METHODIST
WELFARE
SERVICES

Deepening Our Impact

FINANCIAL STATEMENTS FY2019/20

Financial Statements

For the Financial Year Ended 31 March 2020

Baker Tilly TFW LLP
Chartered Accountants of Singapore

An independent member of Baker Tilly International

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 48 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 2020 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

Mrs Fong Loo Fern
Chairperson

Mr Robin Cheong
Honorary Treasurer

23 July 2020

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 48, which comprise the balance sheet as at 31 March 2020, 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 2020 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.

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 2020, 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.

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.

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

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

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.

- 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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

(ii) the fund raising appeal held during the financial year ended 31 March 2020 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

23 July 2020

Statement of Comprehensive Income

For the Financial Year ended 31 March 2020

	Note	2020 $	2019 $
Income			
Donations and fund-raising income	5	**12,623,969**	10,308,471
Government grants	6	**26,796,193**	23,603,204
NCSS grants – Community Chest		**340,012**	342,101
Programme income		**3,951,929**	3,721,942
Amortisation of:			
– Capital grants	17	**410,486**	388,306
– Building grants	18	**303,391**	303,392
Interest income	7a	**489,506**	450,470
Other income	7b	**534,281**	549,887
Total income		**45,449,767**	39,667,773
Less: Expenditure			
Expenditure on manpower	8	**29,836,082**	27,674,870
Depreciation of property, plant and equipment	10	**3,239,357**	1,702,007
Maintenance		**2,537,791**	3,341,165
General expenditure		**9,378,362**	8,341,456
Interest expense on lease liabilities		**43,506**	–
Other expenditure			
– Net impairment losses on financial assets:			
– Receivables		**72,959**	37,142
– Debt securities		**–**	114,999
– Others	9a	**75,736**	19,975
Total expenditure		**45,183,793**	41,231,614
Surplus/(deficit) for the financial year	9b	**265,974**	(1,563,841)
Other comprehensive (loss)/income for the financial year:			
Items that will not be reclassified subsequently to profit or loss			
Financial assets at fair value through other comprehensive income			
– fair value (losses)/gains – equity instruments			
– MWS – CSL Trust Endowment Fund		**(27,211)**	50,767
– Others		**(1,193,582)**	10,927
		(1,220,793)	61,694
Total comprehensive loss for the financial year		**(954,819)**	(1,502,147)

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

Balance Sheet

At 31 March 2020

	Note	2020 $	2019 $
Non-current assets			
Property, plant and equipment	10	**13,370,831**	8,772,548
Financial assets at fair value through other comprehensive income	11	**8,345,739**	8,355,771
Other financial assets at amortised cost	12	**4,275,235**	4,275,234
Financial assets at fair value through profit or loss	13	**3,321,606**	3,647,342
		29,313,411	25,050,895
Current assets			
Other financial assets at amortised cost	12	**250,502**	–
Other receivables	14	**5,195,187**	4,453,225
Fixed deposits	15	**14,000,000**	18,200,000
Cash and bank balances	16	**12,141,372**	11,422,292
		31,587,061	34,075,517
Total assets		**60,900,472**	59,126,412
Non-current liabilities			
Capital grants	17	**1,386,018**	1,654,667
Building grants	18	**3,514,164**	3,817,555
Lease liabilities	19	**1,299,235**	–
		6,199,417	5,472,222
Current liabilities			
Lease liabilities	19	**962,862**	–
Sundry payables and accruals	20	**2,835,980**	2,885,282
Deferred income	20	**2,314,710**	1,226,586
		6,113,552	4,111,868
Total liabilities		**12,312,969**	9,584,090
Net assets		**48,587,503**	49,542,322
Funds			
General Accumulated Fund	21	**38,063,541**	35,793,587
Service Centres' Accumulated Funds	22	**3,797,412**	6,214,461
Fair Value Reserve	23	**(740,026)**	561,939
Asset Capitalisation Reserve	24	**2,496,737**	1,302,365
Dr LCM Manpower Development Fund 2015	25	**619,773**	1,053,148
Building Maintenance Fund	26	**619,387**	569,387
Community Outreach Project Fund	27	**34,505**	25,385
Community Silver Trust	28	**907,836**	969,098
MWS – CSL Trust Endowment Fund	29	**1,317,198**	1,339,831
Social Concerns Fund	30	**–**	227,728
Other Funds	31	**1,471,140**	1,485,393
Total funds		**48,587,503**	49,542,322

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 2020

	General Accumulated Fund $	Service Centres' Accumulated Funds $	Fair Value Reserve $	Asset Capitalisation Reserve $	Dr LCM Manpower Development Fund $	Building Maintenance Fund $	Subtotal Funds $
2020							
At 1.4.2019	35,793,587	6,214,461	561,939	1,302,365	1,053,148	569,387	45,494,887
Surplus/(deficit) for the financial year	3,812,245	(4,961,253)	–	(712,714)	195	–	(1,861,527)
Other comprehensive loss for the financial year, net of tax:							
– Fair value losses on financial assets at fair value through other comprehensive income	–	–	(1,193,582)	–	–	–	(1,193,582)
Other comprehensive loss for the financial year, net of tax	–	–	(1,193,582)	–	–	–	(1,193,582)
Total comprehensive income/(loss) for the financial year	3,812,245	(4,961,253)	(1,193,582)	(712,714)	195	–	(3,055,109)
Transfer of funds	(1,542,291)	2,544,204	(108,383)	1,907,086	(433,570)	50,000	2,417,046
At 31.3.2020	**38,063,541**	**3,797,412**	**(740,026)**	**2,496,737**	**619,773**	**619,387**	**44,856,824**

