

The Heart of Connection

Financial Statements 2017/18



Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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Baker Tilly TFW LLP
Chartered Accountants of Singapore

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METHODIST WELFARE SERVICES STATEMENT BY THE BOARD OF GOVERNANCE

On behalf of the Board of Governance, we do hereby state that, to the best of our knowledge, the financial statements of Methodist Welfare Services (the "Society") as set out on pages 5 to 49 are properly drawn up in accordance with the Societies Act, Chapter 311, the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore so as to present fairly, in all material respects the financial position of the Society as at 31 March 2018 and of the financial performance, changes in accumulated fund and specific funds and cash flows of the Society for the financial year ended on that date.

On behalf of the Board of Governance



Rev Dr Daniel Koh Kah Soon
Chairperson



Mrs Fong Loo Fern
Honorary Treasurer

14 July 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST WELFARE SERVICES

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Methodist Welfare Services (the "Society") as set out on pages 5 to 49, which comprise the balance sheet as at 31 March 2018, and the statement of comprehensive income, statement of changes in accumulated fund and specific funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Society as at 31 March 2018 and of the financial performance, changes in accumulated fund and specific funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

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

Other Information

The Board of Governance is responsible for the other information. The other information comprises the Statement by the Board of Governance as set out on page 1, and the information included in the Annual Report 2018, 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 (CONT'D)

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST WELFARE SERVICES (CONT'D)

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

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

- 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 2018 has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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

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



Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

14 July 2018

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Unrestricted Funds \$	Restricted Funds \$	Inter-service centres elimination \$	2018 \$	(Restated) 2017 \$
Income						
Donations and fund-raising income	4	8,163,502	370,358	-	8,533,860	7,774,964
Government grants	5	13,433,425	10,030,389	-	23,463,814	17,424,902
NCSS grants		6,848	321,183	-	328,031	351,735
Programme income		2,517,955	16,894	-	2,534,849	2,225,600
Amortisation of:						
- Capital grants	15	175,332	132,699	-	308,031	74,320
- Building grants	16	303,390	-	-	303,390	303,390
Other income	6	753,968	72,166	-	826,134	1,009,433
Management fees from service centres		224,880	-	(224,880)	-	-
Total income		25,579,300	10,943,689	(224,880)	36,298,109	29,164,344
Less: Expenditure						
Expenditure on manpower	7	17,219,101	6,514,739	-	23,733,840	18,167,765
Depreciation of property, plant and equipment	9	1,392,090	400,472	-	1,792,562	1,293,184
Maintenance		2,875,396	139,380	-	3,014,776	1,959,430
General expenditure		7,045,132	1,631,510	-	8,676,642	6,255,487
Management fee charged by Headquarters		-	224,880	(224,880)	-	-
Total expenditure		28,531,719	8,910,981	(224,880)	37,217,820	27,675,866
(Deficit)/surplus for the year	8	(2,952,419)	2,032,708	-	(919,711)	1,488,478
Other comprehensive (loss)/income for the year, net of tax:						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
Fair value gains/(losses) on available-for-sale financial assets		-	(16,738)	-	(16,738)	46,412
- MWS - CSL Trust Endowment Fund		533,646	-	-	533,646	453,518
- Others		-	-	-	-	-
Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets		-	-	-	-	(20,178)
- MWS - CSL Trust Endowment Fund		(14,863)	-	-	(14,863)	(12,557)
- Others		518,783	(16,738)	-	502,045	467,195
Total comprehensive (loss)/income for the year		(2,433,636)	2,015,970	-	(417,666)	1,955,673

