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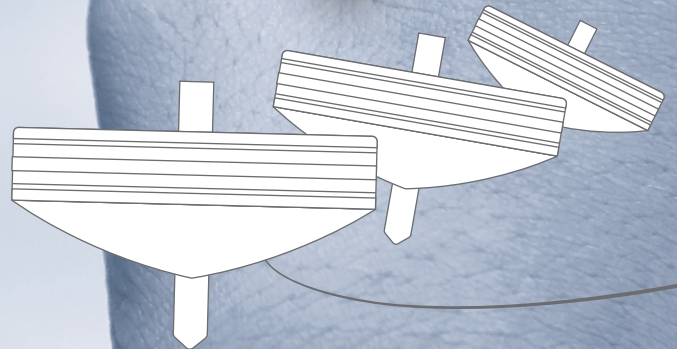
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Financial Statements FY2021/22

Strengthening Our Core

for better care,
fuller life *llw*



Financial Statements

For the Financial Year Ended 31 March 2022

CONTENTS

- 1 Statement by the Board of Governance
- 2 Independent Auditor's Report
- 6 Statement of Comprehensive Income
- 7 Balance Sheet
- 8 Statement of Changes in Accumulated Fund and Specific Funds
- 12 Statement of Cash Flows
- 13 Notes to the Financial Statements

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Baker Tilly TFW LLP

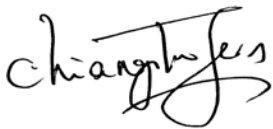
Chartered Accountants of Singapore

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 6 to 57 are properly drawn up in accordance with the Societies Act 1966, the Charities Act 1994 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 2022 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 Tan Chian Khong
Honorary Treasurer

13 July 2022

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 6 to 57, which comprise the balance sheet as at 31 March 2022, 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 1966 (the "Societies Act"), the Charities Act 1994 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 2022 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 2022, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

Responsibilities of the Board of Governance and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

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 (cont'd)

- 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,

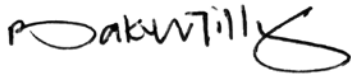
- (i) the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (ii) the fund raising appeal held during the financial year ended 31 March 2022 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.

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

Report on Other Legal and Regulatory Requirements (cont'd)

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

- (i) the Society has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (ii) the Society has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

13 July 2022

Statement of Comprehensive Income

For the Financial Year Ended 31 March 2022

	Note	2022 \$	2021 \$
Income			
Donations and fund-raising income	4	14,387,053	13,759,024
Government grants	5	33,445,637	36,487,537
NCSS grants – Community Chest		484,739	471,357
Programme income		4,564,664	4,633,456
Amortisation of:			
– Capital grants	17	549,332	472,540
– Building grants	18	303,391	303,391
Interest income	6	202,825	261,603
Other income	7	927,280	1,325,833
Total income		54,864,921	57,714,741
Less: Expenditure			
Expenditure on manpower	8	39,315,051	31,792,712
Depreciation of property, plant and equipment	10	4,459,923	4,597,351
Maintenance		2,344,405	2,013,150
General expenditure		10,504,170	11,410,470
Interest expense on lease liabilities		86,782	121,049
Other expenditure			
– Net impairment losses on financial assets:			
– Receivables		63,641	6,681
Total expenditure		56,773,972	49,941,413
(Deficit)/surplus for the financial year	9	(1,909,051)	7,773,328
Other comprehensive (loss)/income for the financial year:			
<i>Items that will not be reclassified subsequently to income or expenditure</i>			
Financial assets at fair value through other comprehensive income			
– Fair value (loss)/gain – equity instruments			
– MWS – CSL Trust Endowment Fund		(14,020)	117,966
– MWS – Dr LCM Manpower Development Fund		51,451	138,118
– Others		410,288	1,060,321
		447,719	1,316,405
Total comprehensive (loss)/income for the financial year		(1,461,332)	9,089,733

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

Balance Sheet

At 31 March 2022

	Note	2022 \$	2021 \$
Non-current assets			
Property, plant and equipment	10	12,384,985	15,264,702
Financial assets at fair value through other comprehensive income	11	10,511,923	8,994,408
Other financial assets at amortised cost	12	2,004,000	4,024,736
Financial assets at fair value through profit or loss	13	3,948,639	3,731,577
		<u>28,849,547</u>	<u>32,015,423</u>
Current assets			
Other financial assets at amortised cost	12	1,269,236	–
Other receivables	14	3,597,537	3,649,961
Fixed deposits	15	19,050,000	22,000,000
Cash and bank balances	16	14,814,394	13,078,894
		<u>38,731,167</u>	<u>38,728,855</u>
Total assets		<u>67,580,714</u>	<u>70,744,278</u>
Non-current liabilities			
Capital grants	17	1,656,893	1,874,991
Building grants	18	2,907,382	3,210,773
Lease liabilities	19	137,990	1,142,064
		<u>4,702,265</u>	<u>6,227,828</u>
Current liabilities			
Lease liabilities	19	1,403,387	1,331,878
Sundry payables and accruals	20	4,017,729	4,212,670
Deferred income	20	1,241,429	1,294,666
		<u>6,662,545</u>	<u>6,839,214</u>
Total liabilities		<u>11,364,810</u>	<u>13,067,042</u>
Net assets		<u>56,215,904</u>	<u>57,677,236</u>
Funds			
General Accumulated Fund	21	44,850,220	41,515,532
Service Centres' Accumulated Funds	22	1,645,252	7,131,599
Fair Value Reserve	23	712,419	303,816
Asset Capitalisation Reserve	24	2,977,756	4,055,045
Dr LCM Manpower Development Fund	25	858,119	790,290
Building Maintenance Fund	26	719,387	669,387
Community Outreach Project Fund	27	27,586	40,586
Community Silver Trust	28	1,333,678	78,511
MWS – CSL Trust Endowment Fund	29	1,480,971	1,496,486
Other Funds	30	1,610,516	1,595,984
Total funds		<u>56,215,904</u>	<u>57,677,236</u>