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 2020

	Community Outreach Project Fund $	Community Silver Trust $	MWS – CSL Trust Endowment Fund $	Social Concerns Fund $	Other Funds $	Subtotal Funds $	Total Funds $
2020							
At 1.4.2019	25,385	969,098	1,339,831	227,728	1,485,393	4,047,435	49,542,322
Surplus/(deficit) for the financial year	9,120	2,385,784	74,578	(227,728)	(114,253)	2,127,501	265,974
Other comprehensive loss for the financial year, net of tax:							
– Fair value losses on financial assets at fair value through other comprehensive income	–	–	(27,211)	–	–	(27,211)	(1,220,793)
Other comprehensive loss for the financial year, net of tax	–	–	(27,211)	–	–	(27,211)	(1,220,793)
Total comprehensive income/(loss) for the financial year	9,120	2,385,784	47,367	(227,728)	(114,253)	2,100,290	(954,819)
Transfer of funds	–	(2,447,046)	(70,000)	–	100,000	(2,417,046)	–
At 31.3.2020	**34,505**	**907,836**	**1,317,198**	**–**	**1,471,140**	**3,730,679**	**48,587,503**

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 2020

	General Accumulated Fund $	Service Centres' Accumulated Funds $	Fair Value Reserve $	Asset Capitalisation Reserve $	Dr LCM Manpower Development Fund $	Building Maintenance Fund $	Subtotal Funds $
2019							
At 1.4.2018	34,842,657	8,466,584	637,335	1,440,804	1,030,820	519,387	46,937,587
Surplus/(deficit) for the financial year	2,698,143	(4,296,697)	–	(466,771)	4,562	–	(2,060,763)
Other comprehensive income for the financial year, net of tax:							
– Fair value gains on financial assets at fair value though other comprehensive income	–	–	10,927	–	–	–	10,927
Other comprehensive income for the financial year, net of tax	–	–	10,927	–	–	–	10,927
Total comprehensive income/(loss) for the financial 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

For the Financial Year ended 31 March 2020

	Community Outreach Project Fund $	Community Silver Trust $	MWS – CSL Trust Endowment Fund $	Social Concerns Fund $	Other Funds $	Subtotal Funds $	Total Funds $
2019							
At 1.4.2018	30,825	959,376	1,285,570	563,551	1,267,560	4,106,882	51,044,469
Surplus/(deficit) for the financial year	(5,440)	646,858	73,494	(335,823)	117,833	496,922	(1,563,841)
Other comprehensive income for the financial 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 for the financial year, net of tax	–	–	50,767	–	–	50,767	61,694
Total comprehensive income/(loss) for the financial 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.

Statement of Cash Flows

For the Financial Year ended 31 March 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Surplus/(deficit) for the year		**265,974**	(1,563,841)
Amortisation of:			
– Capital grants	17	**(410,486)**	(388,306)
– Building grants	18	**(303,391)**	(303,392)
Depreciation of property, plant and equipment	10	**3,239,357**	1,702,007
Dividend income		**(396,755)**	(418,285)
Net fair value loss/(gain) on financial assets at fair value through profit or loss		**75,736**	(59,766)
Net impairment loss on financial assets		**72,959**	152,141
Interest income		**(489,506)**	(450,470)
Interest expense on leases		**43,506**	–
Loss on redemption of other financial assets at amortised cost		**–**	19,975
Property, plant and equipment written off		**56,887**	3,039
Operating surplus/(deficit) before working capital changes		**2,154,281**	(1,306,898)
Receivables		**(835,899)**	(864,385)
Payables		**(49,302)**	(217,972)
Capital grants	17	**141,837**	1,075,937
Deferred income		**1,088,124**	(452,029)
Net cash generated from/(used in) operating activities		**2,499,041**	(1,765,347)
Cash flows from investing activities			
Dividend received		**396,755**	418,285
Purchase of property, plant and equipment	10	**(4,771,302)**	(545,132)
Interest received		**510,484**	340,882
Purchase of financial assets at fair value through other comprehensive income		**(1,643,069)**	(2,122,796)
Proceeds from disposal of financial assets at fair value through other comprehensive income		**432,308**	1,357,808
Proceeds from disposal of financial assets at fair value through profit or loss		**250,000**	–
Proceeds from redemption of financial assets at amortised cost		**–**	501,928
Purchase of financial assets at amortised cost		**(250,503)**	(1,770,235)
Net cash used in investing activities		**(5,075,327)**	(1,819,260)
Cash flows from financing activities			
Interest paid		**(43,506)**	–
Repayment of lease liabilities		**(861,128)**	–
Net cash used in financing activities		**(904,634)**	–
Net decrease in cash and cash equivalents		**(3,480,920)**	(3,584,607)
Cash and cash equivalents at beginning of financial year		**29,622,292**	33,206,899
Cash and cash equivalents at end of financial year		**26,141,372**	29,622,292
Cash and cash equivalents comprise:			
Fixed deposits		**14,000,000**	18,200,000
Cash and bank balances		**12,141,372**	11,422,292
		26,141,372	29,622,292

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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 Welfare Homes gazetted under the Destitute Persons Act. It provides holistic residential care for elderly residents, including their healthcare, physical, emotional and social needs.