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

BALANCE SHEET

AT 31 MARCH 2018

	Note	2018 \$	2017 \$
Non-current assets			
Property, plant and equipment	9	9,645,030	8,980,218
Available-for-sale financial assets	10	10,050,964	8,795,508
Held-to-maturity financial assets	11	3,506,000	2,768,753
		<u>23,201,994</u>	<u>20,544,479</u>
Current assets			
Held-to-maturity financial assets	11	701,602	1,269,008
Other receivables	12	3,516,394	1,912,090
Fixed deposits	13	20,000,000	28,000,000
Cash and bank balances	14	13,206,899	9,848,194
		<u>37,424,895</u>	<u>41,029,292</u>
Total assets		<u>60,626,889</u>	<u>61,573,771</u>
Non-current liabilities			
Capital grants	15	967,036	127,600
Building grants	16	4,120,947	4,424,337
		<u>5,087,983</u>	<u>4,551,937</u>
Current liabilities			
Sundry payables and accruals	17	2,815,822	2,651,211
Deferred income	17	1,678,615	2,908,488
		<u>4,494,437</u>	<u>5,559,699</u>
Total liabilities		<u>9,582,420</u>	<u>10,111,636</u>
Net assets		<u>51,044,469</u>	<u>51,462,135</u>
Funds			
Unrestricted Funds			
General Accumulated Fund	18	33,638,331	32,393,314
Service Centres' Accumulated Funds	19	(997,245)	6,185,952
Fair Value Reserve	20	1,841,661	1,322,878
Asset Capitalisation Reserve	21	1,440,804	1,391,283
Dr LCM Manpower Development Fund	22	1,030,820	1,034,083
Social Concerns Fund	28	563,551	1,130,182
		<u>37,517,922</u>	<u>43,457,692</u>
Restricted Funds			
Service Centres' Accumulated Funds	19	9,463,829	4,332,218
Building Maintenance Fund	23	519,387	469,387
Community Outreach Project Fund	24	30,825	14,018
Community Silver Trust	25	959,376	906,020
MWS – CSL Trust Endowment Fund	26	1,285,570	1,299,586
Care & Share Grant	27	–	58,422
Other Funds	29	1,267,560	924,792
		<u>13,526,547</u>	<u>8,004,443</u>
Total funds		<u>51,044,469</u>	<u>51,462,135</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 2018

	Unrestricted Funds							
	General Accumulated Fund	Service Centres' Accumulated Funds	Fair Value Reserve	Capitalisation Reserve	Asset Reserve	Dr LCM Manpower Development Fund	Social Concerns Fund	Total Unrestricted Funds
	\$	\$	\$	\$	\$	\$	\$	\$
2017								
At 1.4.2016	30,195,541	6,843,463	881,917	498,858	1,017,292	1,652,544	41,089,615	
Surplus/(deficit) for the year (Restated)	3,306,420	(2,501,192)	-	(403,397)	16,791	(522,362)	(103,740)	
<i>Other comprehensive income/(loss) for the year, net of tax:</i>								
- Fair value gains on available-for-sale financial assets	-	-	453,518	-	-	-	453,518	
- Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets	-	-	(12,557)	-	-	-	(12,557)	
Other comprehensive income for the year, net of tax	-	-	440,961	-	-	-	440,961	
Total comprehensive income/(loss) for the year	3,306,420	(2,501,192)	440,961	(403,397)	16,791	(522,362)	337,221	
Reclassification to restricted funds	-	(305,805)	-	-	-	-	(305,805)	
Transfer of funds (Restated)	(1,108,647)	2,149,486	-	1,295,822	-	-	2,336,661	
At 31.3.2017	32,393,314	6,185,952	1,322,878	1,391,283	1,034,083	1,130,182	43,457,692	