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 2022

	General Accumulated Fund	Service Centres' Accumulated Funds	Fair Value Reserve	Asset Capitalisation Reserve	Dr LCM Manpower Development Fund	Building Maintenance Fund	Subtotal Funds
2022							
At 1.4.2021	41,515,532	7,131,599	303,816	4,055,045	790,290	669,387	54,465,669
Surplus/(deficit) for the financial year	5,127,155	(8,463,376)	–	(1,077,289)	(4,101)	–	(4,417,611)
<i>Other comprehensive income for the financial year, net of tax:</i>							
– Fair value gains on financial assets at fair value through other comprehensive income	–	–	410,288	–	51,451	–	461,739
Other comprehensive income for the financial year, net of tax	–	–	410,288	–	51,451	–	461,739
Total comprehensive income/(loss) for the financial year	5,127,155	(8,463,376)	410,288	(1,077,289)	47,350	–	(3,955,872)
Transfer of funds	(1,792,467)	2,977,029	(1,685)	–	20,479	50,000	1,253,356
At 31.3.2022	44,850,220	1,645,252	712,419	2,977,756	858,119	719,387	51,763,153

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 2022

	Community Outreach Project Fund	Community Silver Trust	Community Trust	Endowment Fund	MWS – CSL Trust	Other Funds	Subtotal Funds	Total Funds
	\$	\$	\$	\$	\$	\$	\$	\$
2022								
At 1.4.2021	40,586	78,511	1,496,486	1,595,984	3,211,567	57,677,236		
(Deficit)/surplus for the financial year	(13,000)	2,538,523	68,505	(85,468)	2,508,560	(1,909,051)		
<i>Other comprehensive (loss)/income for the financial year, net of tax:</i>								
– Fair value (loss)/gains on financial assets at fair value through other comprehensive income	–	–	(14,020)	–	(14,020)	447,719		
Other comprehensive (loss)/income for the financial year, net of tax	–	–	(14,020)	–	(14,020)	447,719		
Total comprehensive (loss)/income for the financial year	(13,000)	2,538,523	54,485	(85,468)	2,494,540	(1,461,332)		
Transfer of funds	–	(1,283,356)	(70,000)	100,000	(1,253,356)	–		
At 31.3.2022	27,586	1,333,678	1,480,971	1,610,516	4,452,751	56,215,904		

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 2022

	General Fund		Service Centres' Accumulated Funds		Fair Value Reserve		Asset Capitalisation Reserve		Dr LCM Manpower Development		Building Maintenance		Subtotal Funds	
	\$		\$		\$		\$		\$		\$		\$	
2021														
At 1.4.2020	38,063,541		3,797,412		(740,026)		2,496,737		619,773		619,387		44,856,824	
Surplus/(deficit) for the financial year	4,062,027		1,637,863		–		(1,075,898)		32,399		–		4,656,391	
<i>Other comprehensive income for the financial year, net of tax:</i>														
– Fair value gains on financial assets at fair value through other comprehensive income	–		–		1,060,321		–		138,118		–		1,198,439	
Other comprehensive income for the financial year, net of tax	–		–		1,060,321		–		138,118		–		1,198,439	
Total comprehensive income/(loss) for the financial year	4,062,027		1,637,863		1,060,321		(1,075,898)		170,517		–		5,854,830	
Transfer of funds	(610,036)		1,696,324		(16,479)		2,634,206		–		50,000		3,754,015	
At 31.3.2021	41,515,532		7,131,599		303,816		4,055,045		790,290		669,387		54,465,669	

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 2022

	MWS – CSL Trust					Total Funds
	Community Outreach Project Fund	Community Silver Trust	Endowment Fund	Other Funds	Subtotal Funds	
2021						
At 1.4.2020	34,505	907,836	1,317,198	1,471,140	3,730,679	48,587,503
Surplus for the financial year	6,081	3,024,690	61,322	24,844	3,116,937	7,773,328
<i>Other comprehensive income for the financial year, net of tax:</i>						
– Fair value gains on financial assets at fair value through other comprehensive income	–	–	117,966	–	117,966	1,316,405
Other comprehensive income for the financial year, net of tax	–	–	117,966	–	117,966	1,316,405
Total comprehensive income for the financial year	6,081	3,024,690	179,288	24,844	3,234,903	9,089,733
Transfer of funds	–	(3,854,015)	–	100,000	(3,754,015)	–
At 31.3.2021	40,586	78,511	1,496,486	1,595,984	3,211,567	57,677,236

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

Statement of Cash Flows

For the Financial Year Ended 31 March 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
(Deficit)/Surplus for the financial year		(1,909,051)	7,773,328
Amortisation of:			
– Capital grants	17	(549,332)	(472,540)
– Building grants	18	(303,391)	(303,391)
Depreciation of property, plant and equipment	10	4,459,923	4,597,351
Dividend income		(380,158)	(331,135)
Net fair value gain on financial assets at fair value through profit or loss (“FVPL”)		(78,772)	(409,971)
Net impairment loss on financial assets		63,641	6,681
Rental rebates		(290,616)	(475,807)
Interest income		(202,825)	(261,603)
Interest expense on leases		86,782	121,049
Gain on disposal of other financial assets at amortised cost		(23,275)	–
Property, plant and equipment written off		291,869	28,554
Operating surplus before working capital changes		1,164,795	10,272,516
Receivables		(11,214)	1,538,544
Payables		(194,949)	1,376,690
Capital grants	17	331,234	961,513
Deferred income		(53,236)	(1,020,046)
Net cash generated from operating activities		1,236,630	13,129,217
Cash flows from investing activities			
Dividend received		380,158	331,135
Purchase of property, plant and equipment	10	(1,242,641)	(4,866,674)
Interest received		202,825	261,603
Purchase of financial assets at fair value through other comprehensive income (“FVOCI”)		(1,601,523)	(342,696)
Purchase of financial assets at fair value through profit and loss (“FVPL”)		(134,766)	–
Proceeds from disposal of financial assets at FVOCI		528,207	–
Proceeds from perpetual notes (FVOCI) redeemed		–	1,010,436
Proceeds from debt securities (financial assets at amortised cost) redeemed		774,775	501,000
Net cash used in investing activities		(1,092,965)	(3,105,196)
Cash flows from financing activities			
Interest paid		(86,782)	(121,049)
Repayment of lease liabilities		(1,271,383)	(965,450)
Net cash used in financing activities		(1,358,165)	(1,086,499)
Net (decrease)/increase in cash and cash equivalents		(1,214,500)	8,937,522
Cash and cash equivalents at beginning of financial year		35,078,894	26,141,372
Cash and cash equivalents at end of financial year		33,864,394	35,078,894
Cash and cash equivalents comprise:			
Fixed deposits		19,050,000	22,000,000
Cash and bank balances		14,814,394	13,078,894
		33,864,394	35,078,894