MWS D'Joy Children's Centre

The Centre comprises childcare facilities for children of working parents. The Centre ceased operations on 31 December 2019.

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. Due to changes in the government's policies that has impacted the ability of CSP to provide services, all CSP activities will be suspended with effect from 1 April 2020.

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 tasks.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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.

MWS Family Support Programme – East

The Centre is the appointed Parenting Support Provider (PSP) by MSF to support schools within the regional cluster of Pasir Ris, Punggol and Tampines. The Centre commenced operations on 1 October 2019.

MWS Family Support Programme – North

The Centre is the appointed Parenting Support Provider (PSP) by MSF to support schools within the regional cluster of Hougang, Sengkang and Serangoon. The Centre commenced operations on 1 October 2019.

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 & Buangkok, a branch set up under MWS Covenant Family Service Centre and commenced operations on 1 July 2019

(ii) MWS Family Service Centre – Yishun

(iii) MWS Family Service Centre – Tampines

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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 4. 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 4.

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 in Note 3.

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 2020 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Society.

(b) Income recognition

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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/receivable 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 entitlements

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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
Leased properties	–	over the lease terms of 3 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

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

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.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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" or "other expenditure". 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 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").

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

Impairment (cont'd)

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) and lease liabilities. Financial liabilities 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.

(l) Leases

The accounting policy for leases before 1 April 2019 are as follows:

When the Society is the lessee

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.

The accounting policy for leases after 1 April 2019 are as follows:

The Society assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Leases (cont'd)

The accounting policy for leases after 1 April 2019 are as follows: ***(cont'd)***

When the Society is the lessee

The Society applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Society recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Society uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating the lease, if the lease term reflects the Society exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Society remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Society recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Society incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Leases (cont'd)

The accounting policy for leases after 1 April 2019 are as follows: **(cont'd)**

Right-of-use assets (cont'd)

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the balance sheet.

The Society applies FRS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(g).

(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 INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2020

FRS 116 Leases

When the Society is the lessee

FRS 116 replaces the existing FRS 17 *Leases* for financial periods beginning 1 April 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheet to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. 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.

On adoption of FRS 116, the Society recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under FRS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Society's incremental borrowing rate as at 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4% per annum.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

3 INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2020 (CONT'D)

FRS 116 Leases (cont'd)

When the Society is the lessee (cont'd)

	2020 $
Operating lease commitments disclosed as at 31 March 2019	**1,302,613**
Discounted using the weighted average lessee's incremental borrowing rate	**(14,102)**
Less: Short term leases recognised on a straight-line basis as an expense	**(600,183)**
Less: Low value asset leases recognised on a straight-line basis as an expense	**(101,706)**
Lease liability recognised as at 1 April 2019	**586,622**

The associated right-of-use assets were measured at the amount equal to the lease liability on adoption. Arising from the adoption of FRS 116, right-of-use assets and lease liability of $586,622 respectively were recognised on the balance sheet on 1 April 2019.

In applying FRS 116 for the first time, the Society has used the following practical expedients permitted by the standard:

- use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- account for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.

4 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgement in applying the Society's 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 2020, the net carrying value of the building is $3,846,333 (2019: $4,195,164) and the building grants balances relating to the building is $3,514,164 (2019: $3,817,555).

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

4 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgement in applying the Society's 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 2020 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 2020 would be $Nil (2019: $Nil); and

– the depreciation expense on the building and the corresponding amortisation of building grants for the financial year would be $Nil (2019: $Nil).

The net positive impact on the Society's surplus for the financial year is $45,441 (2019: $45,441).

Key sources of estimation uncertainty

The Society uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what would the Society "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Society estimates the incremental borrowing rate using observable inputs such as market interest rates, when available and is required to make certain estimates, such as the Society's credit rating. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use asset at the date of initial application of FRS 116 and commencement date of new leasing transactions. The carrying amount of lease liabilities and right-of-use assets are disclosed in Notes 19 and 35.

5 DONATIONS AND FUND-RAISING INCOME

	2020	2019
	$	$
Donations:		
Tax deductible	**1,766,755**	2,227,026
Non-tax deductible	**2,670,908**	1,517,518
	4,437,663	3,744,544
Fund-raising income:		
Tax deductible	**7,089,986**	6,151,650
Non-tax deductible	**1,096,320**	412,277
	8,186,306	6,563,927
Total	**12,623,969**	10,308,471

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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

Total tax deductible receipts issued by the Society amounting to $8,823,241 (2019: $8,432,176) as follows:

	2020	2019
	$	$
Accumulated Funds	**8,847,621**	8,360,426
Community Outreach Project Fund (Note 27)	**9,120**	18,250
Less: Prior year deferred income (Note 20)	**(103,000)**	(49,500)
Add: Current year deferred income (Note 20)	**69,500**	103,000
	8,823,241	8,432,176

Total direct fund-raising expenses incurred by the Society amounting to $661,624 (2019: $542,607) and charged to:

	2020	2019
	$	$
Accumulated Funds	**661,624**	542,607

Included in the total direct fund-raising expenses is expenditure of manpower of $327,036 (2019: $287,856).