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

STATEMENT OF CHANGES IN ACCUMULATED FUND AND SPECIFIC FUNDS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Restricted Funds							Total Restricted Funds \$	Total Funds \$
	Service Centres' Accumulated Funds \$	Building Maintenance Fund \$	Community Outreach Project Fund \$	Community Silver Trust Fund \$	CSL Trust Endowment Fund \$	MWS – Care & Share Grant \$	Other Funds \$		
2017									
At 1.4.2016	3,546,446	419,387	21,043	2,014,875	1,233,118	234,048	947,930	8,416,847	49,506,462
Surplus/(deficit) for the year (Restated)	329,461	-	(7,025)	697,686	95,234	600,000	(123,138)	1,592,218	1,488,478
<i>Other comprehensive income/(loss) for the year, net of tax:</i>									
- Fair value gains on available-for-sale financial assets	-	-	-	-	46,412	-	-	46,412	499,930
- Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets	-	-	-	-	(20,178)	-	-	(20,178)	(32,735)
Other comprehensive income for the year, net of tax	-	-	-	-	26,234	-	-	26,234	467,195
Total comprehensive income/(loss) for the year	329,461	-	(7,025)	697,686	121,468	600,000	(123,138)	1,618,452	1,955,673
Reclassification from unrestricted funds	305,805	-	-	-	-	-	-	305,805	-
Transfer of funds (Restated)	150,506	50,000	-	(1,806,541)	(55,000)	(775,626)	100,000	(2,336,661)	-
At 31.3.2017	4,332,218	469,387	14,018	906,020	1,299,586	58,422	924,792	8,004,443	51,462,135

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

STATEMENT OF CHANGES IN ACCUMULATED FUND AND SPECIFIC FUNDS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Unrestricted Funds						Total Unrestricted Funds \$
	General Accumulated Fund \$	Service Centres' Accumulated Funds \$	Fair Value Reserve \$	Capitalisation Reserve \$	Asset Development Fund \$	Social Concerns \$	
2018							
At 1.4.2017	32,393,314	6,185,952	1,322,878	1,391,283	1,034,083	1,130,182	43,457,692
Surplus/(deficit) for the year	3,040,547	(4,921,145)	-	(501,927)	(3,263)	(566,631)	(2,952,419)
<i>Other comprehensive income/ (loss) for the year, net of tax:</i>							
- Fair value gains on available-for-sale financial assets	-	-	533,646	-	-	-	533,646
- Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets	-	-	(14,863)	-	-	-	(14,863)
Other comprehensive income for the year, net of tax	-	-	518,783	-	-	-	518,783
Total comprehensive income/(loss) for the year	3,040,547	(4,921,145)	518,783	(501,927)	(3,263)	(566,631)	(2,433,636)
Reclassification to restricted funds	-	(5,127,093)	-	-	-	-	(5,127,093)
Transfer of funds	(1,795,530)	2,865,041	-	551,448	-	-	1,620,959
At 31.3.2018	33,638,331	(997,245)	1,841,661	1,440,804	1,030,820	563,551	37,517,922

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

STATEMENT OF CHANGES IN ACCUMULATED FUND AND SPECIFIC FUNDS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Restricted Funds								
	Service Centres' Accumulated Funds	Building Maintenance Fund	Community Outreach Project Fund	Community Silver Trust	CSL Trust Endowment Fund	MWS - Care & Share Grant	Other Funds	Total Restricted Funds	Total Funds
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2018									
At 1.4.2017	4,332,218	469,387	14,018	906,020	1,299,586	58,422	924,792	8,004,443	51,462,135
Surplus/(deficit) for the year	(141,272)	-	16,807	955,233	62,722	875,000	264,218	2,032,708	(919,711)
<i>Other comprehensive income/(loss) for the year, net of tax:</i>									
- Fair value gains on available-for-sale financial assets	-	-	-	-	(16,738)	-	-	(16,738)	516,908
- Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets	-	-	-	-	-	-	-	-	(14,863)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-	(16,738)	-	-	(16,738)	502,045
Total comprehensive income/(loss) for the year	(141,272)	-	16,807	955,233	45,984	875,000	264,218	2,015,970	(417,666)
Reclassification from unrestricted funds	5,127,093	-	-	-	-	-	-	5,127,093	-
Transfer of funds	145,790	50,000	-	(901,877)	(60,000)	(933,422)	78,550	(1,620,959)	-
At 31.3.2018	9,463,829	519,387	30,825	959,376	1,285,570	-	1,267,560	13,526,547	51,044,469