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

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 1966 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 Christalite Student Care Centre

The Centre comprises student care facilities for students of working parents.

MWS Senior Care Centre – Eunus

The Centre provides frail seniors with a home-like environment where they can socialise and take part in recreational activities. Through day care and community rehabilitation services, the seniors are supported to age in place through looking after their general, physical and social well-being. The Centre commenced operations on 1 September 2021.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

1 GENERAL INFORMATION (CONT'D)

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.

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.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

1 GENERAL INFORMATION (CONT'D)

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 Active Aging Centre – Kebun Baru (Formerly known as 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*
- (ii) *MWS Family Service Centre – Yishun*
- (iii) *MWS Family Service Centre – Tampines*

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements, presented in Singapore dollar ("S\$"), which is the functional currency of the Society, have been prepared in accordance with the Societies Act 1966, the Charities Act 1994 and other relevant regulations and Financial Reporting Standards in Singapore ("FRSs") except for the departure from FRS 16 *Property, Plant and Equipment* which is permitted by FRS 1 *Presentation of Financial Statements* as disclosed in Note 3. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

Use of estimates and judgements

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

The carrying amounts of cash and bank balances, other receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

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 policy have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new/revised FRS and INT FRS did not have any material effect on the financial results or position of the Society.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

New and revised standards not yet effective

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 2022 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

(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.

Building 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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Grants (cont'd)

Building grants (cont'd)

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 2022

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
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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 income or expenditure. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

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

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

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

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

Classification and measurement (cont'd)

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 income or expenditure 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 2022

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 FVPL with movements in their fair values recognised in income or expenditure 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 income or expenditure. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in income or expenditure 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 income or expenditure 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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

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.

The Society recognises an impairment gain or loss in income or expenditure 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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial liabilities (cont'd)

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 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.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) Leases (cont'd)

When the Society is the lessee (cont'd)

Lease liabilities

The lease liabilities are 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 liabilities comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable. 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 liabilities are presented as a separate line in the balance sheet.

The lease liabilities are 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 liabilities (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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Leases (cont'd)

When the Society is the lessee (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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

3 CRITICAL ACCOUNTING JUDGEMENT IN APPLYING SIGNIFICANT ACCOUNTING POLICIES

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

The cost of the building at 9 Choa Chu Kang Avenue 4 is depreciated over 30 years from 2001 based on an understanding that the land will be made available by the Government of Singapore (the "landlord") for 30 years although the tenancy agreement with the landlord in respect of the lease of the said land is for 3 years with an option to renew the lease for another 3 years at the discretion of the landlord. Similarly, the renovations of the building are depreciated over 5 years.

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. Based on the Board of Governance's estimation, depreciation is provided on a straight-line basis to allocate the cost of the building and its renovations over the estimated useful lives of 30 years and 5 years respectively.

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

At 31 March 2022, the net carrying values of the building and its renovations are \$3,148,671 (2021: \$3,497,502) and \$4,121,786 (2021: \$5,799,329) respectively and the building grants balances and capital grants balances relating to the building and its renovations are \$2,907,382 (2021: \$3,210,773) and \$830,721 (2021: \$1,081,782) respectively.

As the Society has no legal right to extend the lease period to 30 years, depreciating the building and its renovations over 30 years and 5 years respectively 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*.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

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

Had the Society depreciated the building and its renovations over its 3 years lease period which commenced from 2001, the financial statements of the Society at 31 March 2022 would be revised as follows:

- the net carrying value of the building and the related building grants balances at 31 March 2022 would be \$Nil (2021: \$Nil);
- the net carrying value of the renovations and the related capital grants balances at 31 March 2022 would be \$1,377,522 (2021: \$3,821,155) and \$317,719 (2021: \$633,705) respectively;
- the depreciation expense on the building and the corresponding amortisation of building grants for the financial year would be \$Nil (2021: \$Nil); and
- the depreciation expense on the renovations and the corresponding amortisation of capital grants for the financial year would be \$2,791,882 (2021: \$2,768,814) and \$351,376 (2021: \$537,990) respectively.

The net negative impact on the Society's surplus for the financial year is \$1,214,247 (2021: \$789,655).

4 DONATIONS AND FUND-RAISING INCOME

	2022	2021
	\$	\$
Donations:		
Tax deductible	2,317,298	1,735,757
Non-tax deductible	2,782,155	2,860,883
	<u>5,099,453</u>	<u>4,596,640</u>
Fund-raising income:		
Tax deductible	8,095,685	8,122,330
Non-tax deductible	1,191,915	1,040,054
	<u>9,287,600</u>	<u>9,162,384</u>
Total	<u>14,387,053</u>	<u>13,759,024</u>

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

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

Total tax deductible receipts issued by the Society amounting to \$10,412,983 (2021: \$9,788,587) as follows:

	2022	2021
	\$	\$
Accumulated Funds	10,400,983	9,844,637
Community Outreach Project Fund (Note 27)	12,000	13,450
Less: Prior year deferred income	-	(69,500)
	10,412,983	9,788,587

Total direct fund-raising expenses incurred by the Society amounting to \$752,487 (2021: \$610,428) and charged to:

	2022	2021
	\$	\$
Accumulated Funds	752,487	610,428

Included in the total direct fund-raising expenses is expenditure of manpower of \$425,085 (2021: \$417,323).