6 GOVERNMENT GRANTS

	2020	2019
	$	$
AIC grant – Project Irene	**199,102**	168,086
Community Silver Trust Grant (Note 28)	**2,385,784**	646,858
Government subvention	**21,650,986**	19,304,964
ILTC Salary Adjustment Grant	**228,960**	1,044,090
IRAS Wage Credit and Special Employment Credit	**252,481**	329,179
Rental subsidy	**1,199,718**	1,189,143
Medifund Grant	**291,795**	299,632
Medifund Silver Grant	**406,571**	377,027
MSF Grant – Guidance Programme	**–**	870
Nursing Home IT Enablement Grant	**–**	24,350
Others	**17,925**	23,922
Senior Mobility Fund	**143,663**	135,415
Silver Volunteer Fund	**19,208**	59,668
Total	**26,796,193**	23,603,204

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

7a INTEREST INCOME

	2020 $	2019 $
Interest income from fixed deposits and bank balances	**296,880**	307,383
Interest income from debt securities	**192,626**	143,087
	489,506	450,470

7b OTHER INCOME

	2020 $	2019 $
Net fair value gain on financial assets at fair value through profit or loss	**–**	59,766
Dividend income	**396,755**	418,285
Sundry income	**137,526**	71,836
	534,281	549,887

8 EXPENDITURE ON MANPOWER

	2020 $	2019 $
Salaries and related costs	**26,231,269**	24,222,454
CPF	**2,782,050**	2,582,361
Manpower contract services	**96,344**	66,104
Other staff benefits and training	**726,419**	803,951
	29,836,082	27,674,870

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

	2020 $	2019 $
Salaries and related costs	**4,828,742**	4,539,252
CPF	**461,606**	450,088
	5,290,348	4,989,340

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

9a OTHER EXPENDITURE – OTHERS

	2020 $	2019 $
Loss on redemption of debt securities	–	19,975
Net fair value loss on financial assets at fair value through profit or loss	75,736	–
	75,736	19,975

9b SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR

This is arrived at after (crediting)/charging:

	2020 $	2019 $
Net impairment losses on financial assets:		
– Allowance for doubtful receivables	23,472	5,183
– Write-back of allowance for doubtful receivables	(107)	(44,896)
– Bad debts written off	49,594	76,855
– Impairment loss on debt securities	–	114,999
Food and refreshments	1,583,095	1,454,786
Input GST not recoverable	772,605	553,431
Medical supplies	1,287,655	1,302,217
Professional fees	1,138,314	1,053,186
Property, plant and equipment written off	56,887	3,039
Rent of building, equipment and others	885,629	1,826,553
Repairs and maintenance	1,652,162	1,514,612
Specific assistance to clients	2,130,703	1,620,277
Stationery and printing	127,829	133,010
Supplies and materials	952,123	921,873
Utilities	698,430	659,337

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

10 PROPERTY, PLANT AND EQUIPMENT

	Building $	Leased properties $	Equipment $	Computers $	Furniture, fittings and office equipment $	Motor vehicles $	Renovations $	Total $
2020								
Cost								
At 1.4.2019	10,462,931	–	3,386,772	1,089,613	887,557	582,782	6,231,976	22,641,631
Recognition of right-of-use assets on initial application of FRS 116	–	586,622	–	–	–	–	–	586,622
At 1.4.2019 (restated)	10,462,931	586,622	3,386,772	1,089,613	887,557	582,782	6,231,976	23,228,253
Additions	–	2,536,603	256,674	49,558	152,782	–	4,312,288	7,307,905
Write-offs	–	–	(13,797)	–	(45,509)	–	(1,337,256)	(1,396,562)
Reclassification	–	–	(4,200)	–	4,200	–	–	–
At 31.3.2020	**10,462,931**	**3,123,225**	**3,625,449**	**1,139,171**	**999,030**	**582,782**	**9,207,008**	**29,139,596**
Accumulated depreciation								
At 1.4.2019	6,267,767	–	879,193	1,021,495	464,362	303,744	4,932,522	13,869,083
Depreciation charge	348,831	875,038	362,614	107,935	113,523	44,042	1,387,374	3,239,357
Write-offs	–	–	(7,530)	–	(30,527)	–	(1,301,618)	(1,339,675)
Reclassification	–	–	(1,877)	(33,316)	35,193	–	–	–
At 31.3.2020	**6,616,598**	**875,038**	**1,232,400**	**1,096,114**	**582,551**	**347,786**	**5,018,278**	**15,768,765**
Net carrying value								
At 31.3.2020	**3,846,333**	**2,248,187**	**2,393,049**	**43,057**	**416,479**	**234,996**	**4,188,730**	**13,370,831**
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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Included in property, plant and equipment of the Society are right-of-use assets of $2,248,187 (1.4.2019: $586,622) (Note 35).