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 \$	(Restated) 2017 \$
Cash flows from operating activities			
(Deficit)/surplus for the year		(919,711)	1,488,478
Amortisation of:			
– Capital grants	15	(308,031)	(74,320)
– Building grants	16	(303,390)	(303,390)
Depreciation of property, plant and equipment	9	1,792,562	1,293,184
Dividend income		(266,088)	(301,837)
Gain on disposal of available-for-sale financial assets		(14,863)	(32,735)
Interest income		(503,198)	(585,707)
Impairment loss on held-to-maturity financial assets		315,150	458,640
Loss on redemption of held-to-maturity financial assets		19,509	500
Property, plant and equipment written off		2,466	2,246
Operating (deficit)/surplus before working capital changes		(185,594)	1,945,059
Receivables		(1,608,073)	(80,046)
Payables		856,866	(23,467)
Capital grants	15	1,147,467	40,581
Deferred income		(1,229,873)	2,066,720
Net cash (used in)/from operating activities		(1,019,207)	3,948,847
Cash flows from investing activities			
Dividend received		266,088	301,837
Purchase of property, plant and equipment	9	(3,152,095)	(2,117,831)
Interest received		506,967	556,809
Purchase of available-for-sale financial assets		(833,299)	(362,420)
Proceeds from disposal of available-for-sale financial assets		94,751	433,533
Proceeds from redemption of held-to-maturity financial assets		1,750,000	500,000
Purchase of held-to-maturity financial assets		(2,254,500)	(506,661)
Net cash used in investing activities		(3,622,088)	(1,194,733)
Net (decrease)/increase in cash and cash equivalents		(4,641,295)	2,754,114
Cash and cash equivalents at beginning of financial year		37,848,194	35,094,080
Cash and cash equivalents at end of financial year		33,206,899	37,848,194
Cash and cash equivalents comprise:			
Fixed deposits		20,000,000	28,000,000
Cash and bank balances		13,206,899	9,848,194
		33,206,899	37,848,194

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

1 GENERAL INFORMATION

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

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

With effect from 1 November 2017, the names of the service centres managed by the Society were changed. The new names are shown in below.

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

MWS Home Hospice (Formerly known as Agape Methodist Hospice)

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

MWS Bethany Nursing Home – Choa Chu Kang (Formerly known as Bethany Methodist Nursing Home) ("MWS BNH")

The Home provides residential quarters and rehabilitation facilities for the sick and needy requiring nursing care.

MWS Christalite Methodist Home (Formerly known as Christalite Methodist Home)

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

MWS D'Joy Children's Centre (Formerly known as D'Joy Children's Centre)

The Centre comprises childcare and student care facilities, for children of working parents.

MWS Community Services – Punggol (Formerly known as Familyworks Community Services)

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

MWS Home Care (Formerly known as HomeJoy Services)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

1 GENERAL INFORMATION (CONT'D)

MWS Nursing Home – Yew Tee (Formerly known as Methodist Welfare Services Nursing Home (Yew Tee)

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

MWS Girls' Residence (Formerly known as Residence@St George's)

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 (Formerly known as Service Planning & Development)

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

Senior Activity Centres

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

The seven senior activity centres are:

- (i) MWS Charis ACE – Geylang East (Formerly known as Charis Activity Centre for Elders)***
- (ii) MWS Senior Activity Centre – Fernvale Rivergrove (Formerly known as Senior Activity Centre – Fernvale Rivergrove)***
- (iii) MWS Senior Activity Centre – GreenTops@Sims Place (Formerly known as Senior Activity Centre – GreenTops@Sims Place)***
- (iv) MWS Senior Activity Centre – Golden Lily@Pasir Ris (Formerly known as Senior Activity Centre – Golden Lily)***
- (v) MWS Senior Activity Centre – Kebun Baru (Formerly known as Senior Activity Centre – Kebun Baru)***
- (vi) MWS Senior Activity Centre – Teck Ghee Vista (Formerly known as Senior Activity Centre – Teck Ghee Vista)***
- (vii) MWS Wesley Senior Activity Centre – Jalan Berseh (Formerly known as Wesley Seniors Activity Centre)***