5 GOVERNMENT GRANTS

	2022	2021
	\$	\$
AIC grant	841,108	1,826,480
AIC Community Care Salary Enhancement	1,242,522	-
Community Silver Trust Grant (Note 28)	2,538,523	3,024,690
Government subvention	24,515,199	23,625,394
IRAS Wage Credit and Special Employment Credit	780,921	535,931
IRAS Jobs Growth Incentive	719,354	56,479
IRAS Jobs Support Scheme	633,661	4,328,282
Rental subsidy	1,346,174	822,627
Medifund Grant	211,725	280,530
Medifund Silver Grant	334,288	383,160
Workforce Development Grant	-	361,634
Foreign Worker Levy Rebates	9,236	456,931
Bicentennial Community Fund Grant	-	400,000
Others	201,865	249,197
Senior Mobility Fund	71,061	136,202
Total	33,445,637	36,487,537

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

6 INTEREST INCOME

	2022	2021
	\$	\$
Interest income from fixed deposits and bank balances	60,115	89,872
Interest income from debt securities and perpetual notes	142,710	171,731
	202,825	261,603

7 OTHER INCOME

	2022	2021
	\$	\$
Net fair value gain on financial assets at fair value through profit or loss	78,772	409,971
Gain on disposal of financial assets at amortised cost	23,275	–
Dividend income	380,158	331,135
Rental rebates	290,616	475,807
Sundry income	154,459	108,920
	927,280	1,325,833

8 EXPENDITURE ON MANPOWER

	2022	2021
	\$	\$
Salaries and related costs	34,042,391	27,217,988
CPF	3,689,908	2,929,662
Manpower contract services	219,078	138,850
Other staff benefits and training	1,363,674	1,506,212
	39,315,051	31,792,712

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

	2022	2021
	\$	\$
Salaries and related costs	5,451,078	4,684,565
CPF	502,624	470,557
	5,953,702	5,155,122

Key management staff comprises of Chief Executive Officer, 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 2022

9 (DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR

This is arrived at after (crediting)/charging:

	2022	2021
	\$	\$
Net impairment losses on financial assets:		
– Allowance for doubtful receivables	–	20,485
– Write-back of allowance for doubtful receivables	(15,094)	(28,548)
– Bad debts written off	78,735	14,744
Food and refreshments	1,559,476	1,543,816
Input GST not recoverable	585,736	673,185
Medical supplies	1,540,160	1,492,532
Professional fees	1,308,156	1,314,729
Property, plant and equipment written off	291,869	28,554
Rent of building, equipment and others	358,377	223,253
Repairs and maintenance	1,978,146	1,785,900
Specific assistance to clients	2,828,581	4,099,787
Stationery and printing	85,848	97,924
Supplies and materials	939,828	828,008
Utilities	872,896	614,945

10 PROPERTY, PLANT AND EQUIPMENT

	Building	Leased properties	Equipment	Computers	Furniture, fittings and office equipment	Motor vehicles	Renovations	Total
	\$	\$	\$	\$	\$	\$	\$	\$
2022								
Cost								
At 1.4.2021	10,462,931	4,189,706	4,138,111	1,252,983	1,054,662	652,067	13,192,083	34,942,543
Additions	–	629,434	485,029	111,429	117,455	–	528,728	1,872,075
Write-offs	–	–	(31,191)	(336,925)	(23,245)	–	(1,365,393)	(1,756,754)
Lease modification*	–	(524,968)	–	–	–	–	–	(524,968)
At 31.3.2022	10,462,931	4,294,172	4,591,949	1,027,487	1,148,872	652,067	12,355,418	34,532,896
Accumulated depreciation								
At 1.4.2021	6,965,429	1,767,086	1,612,477	1,132,476	680,020	398,756	7,121,597	19,677,841
Depreciation charge	348,831	1,560,502	470,076	104,105	109,084	45,981	1,821,344	4,459,923
Write-offs	–	–	(3,770)	(336,923)	(37,907)	–	(1,086,285)	(1,464,885)
Lease modification*	–	(524,968)	–	–	–	–	–	(524,968)
At 31.3.2022	7,314,260	2,802,620	2,078,783	899,658	751,197	444,737	7,856,656	22,147,911
Net carrying value								
At 31.3.2022	3,148,671	1,491,552	2,513,166	127,829	397,675	207,330	4,498,762	12,384,985

* Lease modification relates to the expiry of old lease agreements of the Society.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Building \$	Leased properties \$	Equipment \$	Computers \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Renovations \$	Total \$
2021								
Cost								
At 1.4.2020	10,462,931	3,123,225	3,625,449	1,139,171	999,030	582,782	9,207,008	29,139,596
Additions	–	1,653,102	565,215	150,212	84,935	69,285	3,997,027	6,519,776
Write-offs	–	–	(52,553)	(36,400)	(29,303)	–	(11,952)	(130,208)
Lease modification*	–	(586,621)	–	–	–	–	–	(586,621)
At 31.3.2021	10,462,931	4,189,706	4,138,111	1,252,983	1,054,662	652,067	13,192,083	34,942,543
Accumulated depreciation								
At 1.4.2020	6,616,598	875,038	1,232,400	1,096,114	582,551	347,786	5,018,278	15,768,765
Depreciation charge	348,831	1,478,669	413,482	72,762	117,366	50,970	2,115,271	4,597,351
Write-offs	–	–	(33,405)	(36,400)	(19,897)	–	(11,952)	(101,654)
Lease modification*	–	(586,621)	–	–	–	–	–	(586,621)
At 31.3.2021	6,965,429	1,767,086	1,612,477	1,132,476	680,020	398,756	7,121,597	19,677,841
Net carrying value								
At 31.3.2021	3,497,502	2,422,620	2,525,634	120,507	374,642	253,311	6,070,486	15,264,702

* Lease modification relates to the expiry of old lease agreements of the Society.