(b) Non-cash transactions

	2020	2019
	$	$
Aggregate cost of property, plant and equipment acquired:	**7,307,905**	832,564
Less: additions to right-of-use assets	**(2,536,603)**	–
Less: amount outstanding in sundry payables	**–**	(287,432)
Net cash outflow for purchase of property, plant and equipment	**4,771,302**	545,132

For the financial year ended 31 March 2019, the Society acquired property, plant and equipment with an aggregate cost of $832,564 of which $545,132 was paid in cash and $287,432 remained outstanding and included in sundry payables under sundry payables and accruals (Note 20).

(c) Depreciation of property, plant and equipment charged to:

	2020	2019
	$	$
Accumulated Funds	**2,526,643**	1,235,236
Asset Capitalisation Reserve (Note 24)	**712,714**	466,771
	3,239,357	1,702,007

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	2019
	$	$
Equity investments designated at FVOCI		
– MWS – CSL Trust Endowment Fund (Note 29)	**1,269,391**	1,146,384
– Dr LCM Manpower Development Fund (Note 25)	**615,124**	934,479
– Perpetual notes	**1,490,675**	1,252,000
– Others	**4,970,549**	5,022,908
	8,345,739	8,355,771

The perpetual notes represent non-cumulative non-convertible perpetual notes that bear interest at 3.65%, 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 17 October 2024, 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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

12 OTHER FINANCIAL ASSETS AT AMORTISED COSTS

	2020 $	2019 $
Debt securities		
Current	**250,502**	–
Non-current	**4,275,235**	4,275,234
	4,525,737	4,275,234

The debt securities represent bonds with fixed interest rates ranging from 2.25% to 4.50% (2019: 2.25% to 4.50%) per annum and maturity dates ranging from 31 August 2020 to 12 November 2025 (2019: 31 August 2020 to 12 November 2025).

The fair values of the debt securities at the balance sheet date totalled $4,554,657 (2019: $4,306,445). The fair values are determined based on market prices provided by financial institutions at the balance sheet date.

For the financial year ended 31 March 2019, the Society recognised an impairment loss of $114,999 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.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 $	2019 $
Investment fund	**3,321,605**	3,647,341
Others	**1**	1
	3,321,606	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 $2,135,350 (2019: $2,341,283) to the total pooled funds. The pooled funds are primarily placed in quoted equity securities, quoted bonds and cash at bank.

14 OTHER RECEIVABLES

	2020 $	2019 $
Grant receivables	**2,984,905**	2,256,055
Sundry receivables	**582,870**	957,640
Interest receivables	**88,610**	109,588
Sundry deposits	**390,454**	365,834
Prepayments	**1,148,348**	764,108
	5,195,187	4,453,225

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

15 FIXED DEPOSITS

All fixed deposits are placed with banks and mature within 12 months from the balance sheet date. At the balance sheet date, the interest rates of these fixed deposits ranges from 1.20% to 1.85% (2019: 1.60% to 1.99%) per annum.

16 CASH AND BANK BALANCES

	2020 $	2019 $
Cash on hand and at bank	**12,141,372**	11,063,431
Cash with broker	**–**	358,861
	12,141,372	11,422,292

17 CAPITAL GRANTS

	2020 $	2019 $
Cost		
At beginning of the year	**3,719,922**	2,643,985
Grant received/receivable	**141,837**	1,075,937
At end of the year	**3,861,759**	3,719,922
Accumulated amortisation		
At beginning of the year	**2,065,255**	1,676,949
Amortisation	**410,486**	388,306
At end of the year	**2,475,741**	2,065,255
Net carrying value		
At end of the year	**1,386,018**	1,654,667

These are capital grants received for the purpose of renovation, and hostel and ward conversion, which are amortised over the useful life of 5 years.

18 BUILDING GRANTS

	2020 $	2019 $
Cost		
At beginning and end of the year	**10,141,625**	10,141,625
Accumulated amortisation		
At beginning of the year	**6,324,070**	6,020,678
Amortisation	**303,391**	303,392
At end of the year	**6,627,461**	6,324,070
Net carrying value		
At end of the year	**3,514,164**	3,817,555

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

19 LEASE LIABILITIES

	2020 $	2019 $
Current	**962,862**	–
Non-current	**1,299,235**	–
	2,262,097	–

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities $
Balance at 1 April 2019	–
On adoption of FRS 116	586,622
Changes from financing cash flows:	
– Repayments	(861,128)
– Interest paid	(43,506)
Non-cash changes:	
– Interest expense	43,506
– Additions	2,536,603
Balance at 31 March 2020	2,262,097

20 SUNDRY PAYABLES AND ACCRUALS AND DEFERRED INCOME

	2020 $	2019 $
Sundry payables and accruals		
Sundry payables	**1,506,738**	1,794,247
Accrued operating expenses	**782,795**	639,712
Residents' deposits and monies held for safekeeping	**546,447**	451,323
	2,835,980	2,885,282
Deferred income		
Deferred donations (net)[(a)]	**107,863**	131,207
Donation received from Chen Su Lan Trust[(b)]	**538,246**	1,095,379
Deferred grant income – Job Support Scheme[(c)]	**1,468,601**	–
Other deferred grant income	**200,000**	–
	2,314,710	1,226,586

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

20 SUNDRY PAYABLES AND ACCRUALS AND DEFERRED INCOME (CONT'D)

(a) Deferred donations include:

- net donations received for the fund-raising event "MWS Golf 2021" (2019: "MWS Golf 2019") scheduled to be held on 13 January 2021 (2019: 10 July 2019). This includes tax deductible and non-tax deductible receipts of $1,500 (2019: $103,000) and $Nil (2019: $25,000) respectively for "MWS Golf 2021" (2019: "MWS Golf 2019").