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

1 GENERAL INFORMATION (CONT'D)

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 (Formerly known as Covenant Family Service Centre)*
- (ii) *MWS Family Service Centre – Yishun (Formerly known as Daybreak Family Service Centre)*
- (iii) *MWS Family Service Centre – Tampines (Formerly known as Tampines Family Service Centre)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

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

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

Use of estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

New and revised standards

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

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 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Society except as disclosed below:

FRS 115 Revenue from Contracts with Customers

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

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

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

The Society plans to adopt the new standard on the required effective date of 1 April 2018 without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening accumulated fund as at 1 April 2018.

The Board of Governance has performed a preliminary impact assessment of applying the new standard on the Society's financial statements. Based on the nature of the income of the Society for the current financial year, the Board of Governance does not anticipate that the application of FRS 115 will have a material impact on the Society's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FRS 109 Financial Instruments

FRS 109 which replaces FRS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace FRS 39 incurred loss model.

The Society plans to adopt the new standard on the required effective date of 1 April 2018 without restating prior periods' information and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of FRS 109 at the date of initial application in the opening accumulated fund and reserves as at 1 April 2018.

(a) *Classification and measurement*

Loans and receivables and held-to-maturity debt securities that are currently accounted for at amortised cost are expected to continue to be measured at amortised cost under FRS 109.

For investment fund and quoted equity investments currently classified as available-for-sale financial assets measured at fair value through other comprehensive income under FRS 39, the Society will present changes in fair value of these assets in profit or loss under FRS 109.

At 1 April 2018, the Society expects an increase in opening accumulated fund of \$1,985,401 and a corresponding decrease in fair value reserve and MWS – CSL Trust Endowment Fund of \$1,841,661 and \$143,740 respectively.

(b) *Impairment*

FRS 109 requires the Society to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Society expects to apply the simplified approach and record lifetime expected losses on all receivables.

Upon adoption of FRS 109, the Society does not expect significant impact on its financial performance or financial position due to good credit history of its debt securities, loans and trade receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Society will adopt FRS 109 when it becomes effective in financial year ending 31 March 2019. The Society is currently finalising the computation of the impact and the quantum of the final transition adjustments, which may be different upon finalisation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FRS 116 Leases

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

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Society's operating leases. At the balance sheet date, the Society has non-cancellable operating lease commitments of \$2,624,797 (2017: \$2,321,441) (Note 30(b)). The Society anticipates that the adoption of FRS 116 in the future may potentially have a material impact on the amounts reported and disclosures made in the financial statements. It is not practicable to provide a reasonable estimate of the impact of FRS 116 until the Society performs a detailed assessment. The Society is in the process of performing a detailed assessment of the impact and plans to adopt the standard on the required effective date.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) *Grants (cont'd)*

Capital grants (cont'd)

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

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

Revenue grants

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

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

(d) *Employee benefits*

Employee leave entitlement

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

Defined contribution plans

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

(e) *Income tax*

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

(f) *Property, plant and equipment*

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) *Property, plant and equipment (cont'd)*

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

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

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

(g) *Impairment of non-financial assets*

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

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

(h) *Financial assets*

Classification

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

Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Classification (cont'd)

Financial asset, held-to-maturity

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

Financial assets, available-for-sale

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

Recognition and derecognition

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

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

Initial measurement

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

Subsequent measurement

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Impairment

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

Loans and receivables

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

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

Financial assets, held-to-maturity

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

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

Financial assets, available-for-sale

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Financial assets, available-for-sale (cont'd)

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

(i) *Financial liabilities*

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

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

(j) *Provision for liabilities*

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

(k) *Asset Capitalisation Reserve*

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

(l) *Operating leases*

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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*

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

3 CRITICAL 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. The Board of Governance believes that the landlord will continue to renew the lease up to the conclusion of the 30 years because the building grants received from the Ministry of Health ("MOH") is conditional upon the Society agreeing to operate MWS BNH for 30 years.