(a) Included in property, plant and equipment of the Society are right-of-use assets of \$1,491,552 (2021: \$2,422,620) (Note 33).

(b) Non-cash transactions

	2022 \$	2021 \$
Aggregate cost of property, plant and equipment acquired:	1,872,075	6,519,776
Less: Additions to right-of-use assets	(629,434)	(1,653,102)
Net cash outflow for purchase of property, plant and equipment	1,242,641	4,866,674

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

	2022 \$	2021 \$
Accumulated Funds	3,382,634	3,358,248
Asset Capitalisation Reserve (Note 24)	1,077,289	1,239,103
	4,459,923	4,597,351

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	\$	\$
<i>Equity investments designated at FVOCI</i>		
– MWS – CSL Trust Endowment Fund (Note 29)	1,451,286	1,440,895
– Dr LCM Manpower Development Fund (Note 25)	839,261	778,642
– Perpetual notes	753,198	513,615
– Others	7,468,178	6,261,256
	10,511,923	8,994,408

The perpetual notes represent non-cumulative non-convertible perpetual notes that bear interest at 3.65%, 4.0% and 3.73% 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 24 August 2023, 17 October 2024 and 2 November 2026 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.

12 OTHER FINANCIAL ASSETS AT AMORTISED COSTS

	2022	2021
	\$	\$
<i>Debt securities</i>		
Current	1,269,236	–
Non-current	2,004,000	4,024,736
	3,273,236	4,024,736

The debt securities represent bonds with fixed interest rates ranging from 2.25% to 4.11% (2021: 2.25% to 4.50%) per annum and maturity dates ranging from 12 July 2022 to 12 November 2025 (2021: 12 July 2022 to 12 November 2025).

The fair values of the debt securities at the balance sheet date totalled \$3,282,840 (2021: \$4,188,275). The fair values are determined based on market prices provided by financial institutions at the balance sheet date.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	\$	\$
Investment fund	3,810,348	3,731,576
Exchange-traded funds	138,290	–
Others	1	1
	<u>3,948,639</u>	<u>3,731,577</u>

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 (2021: \$2,135,350) to the total pooled funds. The pooled funds are primarily placed in quoted equity securities, quoted bonds and cash at bank.

14 OTHER RECEIVABLES

	2022	2021
	\$	\$
Grant receivables	2,256,555	2,387,827
Sundry receivables	692,490	609,267
Interest receivables	38,436	43,629
Sundry deposits	434,405	399,777
Prepayments	175,651	209,461
	<u>3,597,537</u>	<u>3,649,961</u>

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 range from 0.05% to 0.76% (2021: 0.16% to 0.30%) per annum.

16 CASH AND BANK BALANCES

	2022	2021
	\$	\$
Cash on hand	75,019	97,439
Cash at bank	14,739,375	12,981,455
	<u>14,814,394</u>	<u>13,078,894</u>

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

17 CAPITAL GRANTS

	2022	2021
	\$	\$
Cost		
At beginning of the financial year	4,823,272	3,861,759
Grant received/receivable	331,234	961,513
At end of the financial year	<u>5,154,506</u>	<u>4,823,272</u>
Accumulated amortisation		
At beginning of the financial year	2,948,281	2,475,741
Amortisation	549,332	472,540
At end of the financial year	<u>3,497,613</u>	<u>2,948,281</u>
Net carrying value		
At end of the financial year	<u>1,656,893</u>	<u>1,874,991</u>

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

18 BUILDING GRANTS

	2022	2021
	\$	\$
Cost		
At beginning and end of the financial year	<u>10,141,625</u>	<u>10,141,625</u>
Accumulated amortisation		
At beginning of the financial year	6,930,852	6,627,461
Amortisation	303,391	303,391
At end of the financial year	<u>7,234,243</u>	<u>6,930,852</u>
Net carrying value		
At end of the financial year	<u>2,907,382</u>	<u>3,210,773</u>

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 2022

19 LEASE LIABILITIES

	2022	2021
	\$	\$
Current	1,403,387	1,331,878
Non-current	137,990	1,142,064
	1,541,377	2,473,942

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

	Lease liabilities	
	2022	2021
	\$	\$
Balance at 1 April	2,473,942	2,262,097
Changes from financing cash flows:		
– Repayments	(1,271,383)	(965,450)
– Interest paid	(86,782)	(121,049)
Non-cash changes:		
– Rental rebates	(290,616)	(475,807)
– Interest expense	86,782	121,049
– Additions	629,434	1,653,102
Balance at 31 March	1,541,377	2,473,942

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

20 SUNDRY PAYABLES AND ACCRUALS AND DEFERRED INCOME

	2022	2021
	\$	\$
Sundry payables and accruals		
Sundry payables	1,764,955	1,401,663
Accrued operating expenses	1,758,308	2,310,395
Residents' deposits and monies held for safekeeping	494,466	500,612
	<u>4,017,729</u>	<u>4,212,670</u>
Deferred income		
Deferred donations (net) ^(a)	64,821	232,758
Donation received from Chen Su Lan Trust ^(b)	1,000,000	240,500
Donation received from President's Challenge	36,000	–
Deferred grant income – Job Support Scheme	–	683,940
Other deferred grant income	140,608	137,468
	<u>1,241,429</u>	<u>1,294,666</u>

^(a) Deferred donations include donations received for Project Metanoia of \$30,000 on trauma-focused therapies, Education Assistance of \$9,821, and Debt Reduction and Savings Matching programmes of \$25,000. In 2021, deferred donations of \$232,758 relates to non-tax deductible receipts for the fund raising event "MSC 135 celebration".

^(b) The donation of \$1,000,000 (2021: \$240,500) is received from Chen Su Lan Trust for funding Debt Reduction and Savings Matching programmes over a 3-year period from 2022 to 2024.