- net donations received for the fund-raising event "MCS 135 Celebration". This includes tax deductible and non-tax deductible receipts of $68,000 and $38,000 respectively.

(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 which was fully utilised in the financial year (2019: balance of $340,000).

- funding Debt and Savings matching programmes from 1 January 2018 till fully depleted amounting to $538,246 (2019: $755,379).

(c) The Job Support Scheme (JSS) was announced at Budget 2020, and further enhanced at the Resilience, Solidarity and Fortitude Budgets. Under the JSS, the Government will co-fund between 25% to 75% of the first $4,600 of gross monthly wages paid to each local employee in a ten-month period through cash subsidies. As at 31 March 2020, a deferred grant income of 25% of gross monthly salary of local employees for the months of October to December 2019 and February to March 2020 of $1,468,601 was recognised.

21 GENERAL ACCUMULATED FUND

	2020 **$**	2019 $
At beginning of the year	**35,793,587**	34,842,657
Surplus for the year	**3,812,245**	2,698,143
Balance before transfers	**39,605,832**	37,540,800
Transfers to:		
– Service Centres' Accumulated Funds	**(1,504,244)**	(1,715,770)
– Dr LCM Manpower Development Fund 2015 (Note 25)	**(37,000)**	–
– Other Funds – General Maintenance Fund (Note 31)	**(100,000)**	(100,000)
Transfer gain on disposal of financial assets at fair value through other comprehensive income from fair value reserve	**98,953**	68,557
At end of the year	**38,063,541**	35,793,587

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

22 SERVICE CENTRES' ACCUMULATED FUNDS

	At 1.4.2019 $	(Deficit)/ surplus $	Transfer of funds $	At 31.3.2020 $
2020				
Funds held by service centres:				
MWS Home Hospice	998,938	238,638	32,366	**1,269,942**
MWS Bethany Nursing Home – Choa Chu Kang	(272,359)	(996,327)	294,559	**(974,127)**
MWS Charis ACE – Geylang East	(54,005)	(66,920)	61,258	**(59,667)**
MWS D'Joy Children's Centre	57,982	(410,169)	352,187	**–**
MWS Community Services – Punggol	(31,852)	(83,551)	–	**(115,403)**
MWS Home Care	(1,234,280)	(734,056)	–	**(1,968,336)**
MWS Girls' Residence*	(114,151)	(323,753)	245,903	**(192,001)**
MWS Senior Activity Centre – Fernvale Rivergrove	(161,462)	(195,421)	135,323	**(221,560)**
MWS Senior Activity Centre – GreenTops@Sims Place	(30,192)	(262,763)	219,328	**(73,627)**
MWS Senior Activity Centre – Golden Lily@Pasir Ris	(37,035)	(167,532)	154,697	**(49,870)**
MWS Senior Activity Centre – Kebun Baru	(92,072)	(263,200)	213,200	**(142,072)**
MWS Senior Activity Centre – Teck Ghee Vista	(95,180)	(140,318)	132,000	**(103,498)**
MWS Family Development Programme	(487,445)	24,475	–	**(462,970)**
MWS Nursing Home – Yew Tee	(1,166,936)	(1,189,737)	676,634	**(1,680,039)**
MWS Family Service Centre Centre – Hougang and Buangkok*	117,148	93,756	–	**210,904**
MWS Family Service Centre – Yishun*	1,694,938	128,788	–	**1,823,726**
MWS Family Service Centre – Tampines*	2,756,000	117,182	–	**2,873,182**
MWS Wesley Senior Activity Centre – Jalan Berseh* ("MWS Wesley SAC – Jalan Berseh")	331,867	(51,471)	26,749	**307,145**
MWS Christalite Methodist Home ("MWS CMH")*	4,034,557	(822,977)	–	**3,211,580**
MWS Family Support Programme – North	–	73,552	–	**73,552**
MWS Family Support Programme – East	–	70,551	–	**70,551**
Total	6,214,461	(4,961,253)	2,544,204	**3,797,412**

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

22 SERVICE CENTRES' ACCUMULATED FUNDS (CONT'D)

	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

* 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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

23 FAIR VALUE RESERVE

The reserve represents changes in the fair value of financial assets at fair value through other comprehensive income.

24 ASSET CAPITALISATION RESERVE

	2020 $	2019 $
At beginning of the year	**1,302,365**	1,440,804
Depreciation of property, plant and equipment (Note 10)	**(712,714)**	(466,771)
Deficit for the year	**(712,714)**	(466,771)
Balance before transfer	**589,651**	974,033
Transfer from LCM Manpower Development Fund 2015 (Note 25)	**480,000**	–
Transfer from Community Silver Trust (Note 28)	**1,443,159**	328,332
Transfer to Service Centre's Accumulated Funds	**(16,073)**	–
At end of the year	**2,496,737**	1,302,365