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

At 31 March 2018, the net carrying value of the building is \$4,543,995 (2017: \$4,892,826) and the building grants balances relating to the building is \$4,120,947 (2017: \$4,424,337).

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

Had the Society depreciated the building over its 3 years lease period which commenced from 2001, the financial statements of the Society at 31 March 2018 would be revised as follows:

- the net carrying value of the building and the related building grants balances relating to the building at 31 March 2018 would be \$Nil (2017: \$Nil); and
- the depreciation expense on the building and the corresponding amortisation of building grants for the financial year would be \$Nil (2017: \$Nil).

The net positive impact on the Society's surplus for the financial year is \$45,441 (2017: \$45,441).

4 DONATIONS AND FUND-RAISING INCOME

	2018 \$	(Restated) 2017 \$
Donations:		
Tax deductible	914,343	1,065,878
Non-tax deductible	1,594,322	671,430
	2,508,665	1,737,308
Fund-raising income:		
Tax deductible	5,687,340	5,785,774
Non-tax deductible	337,855	251,882
	6,025,195	6,037,656
Total	8,533,860	7,774,964

Total tax deductible receipts issued by the Society amounting to \$6,600,763 (2017: \$6,841,602) as follows:

	2018 \$	2017 \$
Accumulated Funds	6,568,275	6,822,425
Community Outreach Project Fund (Note 24)	33,408	29,227
Less: Prior year deferred income (Note 17)	(50,420)	(60,470)
Add: Current year deferred income (Note 17)	49,500	50,420
	6,600,763	6,841,602

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

Total direct fund-raising expenses incurred by the Society amounting to \$558,260 (2017: \$466,507) and charged to:

	2018 \$	2017 \$
Accumulated Funds	558,260	466,507

Included in the total direct fund-raising expenses is expenditure of manpower of \$261,730 (2017: \$231,972).

5 GOVERNMENT GRANTS

	2018 \$	(Restated) 2017 \$
AIC grant – Project Irene	129,866	148,601
Care & Share Grant (Note 27)	875,000	600,000
Community Silver Trust grant (Note 25)	955,233	697,686
Government subvention	17,670,743	13,944,085
ILTC salary adjustment grant	1,096,868	512,383
IRAS Wage Credit and Special Employment Credit	371,783	321,217
Rental subsidy	1,108,598	587,931
Medifund Grant	413,084	82,828
Medifund Silver Grant	312,665	147,790
MSF Corporate Development grant	240,540	317,784
MSF grant – Funded Programme	143,171	788
MSF grant – Guidance Programme	–	4,350
MSF grant – Mandatory counseling & MPP	–	34,322
Nursing Home IT Enablement Grant	62,772	–
Others	10,214	251
Senior Mobility Fund	58,248	24,886
Silver Volunteer Fund	15,029	–
Total	23,463,814	17,424,902

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6 OTHER INCOME

	2018 \$	(Restated) 2017 \$
Interest income from fixed deposits and bank balances	320,802	373,583
Interest income from held-to-maturity financial assets	182,396	212,124
Dividend income from available-for-sale financial assets	266,088	301,837
Other grants	–	21,452
Gain on disposal of available-for-sale financial assets	14,863	32,735
Sundry income	41,985	67,702
	826,134	1,009,433

7 EXPENDITURE ON MANPOWER

	2018 \$	2017 \$
Salaries and related costs	20,700,111	15,705,194
CPF	2,286,952	1,743,958
Manpower contract services	76,597	167,524
Other staff benefits and training	670,180	551,089
	23,733,840	18,167,765

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

	2018 \$	2017 \$
Salaries and related costs	3,780,607	2,716,334
CPF	406,832	314,599
	4,187,439	3,030,933

Key management staff comprise Directors of Headquarters and Heads and related top key management of service centres.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

8 (DEFICIT)/SURPLUS FOR THE YEAR

This is arrived at after charging/(crediting):

