31 March 2019 and 31 March 2018.

35 Significant Related Party Transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Society and related parties during the financial year on terms agreed by parties concerned:

	2019 $	2018 $
Purchase of Uniforms for Staff and Residents from a related party*	**9,426**	50,218

* A related party is a company in which the director of the company is a member of the Board of Governance of the Society.

36 Financial Instruments

(a) *Categories of financial instruments*

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

	2019 $	2018 $
Financial assets		
Loans and receivables (including cash and cash equivalents)	–	36,406,446
Available-for-sale financial assets	–	10,050,964
Held-to-maturity financial assets	–	4,207,602
Financial assets at amortised cost	**37,586,643**	–
Financial assets at fair value through other comprehensive income	**8,355,771**	–
Financial assets at fair value through profit or loss	**3,647,342**	–
Financial liabilities		
Financial liabilities at amortised cost – sundry payables and accruals	**2,433,987**	2,402,413

(b) *Financial risk management*

Overall risk management is determined and carried out by the Board of Governance. Due to the nature of the Society's activities, it has minimal financial risk exposure.

Foreign exchange risk
The Society's exposure to foreign exchange risk is minimal as nearly all of its transactions are in Singapore dollar.

Credit risk
Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. For financial assets at amortised cost (including fixed deposits and cash and bank balances), the Society minimises credit risk by dealing with high credit counterparties. The Society has no significant concentration of credit risk exposure.

The following sets out the Society's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 60 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Society has no reasonable expectation of recovery of payments	Write-off

36 Financial Instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Society compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Society considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

In particular, when assessing whether credit risk has increased significantly since initial recognition, the Society considers existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations and actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor.

The Society regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Society also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Society has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Society considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Irrespective of the above analysis, the Society considers that default has occurred when a financial asset is more than 90 days past due unless the Society has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

36 Financial Instruments (cont'd)

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

Credit risk (cont'd)

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions
There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Financial assets at amortised cost
Financial assets at amortised costs include quoted debt securities, other receivables, fixed deposits and cash and bank balances.

The table below details the credit quality of the Society's financial assets (other than financial assets through profit or loss and financial assets through other comprehensive income):

Society	12-month or lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
Other receivables	12-month (Exposure limited)	2,731,477	–	2,731,477
	Lifetime	962,823	(5,183)	957,640
Other financial assets at amortised cost	Lifetime	4,390,233	(114,999)	4,275,234
Fixed deposits	Not applicable (Exposure limited)	18,200,000	–	18,200,000
Cash and bank balances	Not applicable (Exposure limited)	11,422,292	–	11,422,292

36 Financial Instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Movements in credit loss allowance

There are no movement in the allowance for impairment of financial assets under FRS 109 during the financial year for the Society except for the following:

	Other financial assets at amortised cost $	Other receivables $	Total $
Society			
Balance at 1 April 2018	773,790	44,896	818,686
Loss allowance measured:			
Lifetime ECL			
– Simplified approach	–	5,183	5,183
– Credit-impaired	114,999	–	114,999
Write-back of allowance	–	(44,896)	(44,896)
Balance at 31 March 2019	**888,789**	**5,183**	**893,972**

Previous accounting policy for impairment of financial assets

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due and/or impaired

The carrying amount of sundry receivables determined to be impaired and the movement in the related allowance for doubtful receivables are as follows:

	2018 $
At beginning of the year	112,136
Allowance made	491
Write-back of allowance	(67,731)
At end of the year	**44,896**

Sundry receivables that are individually determined to be impaired as at 31 March 2018 relate to receivables that are either in significant financial difficulties and have defaulted on payments or disputing the amount due.

36 Financial Instruments (cont'd)

(b) Financial risk management (cont'd)

Interest rate risk
The Society's income and operating cash flows are substantially independent of changes in market interest rates as it has no significant interest-bearing assets and liabilities except for debt securities and fixed deposits.

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

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

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

Liquidity risk
The Board of Governance exercises prudent liquidity and cash flow risk management policies and aims to maintain sufficient level of liquidity and cash flows at all times.

The financial liabilities of the Society as presented in the balance sheet are due within twelve months from the balance sheet date and approximate the contractual undiscounted repayment obligations.

Market price risk
Market price risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). At 31 March 2019, the Society is exposed to changes in market price arising from its investment in equity instruments and investment fund placed with fund manager classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss respectively (2018: Available-for-sale financial assets). The Society does not have exposure to commodity price risk.

Sensitivity analysis
At 31 March 2019, the Society's investment in equity instruments and investment fund placed with fund manager are $7,103,771 (2018: $6,505,355) and $3,647,341 (2018: $3,545,609) respectively. At 31 March 2019, if prices of the Society's investments increase/decrease by 10% (2018: 10%) with all other variables held constant, the Society's profit or loss would have been $364,734 (2018: $Nil) higher/lower, arising as a result of higher/lower fair value gain on investment fund placed with fund manager, and the Society's fair value reserve in equity would have been $785,577 (2018: $1,005,096) higher/lower, arising as a result of an increase in fair value of equity instruments.

37 Fair Values of Assets and Liabilities

(a) Fair value hierarchy

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

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

(b) Fair value measurements of assets that are measured at fair value

The following table presents the level of fair value hierarchy for each class of financial instruments at fair value on the balance sheet date:

	Level 1 $	Level 2 $	Total $
2019			
Financial assets			
Fair value through other comprehensive income:			
– quoted equity investments – MWS – CSL Trust Endowment Fund	1,146,384	–	1,146,384
– quoted equity investments – Dr LCM Manpower Development Fund	934,479	–	934,479
– perpetual notes	–	1,252,000	1,252,000
– quoted equity investments – Others	5,022,908	–	5,022,908
	7,103,771	**1,252,000**	**8,355,771**
Fair value through profit or loss:			
– investment fund	–	3,647,341	3,647,341
– others	1	–	1
	1	**3,647,341**	**3,647,342**

	Level 1 $
2018	
Financial assets	
Available-for-sale financial assets:	
– investment fund	3,545,609
– quoted equity investments – MWS – CSL Trust Endowment Fund	1,257,297
– quoted equity investments – Dr LCM Manpower Development Fund	643,432
– quoted equity investments – Others	4,604,626
	10,050,964

37 Fair Values of Assets and Liabilities (cont'd)

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

	Carrying amount $	Fair value measurement at balance sheet date Level 2 $
2019		
Financial assets		
Other financial assets at amortised costs		
– Debt securities	4,275,234	4,306,445
2018		
Financial assets		
Held-to-maturity financial assets		
– Debt securities	4,207,602	4,203,925

(d) Determination of fair values

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

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

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

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

The carrying amounts of these financial assets and financial liabilities are reasonable approximation of their fair values due to their short-term nature and where the effect of discounting is immaterial.

38 Authorisation of Financial Statements

The financial statements of the Society for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Governance dated 13 July 2019.

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MWS is a member of NCSS
IPC Registration No.: IPC000360
Charity Registration No.: 00166
UEN: S81SS 0088H
Bank: The Development Bank of Singapore Limited
Auditor: Baker Tilly TFW LLP
Pro Bono Legal Service Provider: Drew & Napier LLC