25 DR LCM MANPOWER DEVELOPMENT FUND 2015 ("LCM FUND")

	2020 $	2019 $
At beginning of the year	**1,053,148**	1,030,820
Dividends received	**46,528**	47,515
Expenditure	**(46,333)**	(42,953)
Surplus for the year	**195**	4,562
Transfer of gain on disposal of financial assets at fair value through other comprehensive income from fair value reserve	**9,430**	17,766
Transfer to Asset Capitalisation Reserve (Note 24)	**(480,000)**	–
Transfer from General Accumulated Fund (Note 21)	**37,000**	–
At end of the year	**619,773**	1,053,148

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 $615,124 (2019: $934,479) (Note 11) and the remainder in cash.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

26 BUILDING MAINTENANCE FUND

	2020	2019
	$	$
At beginning of the year	**569,387**	519,387
Transfer from Service Centres' Accumulated Funds	**50,000**	50,000
At end of the year	**619,387**	569,387

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

27 COMMUNITY OUTREACH PROJECT FUND

	2020	2019
	$	$
At beginning of the year	**25,385**	30,825
Receipts	**9,120**	18,250
Expenditure	**–**	(23,690)
Surplus/(deficit) for the year	**9,120**	(5,440)
At end of the year	**34,505**	25,385

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 receipts of $9,120 (2019: $18,250) for the community outreach projects.

28 COMMUNITY SILVER TRUST

	2020	2019
	$	$
At beginning of the year	**969,098**	959,376
Grants received	**2,385,784**	646,858
Surplus for the year	**2,385,784**	646,858
Balance before transfer	**3,354,882**	1,606,234
Transfer to Asset Capitalisation Reserve (Note 24)	**(1,443,159)**	(328,332)
Transfer to Service Centres' Accumulated Funds	**(1,003,887)**	(308,804)
At end of the year	**907,836**	969,098

Community Silver Trust ("CST") is a trust managed by AIC/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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

29 MWS – CSL TRUST ENDOWMENT FUND

	2020	2019
	$	$
At beginning of the year	**1,339,831**	1,285,570
Dividend received	**74,578**	73,494
Surplus for the year	**74,578**	73,494
Fair value (loss)/gain on financial assets at fair value through other comprehensive income	**(27,211)**	50,767
Transfer to Service Centres' Accumulated Funds	**(70,000)**	(70,000)
At end of the year	**1,317,198**	1,339,831

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 $1,269,391 (2019: $1,146,384) (Note 11) and the remainder in cash.

30 SOCIAL CONCERNS FUND

	2020	2019
	$	$
At beginning of the year	**227,728**	563,551
Expenditure for the year	**(227,728)**	(335,823)
At end of the year	**–**	227,728

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. The Fund was fully utilised in the financial year.

31 OTHER FUNDS

2020	**At 1.4.2019 $**	**Receipts $**	**Expenditure $**	**Surplus/ (deficit) $**	**Transfer of funds $**	**At 31.3.2020 $**
General Maintenance Fund (Note 21)	1,000,000	–	–	–	100,000	**1,100,000**
Medifund	252,861	291,796	(371,331)	(79,535)	–	**173,326**
Medifund Silver	140,119	406,572	(402,718)	3,854	–	**143,973**
Financial Assistance Fund	12,677	–	–	–	–	**12,677**
FSC Comcare Fund	25,233	4,767	(22,658)	(17,891)	–	**7,342**
School Pocket Money Fund	32,781	39,665	(42,375)	(2,710)	–	**30,071**
Staff Crisis Fund	17,170	–	(17,170)	(17,170)	–	**–**
PLMC Immediate Fund	4,552	4,000	(4,801)	(801)	–	**3,751**
	1,485,393	746,800	(861,053)	(114,253)	100,000	**1,471,140**

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

31 OTHER FUNDS (CONT'D)

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

Included in receipts are as follows:

	2020 **$**	2019 $
Medifund Grant	**291,796**	299,632
Medifund Silver Grant	**406,572**	377,026
FSC Comcare Fund	**4,767**	19,814
School Pocket Money Fund	**39,665**	44,376
Financial Assistant Fund	**–**	860
PLMC Immediate Fund	**4,000**	12,800
	746,800	754,508

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 Ministry of Social and Family Development ("MSF") to provide immediate assistance to needy clients who require urgent and temporary financial relief to tide over their current situations.

Notes to the Financial Statements
For the Financial Year Ended 31 March 2020

31 OTHER FUNDS (CONT'D)

School Pocket Money Fund

These are funds received from The Straits Times 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.

32 COMMITMENTS

(a) Capital commitments

Capital commitments not provided for in the financial statements:

	2020	2019
	$	$
Capital commitments in respect of property, plant and equipment	**2,886,155**	7,213,400

(b) Lease commitments – where the Society is a lessee

The Society leases land, properties 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.

Commitments in relation to non-cancellable operating leases contracted for at the balance sheet date, but not recognised as liabilities were as follows:

	2019
	$
Within 1 year	1,194,449
Within 2 to 5 years	108,164
	1,302,613

As disclosed in Note 3, the Society has adopted FRS 116 on 1 April 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheet as at 1 April 2019, except for short-term and low value assets leases.

33 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 2020 and 31 March 2019.