	2018 \$	2017 \$
Allowance for doubtful receivables (Note 12(b))	491	12,378
Bad debts recovered	-	(600)
Bad debts written off	285,397	91,683
Food and refreshments	1,119,388	835,607
Input GST not recoverable	597,569	425,715
Impairment loss on held-to-maturity financial assets	315,150	458,640
Loss on redemption of held-to-maturity financial assets	19,509	500
Medical supplies	1,162,192	838,107
Professional fees	999,515	832,865
Property, plant and equipment written off	2,466	2,246
Rent of building, equipment and others	1,760,657	1,140,269
Repairs and maintenance	1,254,117	819,161
Specific assistance to clients	1,270,284	1,125,534
Stationery and printing	160,521	135,742
Supplies and materials	1,693,282	589,353
Utilities	556,425	447,621
Write-back of allowance for doubtful receivables (Note 12(b))	(67,731)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

9 PROPERTY, PLANT AND EQUIPMENT

	Building \$	Equipment \$	Computers \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Renovations \$	Total \$
2018							
Cost							
At 1.4.2017	10,462,931	1,663,676	807,599	656,454	431,579	5,671,549	19,693,788
Additions	-	87,102	262,815	1,152,708	208,003	749,212	2,459,840
Write-offs	-	(1,143)	-	(8,426)	(56,800)	(245,605)	(311,974)
At 31.3.2018	10,462,931	1,749,635	1,070,414	1,800,736	582,782	6,175,156	21,841,654
Accumulated depreciation							
At 1.4.2017	5,570,105	288,119	650,022	296,429	268,024	3,640,871	10,713,570
Depreciation charge	348,831	173,600	197,258	215,970	48,478	808,425	1,792,562
Write-offs	-	(1,143)	-	(5,960)	(56,800)	(245,605)	(309,508)
At 31.3.2018	5,918,936	460,576	847,280	506,439	259,702	4,203,691	12,196,624
Net carrying value							
At 31.3.2018	4,543,995	1,289,059	223,134	1,294,297	323,080	1,971,465	9,645,030
2017							
Cost							
At 1.4.2016	10,462,931	697,487	764,682	546,080	431,579	4,131,501	17,034,260
Additions	-	966,189	143,762	160,087	-	1,540,048	2,810,086
Write-offs	-	-	(100,845)	(49,713)	-	-	(150,558)
At 31.3.2017	10,462,931	1,663,676	807,599	656,454	431,579	5,671,549	19,693,788
Accumulated depreciation							
At 1.4.2016	5,221,274	155,993	622,245	254,111	224,866	3,090,209	9,568,698
Depreciation charge	348,831	132,126	128,622	89,785	43,158	550,662	1,293,184
Write-offs	-	-	(100,845)	(47,467)	-	-	(148,312)
At 31.3.2017	5,570,105	288,119	650,022	296,429	268,024	3,640,871	10,713,570
Net carrying value							
At 31.3.2017	4,892,826	1,375,557	157,577	360,025	163,555	2,030,678	8,980,218

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation of property, plant and equipment charged to:

	2018 \$	2017 \$
Accumulated Funds	1,290,635	889,787
Asset Capitalisation Reserve (Note 21)	501,927	403,397
	<u>1,792,562</u>	<u>1,293,184</u>

During the financial year, the Society acquired property, plant and equipment with an aggregate cost of \$2,459,840 (2017: \$2,810,086) of which \$2,459,840 (2017: \$2,117,831) was paid in cash and \$Nil (2017: \$692,255) remained outstanding and included in accrued operating expenses under sundry payables and accruals (Note 17) as at 31 March 2018 and 31 March 2017 respectively. The outstanding amount of \$692,255 as at 31 March 2017 has been fully paid during the financial year ended 31 March 2018.