21 GENERAL ACCUMULATED FUND

	2022	2021
	\$	\$
At beginning of the financial year	41,515,532	38,063,541
Surplus for the financial year	5,127,155	4,062,027
Balance before transfers	46,642,687	42,125,568
Transfers to:		
– Service Centres' Accumulated Funds	(1,673,673)	(526,515)
– Dr LCM Manpower Development Fund (Note 25)	(20,479)	–
– Other Funds – General Maintenance Fund (Note 30)	(100,000)	(100,000)
Transfer gain on disposal of financial assets at fair value through other comprehensive income from fair value reserve	1,685	16,479
At end of the financial year	<u>44,850,220</u>	<u>41,515,532</u>

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

22 SERVICE CENTRES' ACCUMULATED FUNDS

2022	At 1.4.2021 \$	Surplus/ (deficit) \$	Transfer of funds \$	At 31.3.2022 \$
Funds held by service centres:				
MWS Home Hospice*	1,365,738	(71,910)	69,842	1,363,670
MWS Bethany Nursing Home – Choa Chu Kang*	386,018	(1,376,755)	654,662	(336,075)
MWS Charis ACE – Geylang East*	(51,643)	(91,626)	53,386	(89,883)
MWS Christalite Student Care Centre*	(30,212)	(26,909)	13,871	(43,250)
MWS Community Services – Punggol	(116,605)	–	116,605	–
MWS Home Care*	(2,107,028)	(458,160)	65,404	(2,499,784)
MWS Girls' Residence*	(254,723)	(485,376)	446,899	(293,200)
MWS Senior Activity Centre – Fernvale Rivergrove*	(271,282)	(212,378)	162,378	(321,282)
MWS Senior Activity Centre – GreenTops@Sims Place*	(123,630)	(210,515)	240,520	(93,625)
MWS Senior Activity Centre – Golden Lily@Pasir Ris*	(102,390)	(209,462)	209,455	(102,397)
MWS Active Ageing Centre – Kebun Baru*	(192,071)	(148,638)	123,635	(217,074)
MWS Senior Activity Centre – Teck Ghee Vista*	(89,905)	(245,584)	132,569	(202,920)
MWS Family Development Programme	(793,752)	15,267	–	(778,485)
MWS Nursing Home – Yew Tee*	(1,493,900)	(2,694,829)	512,464	(3,676,265)
MWS Family Service Centre – Hougang and Buangkok*	866,800	(579,330)	130,055	417,525
MWS Family Service Centre – Yishun*	2,574,871	176,714	–	2,751,585
MWS Family Service Centre – Tampines*	3,576,860	(88,668)	–	3,488,192
MWS Wesley Senior Activity – Centre – Jalan Berseh* ("MWS Wesley SAC – Jalan Berseh")	245,020	(189,583)	45,284	100,721
MWS Christalite Methodist Home ("MWS CMH")*	3,198,342	(1,328,799)	–	1,869,543
MWS Family Support Programme – North*	268,180	39,594	–	307,774
MWS Family Support Programme – East*	276,911	4,373	–	281,284
MWS Senior Care Centre – Eunos*	–	(280,802)	–	(280,802)
Total	7,131,599	(8,463,376)	2,977,029	1,645,252

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

22 SERVICE CENTRES' ACCUMULATED FUNDS (CONT'D)

2021	At 1.4.2020 \$	Surplus/ (deficit) \$	Transfer of funds \$	At 31.3.2021 \$
Funds held by service centres:				
MWS Home Hospice*	1,269,942	81,287	14,509	1,365,738
MWS Bethany Nursing Home – Choa Chu Kang*	(974,127)	753,084	607,061	386,018
MWS Charis ACE – Geylang East*	(59,667)	8,024	–	(51,643)
MWS Christalite Student Care Centre*	–	(58,207)	27,995	(30,212)
MWS Community Services – Punggol	(115,403)	(1,202)	–	(116,605)
MWS Home Care*	(1,968,336)	(138,692)	–	(2,107,028)
MWS Girls' Residence*	(192,001)	(118,870)	56,148	(254,723)
MWS Senior Activity Centre – Fernvale Rivergrove*	(221,560)	(99,445)	49,723	(271,282)
MWS Senior Activity Centre – GreenTops@Sims Place*	(73,627)	(140,287)	90,284	(123,630)
MWS Senior Activity Centre – Golden Lily@Pasir Ris*	(49,870)	(117,461)	64,941	(102,390)
MWS Senior Activity Centre – Kebun Baru*	(142,072)	(219,421)	169,422	(192,071)
MWS Senior Activity Centre – Teck Ghee Vista*	(103,498)	(54,409)	68,002	(89,905)
MWS Family Development Programme	(462,970)	(330,782)	–	(793,752)
MWS Nursing Home – Yew Tee*	(1,680,039)	(362,100)	548,239	(1,493,900)
MWS Family Service Centre – Hougang and Buangkok*	210,904	655,896	–	866,800
MWS Family Service Centre – Yishun*	1,823,726	751,145	–	2,574,871
MWS Family Service Centre – Tampines*	2,873,182	703,678	–	3,576,860
MWS Wesley Senior Activity Centre – Jalan Berseh* ("MWS Wesley SAC – Jalan Berseh")	307,145	(62,125)	–	245,020
MWS Christalite Methodist Home ("MWS CMH")*	3,211,580	(13,238)	–	3,198,342
MWS Family Support Programme – North*	73,552	194,628	–	268,180
MWS Family Support Programme – East*	70,551	206,360	–	276,911
Total	3,797,412	1,637,863	1,696,324	7,131,599

* 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 2022

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

	2022	2021
	\$	\$
At beginning of the financial year	4,055,045	2,496,737
Income from President's Challenge	–	165,000
Depreciation of property, plant and equipment (Note 10)	(1,077,289)	(1,239,103)
Write-off	–	(1,795)
Deficit for the financial year	(1,077,289)	(1,075,898)
Balance before transfer	2,977,756	1,420,839
Transfer from Community Silver Trust (Note 28)	–	2,634,206
At end of the financial year	<u>2,977,756</u>	<u>4,055,045</u>