Notes to the Financial Statements
For the Financial Year Ended 31 March 2020

34 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:

	2020 $	2019 $
Purchase of Uniforms for Staff and Residents from a related party*	**22,829**	9,426

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

35 LEASES

The Society as a lessee

Nature of the Society's leasing activities

The Society leases land, properties and office equipment from non-related parties under non-cancellable operating lease agreements. These leases have an average tenure of between one to three years, varying terms, escalation clauses and renewal options.

The maturity analysis of the lease liabilities is disclosed in Note 36(b).

Information about leases for which the Society is a lessee is presented below:

Carrying amount of right-of-use assets

The carrying amount of right-of-use assets are as follows:

	2020 $	2019 $
Classified within Property, plant and equipment		
Leasehold properties	**2,248,187**	–

Amounts recognised in profit or loss

	2020 $
Depreciation charge for the financial year	
Leasehold properties	**875,038**
Interest expense on lease liabilities	**43,506**
Lease expense not included in the measurement of lease liabilities	
Lease expense – short term leases	**829,355**
Lease expense – low value leases	**56,274**
Total (Note 9b)	**885,629**

Total cash flow for leases amounted to $1,790,263.

As at 31 March 2020, the Society is committed to $23,212 for short-term leases.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

35 LEASES (CONT'D)

Leases not yet commenced to which the lessee is committed

On 7 February 2020, the Society entered into a 6-month lease to rent an office premise, of which the lease period will only commence in April 2020. The aggregate future cash outflows to which the Society is exposed is fixed payment of $5,000 per month, for the next six months. There are no extension or termination options on the lease.

36 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	2020	2019
	$	$
Financial assets		
Financial assets at amortised cost	**34,713,948**	37,586,643
Financial assets at fair value through other comprehensive income	**8,345,739**	8,355,771
Financial assets at fair value through profit or loss	**3,321,606**	3,647,342
Financial liabilities		
Financial liabilities at amortised cost	**4,547,847**	2,433,987

(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 30 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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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.

Regardless of the evaluation of the above factors, the Society presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Society has reasonable and supportable information that demonstrates otherwise.

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.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

36 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

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 2020	**12-month or lifetime ECL**	**Gross carrying amount $**	**Loss allowance $**	**Net carrying amount $**
Other receivables	12-month (Exposure limited)	3,463,969	–	3,463,969
	Lifetime	611,418	(28,548)	582,870
Other financial assets at amortised cost	Lifetime	5,414,526	(888,789)	4,525,737
Fixed deposits	Not applicable (Exposure limited)	14,000,000	–	14,000,000
Cash and bank balances	Not applicable (Exposure limited)	12,141,372	–	12,141,372

Society 2019	**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	5,164,023	(888,789)	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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

36 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Movements in credit loss allowance are as follows:

	Other financial assets at amortised cost $	Other receivables $	Total $
Society			
Balance at 1 April 2019	888,789	5,183	893,972
Loss allowance measured:			
Lifetime ECL			
– Simplified approach	–	23,472	23,472
Write-back of allowance	–	(107)	(107)
Balance at 31 March 2020	**888,789**	**28,548**	**917,337**
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

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

36 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

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. The table below summarises the maturity profile of the Society's non-derivative financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	Within 1 year $	1 to 5 years $	Total $
Society			
2020			
Sundry payables and accruals	**2,285,760**	**–**	**2,285,760**
Lease liabilities	**1,033,656**	**1,344,309**	**2,377,965**
	3,319,416	**1,344,309**	**4,663,725**
2019			
Sundry payables and accruals	2,433,987	–	2,433,987

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 2020, 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. The Society does not have exposure to commodity price risk.

Sensitivity analysis

At 31 March 2020, the Society's investment in equity instruments and investment fund placed with fund manager are $8,345,739 (2019: $8,355,771) and $3,321,605 (2019: $3,647,341) respectively. At 31 March 2020, if prices of the Society's investments increase/decrease by 10% (2019: 10%) with all other variables held constant, the Society's profit or loss would have been $332,161 (2019: $364,734) 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 $834,574 (2019: $835,577) higher/lower, arising as a result of an increase in fair value of equity instruments.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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 $
2020			
Financial assets			
Fair value through other comprehensive income:			
– quoted equity investments			
– MWS – CSL Trust Endowment Fund	1,269,391	–	1,269,391
– quoted equity investments			
– Dr LCM Manpower Development Fund	615,124	–	615,124
– quoted equity investments – Perpetual notes	–	1,490,675	1,490,675
– quoted equity investments – Others	4,970,549	–	4,970,549
	6,855,064	1,490,675	8,345,739
Fair value through profit or loss:			
– investment fund	–	3,321,605	3,321,605
– others	1	–	1
	1	3,321,605	3,321,606

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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

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

	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
– quoted equity investments – 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

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

	Carrying amount $	Fair value measurement at balance sheet date Level 2 $
2020		
Financial assets		
Other financial assets at amortised costs		
– Debt securities	**4,525,736**	**4,554,657**
2019		
Financial assets		
Other financial assets at amortised costs		
– Debt securities	4,275,234	4,306,445

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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

(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 SUBSEQUENT EVENT

Impact arising from COVID 19 pandemic outbreak

The outbreak of Coronavirus Disease 2019 in early 2020 has affected economic activities in Singapore to varying degrees. The Society is expected to be impacted for the financial year ending March 2021 and going forward.

39 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Society for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Governance dated 23 July 2020.

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