25 DR LCM MANPOWER DEVELOPMENT FUND (“LCM FUND”)

	2022	2021
	\$	\$
At beginning of the financial year	790,290	619,773
Dividends received	34,148	32,399
Expenditure	(38,249)	–
(Deficit)/surplus for the financial year	(4,101)	32,399
Fair value gain on financial assets at fair value through other comprehensive income	51,451	138,118
Transfer from General Accumulated Fund (Note 21)	20,479	–
At end of the financial year	<u>858,119</u>	<u>790,290</u>

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 \$839,261 (2021: \$778,642) (Note 11) and the remainder in cash.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

26 BUILDING MAINTENANCE FUND

	2022	2021
	\$	\$
At beginning of the financial year	669,387	619,387
Transfer from Service Centres' Accumulated Funds	50,000	50,000
At end of the financial year	<u>719,387</u>	<u>669,387</u>

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

27 COMMUNITY OUTREACH PROJECT FUND

	2022	2021
	\$	\$
At beginning of the financial year	40,586	34,505
Receipts	12,000	13,450
Expenditure	(25,000)	(7,369)
(Deficit)/surplus for the financial year	<u>(13,000)</u>	6,081
At end of the financial year	<u>27,586</u>	<u>40,586</u>

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 \$12,000 (2021: \$13,450) for the community outreach projects.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

28 COMMUNITY SILVER TRUST

	2022	2021
	\$	\$
At beginning of the financial year	78,511	907,836
Grants received	2,552,391	3,049,522
Grants refund	(13,868)	(24,832)
Surplus for the financial year	2,538,523	3,024,690
Balance before transfer	2,617,034	3,932,526
Transfer to Asset Capitalisation Reserve (Note 24)	-	(2,634,206)
Transfer to Service Centres' Accumulated Funds	(1,283,356)	(1,219,809)
At end of the financial year	<u>1,333,678</u>	<u>78,511</u>

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.

29 MWS – CSL TRUST ENDOWMENT FUND

	2022	2021
	\$	\$
At beginning of the financial year	1,496,486	1,317,198
Dividends received	68,505	61,322
Surplus for the financial year	68,505	61,322
Fair value (loss)/gain on financial assets at fair value through other comprehensive income	(14,020)	117,966
Transfer to Service Centres' Accumulated Funds	(70,000)	-
At end of the financial year	<u>1,480,971</u>	<u>1,496,486</u>

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 \$1,451,286 (2021: \$1,440,895) (Note 11) and the remainder in cash.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

30 OTHER FUNDS

2022	At			Surplus/ (deficit)	Transfer of funds	At
	1.4.2021	Receipts	Expenditure			31.3.2022
	\$	\$	\$	\$	\$	\$
General Maintenance Fund (Note 21)	1,200,000	–	–	–	100,000	1,300,000
Medifund	212,730	211,725	(238,060)	(26,335)	–	186,395
Medifund Silver	139,078	334,288	(409,825)	(75,537)	–	63,541
Financial Assistance Fund	12,677	–	–	–	–	12,677
FSC Comcare Fund	4,769	34,361	(25,127)	9,234	–	14,003
School Pocket Money Fund	26,730	50,730	(43,560)	7,170	–	33,900
	1,595,984	631,104	(716,572)	(85,468)	100,000	1,610,516

2021	At			Surplus/ (deficit)	Transfer of funds	At
	1.4.2020	Receipts	Expenditure			31.3.2021
	\$	\$	\$	\$	\$	\$
General Maintenance Fund (Note 21)	1,100,000	–	–	–	100,000	1,200,000
Medifund	173,326	280,530	(241,126)	39,404	–	212,730
Medifund Silver	143,973	383,160	(388,055)	(4,895)	–	139,078
Financial Assistance Fund	12,677	–	–	–	–	12,677
FSC Comcare Fund	7,342	40,908	(43,481)	(2,573)	–	4,769
School Pocket Money Fund	30,071	63,895	(67,236)	(3,341)	–	26,730
PLMC Immediate Fund	3,751	4,000	(7,751)	(3,751)	–	–
	1,471,140	772,493	(747,649)	24,844	100,000	1,595,984

General Maintenance Fund

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

30 OTHER FUNDS (CONT'D)

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.

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.

PLMC Immediate Fund

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

31 MANAGEMENT OF RESERVES

The reserves are not expected to exceed the equivalent of two years' expenditure of the Society and its service centres, and are maintained so as to provide working capital, and to enable the Society and its service centres to develop over the longer term. No changes are made in the objectives, policies or processes during the financial years ended 31 March 2022 and 31 March 2021. The Society's ratio of reserves is as shown below:

	2022	2021
	\$	\$
General Accumulated Fund	44,850,220	41,515,532
Service Centres' Accumulated Fund	1,645,252	7,131,599
Total Reserves ⁽¹⁾	46,495,472	48,647,131
Annual Operating Expenditure	56,773,972	49,941,413
Ratio of Reserves ⁽¹⁾ to Annual Operating Expenditure	0.82	0.97

⁽¹⁾ Reserves are income funds of the Society's that are freely available for its operating purposes and are not subject to commitments, planned expenditure and spending limits. Reserves do not include endowment funds, designated funds and other restricted funds.

32 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:

	2022	2021
	\$	\$
Purchase of Uniforms for Staff and Residents from a related party*	4,240	4,332

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

33 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 34(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:

	2022	2021
	\$	\$
<u>Classified within property, plant and equipment</u>		
Leasehold properties	1,491,552	2,422,620
Additions to leased properties	629,434	1,653,102

Amounts recognised in income or expenditure

	2022	2021
	\$	\$
<u>Depreciation charge for the financial year</u>		
Leasehold properties	1,560,502	1,478,669
Interest expense on lease liabilities	86,782	121,049
<u>Lease expense not included in the measurement of lease liabilities</u>		
Lease expense – short term leases	299,744	52,227
Lease expense – low value leases	58,633	171,026
Total (Note 9)	358,377	223,253

Total cash flow for leases amounted to \$1,716,542 (2021: \$1,309,752).

As at 31 March 2022, the Society is committed to \$41,723 (2021: \$2,902) for short-term leases.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

34 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	2022	2021
	\$	\$
<i>Financial assets</i>		
Financial assets at amortised cost	40,559,516	42,177,403
Financial assets at fair value through other comprehensive income	10,511,923	8,994,408
Financial assets at fair value through profit or loss	<u>3,948,639</u>	<u>3,731,577</u>
<i>Financial liabilities</i>		
Financial liabilities at amortised cost	<u>3,880,352</u>	<u>5,535,177</u>

(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 quality counterparties. The Society has no significant concentration of credit risk exposure.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

34 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

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

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

34 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

34 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Definition of default (cont'd)

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.

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 cost include quoted debt securities, other receivables, fixed deposits and cash and bank balances.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

34 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Financial assets at amortised cost (cont'd)

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 2022	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		\$	\$	\$
Other receivables	12-month (Exposure limited)	3,421,886	–	3,421,886
	Lifetime	5,391	(5,391)	–
Other financial assets at amortised cost	12-month (Exposure limited)	3,273,234	–	3,273,234
	Lifetime	888,791	(888,789)	2
Fixed deposits	Not applicable (Exposure limited)	19,050,000	–	19,050,000
Cash and bank balances	Not applicable (Exposure limited)	14,814,394	–	14,814,394

Society 2021	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		\$	\$	\$
Other receivables	12-month (Exposure limited)	3,073,773	–	3,073,773
	Lifetime	20,485	(20,485)	–
Other financial assets at amortised cost	12-month (Exposure limited)	4,024,734	–	4,024,734
	Lifetime	888,791	(888,789)	2
Fixed deposits	Not applicable (Exposure limited)	22,000,000	–	22,000,000
Cash and bank balances	Not applicable (Exposure limited)	13,078,894	–	13,078,894

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

34 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Financial assets at amortised cost (cont'd)

Movements in credit loss allowance are as follows:

	Other financial assets at amortised cost \$	Other receivables \$	Total \$
Society			
Balance at 1 April 2021	888,789	20,485	909,274
Loss allowance measured:			
Lifetime ECL			
Write-back of allowance	–	(15,094)	(15,094)
Balance at 31 March 2022	888,789	5,391	894,180
Balance at 1 April 2020	888,789	28,548	917,337
Loss allowance measured:			
Lifetime ECL			
– Significant increase in credit risk	–	20,485	20,485
Write-back of allowance	–	(28,548)	(28,548)
Balance at 31 March 2021	888,789	20,485	909,274

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).

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

34 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Interest rate risk (cont'd)

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

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

Liquidity risk

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

The financial liabilities of the Society as presented in the balance sheet are due within twelve months from the balance sheet date and approximate the contractual undiscounted repayment obligations. 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			
2022			
Sundry payables and accruals	2,338,975	–	2,338,975
Lease liabilities	1,435,885	138,892	1,574,777
	3,774,860	138,892	3,913,752
2021			
Sundry payables and accruals	3,061,235	–	3,061,235
Lease liabilities	1,404,064	1,164,857	2,568,921
	4,465,299	1,164,857	5,630,156

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

34 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

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 2022, 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 2022, the Society's investment in equity instruments, exchange-traded funds and investment fund placed with fund manager are \$10,511,923 (2021: \$8,994,408), \$138,290 (2021: \$Nil) and \$3,810,348 (2021: \$3,731,576) respectively. At 31 March 2022, if prices of the Society's investments increase/decrease by 10% (2021: 10%) with all other variables held constant, the Society's income or expenditure would have been \$394,864 (2021: \$373,158) higher/lower, arising as a result of higher/lower fair value gain on investment in exchange-traded funds and investment fund placed with fund manager, and the Society's fair value reserve in equity would have been \$1,051,192 (2021: \$899,441) higher, arising as a result of an increase in fair value of equity instruments.

35 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).

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

35 FAIR VALUES OF ASSETS AND LIABILITIES

(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 \$
2022			
Financial assets			
Fair value through other comprehensive income:			
– Quoted equity investments – MWS – CSL Trust Endowment Fund	1,451,286	–	1,451,286
– Quoted equity investments – Dr LCM Manpower Development Fund	839,261	–	839,261
– Quoted equity investments – Perpetual notes	–	753,198	753,198
– Quoted equity investments – Others	7,468,178	–	7,468,178
	9,758,725	753,198	10,511,923
Fair value through profit or loss:			
– Investment fund	–	3,810,348	3,810,348
– Exchange-traded funds	138,290	–	138,290
– Others	1	–	1
	138,291	3,810,348	3,948,639
2021			
Financial assets			
Fair value through other comprehensive income:			
– Quoted equity investments – MWS – CSL Trust Endowment Fund	1,440,895	–	1,440,895
– Quoted equity investments – Dr LCM Manpower Development Fund	778,642	–	778,642
– Quoted equity investments – Perpetual notes	–	513,615	513,615
– Quoted equity investments – Others	6,261,256	–	6,261,256
	8,480,793	513,615	8,994,408
Fair value through profit or loss:			
– Investment fund	–	3,731,576	3,731,576
– Others	1	–	1
	1	3,731,576	3,731,577

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

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

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

	Carrying amount \$	Fair value measurement at balance sheet date Level 2 \$
2022		
Financial assets		
Other financial assets at amortised costs		
– Debt securities	3,273,236	3,282,840
2021		
Financial assets		
Other financial assets at amortised costs		
– Debt securities	4,024,736	4,188,275

(d) Determination of fair values

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

Quoted equity investments and exchange-traded funds

The fair values of quoted equity investments and exchange-traded funds 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.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2022

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

(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.

36 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Society for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Governance dated 13 July 2022.