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 \$	2017 \$
At fair value:		
Investment fund	3,545,609	3,322,745
Quoted equity investments		
– MWS – CSL Trust Endowment Fund (Note 26)	1,257,297	1,241,705
– Dr LCM Manpower Development Fund (Note 22)	643,432	570,463
– Others	4,604,626	3,660,595
	<u>10,050,964</u>	<u>8,795,508</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 \$2,341,283 (2017: \$2,341,283) to the total pooled funds. The pooled funds are primarily placed in quoted equity securities, quoted bonds and cash at bank.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

11 HELD-TO-MATURITY FINANCIAL ASSETS

	2018 \$	2017 \$
<i>Debt securities</i>		
Non-current	3,506,000	2,768,753
Current	701,602	1,269,008
	<u>4,207,602</u>	<u>4,037,761</u>

The debt securities represent bonds with fixed interest rates ranging from 2.25% to 6.50% (2017: 3.55% to 7.00%) per annum and maturity dates ranging from 23 July 2018 to 29 December 2049 (2017: 26 April 2017 to 29 December 2049).

The fair values of the debt securities at the balance sheet date totalled \$4,203,925 (2017: \$4,101,025). The fair values are determined based on market prices provided by financial institutions at the balance sheet date.

During the financial year, the Society recognised an impairment loss of \$315,150 (2017: \$458,640) for held-to-maturity financial assets in income or expenditure as there is objective evidence that these held-to-maturity financial assets are impaired.

Debt securities amounting to \$Nil (2017: \$253,900) are invested using Dr LCM Manpower Development Fund (Note 22).

12 OTHER RECEIVABLES

	2018 \$	2017 \$
Grant receivables – not past due and not impaired	1,856,880	417,902
Sundry receivables	810,518	845,263
Interest receivables	155,557	159,326
Sundry deposits	376,592	270,759
Prepayments	316,847	218,840
	<u>3,516,394</u>	<u>1,912,090</u>

(a) ***Sundry receivables comprise:***

	2018 \$	2017 \$
Not past due and not impaired	341,505	155,904
Past due but not impaired	469,013	689,359
Past due and impaired	44,896	112,136
	<u>855,414</u>	<u>957,399</u>
Allowance for doubtful receivables	(44,896)	(112,136)
	<u>810,518</u>	<u>845,263</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

12 OTHER RECEIVABLES (CONT'D)

The age analysis of sundry receivables that are past due but not impaired is as follows:

	2018 \$	2017 \$
Past due 0 to 30 days	33,989	76,003
Past due 31 to 60 days	143,157	62,854
Past due 61 days and over	291,867	550,502
	<u>469,013</u>	<u>689,359</u>

(b) *Sundry receivables are stated after making allowance for doubtful receivables as follows:*

	2018 \$	2017 \$
At beginning of the year	112,136	99,758
Allowance made	491	12,378
Write-back of allowance	(67,731)	-
At end of the year	<u>44,896</u>	<u>112,136</u>
Bad debts directly written off to income or expenditure	<u>285,397</u>	<u>91,683</u>

Sundry receivables that are individually determined to be impaired at the balance sheet date relate to receivables that are either in significant financial difficulties and have defaulted on payments or disputing the amount due.

13 FIXED DEPOSITS

All fixed deposits are placed with banks and matured within 12 months from the balance sheet date. At the balance sheet date, the interest rates of these fixed deposits ranging from 1.09% to 1.48% (2017: 0.88% to 1.70%) per annum.

14 CASH AND BANK BALANCES

	2018 \$	2017 \$
Cash on hand and at bank	12,898,058	9,417,683
Cash with broker	308,841	430,511
	<u>13,206,899</u>	<u>9,848,194</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

15 CAPITAL GRANTS

	2018 \$	2017 \$
Cost		
At beginning of the year	1,496,518	1,455,937
Grant received/receivable	1,147,467	40,581
At end of the year	<u>2,643,985</u>	<u>1,496,518</u>
Accumulated amortisation		
At beginning of the year	1,368,918	1,294,598
Amortisation	308,031	74,320
At end of the year	<u>1,676,949</u>	<u>1,368,918</u>
Net carrying value		
At end of the year	<u>967,036</u>	127,600

These are capital grants received for the purpose of:

- (a) renovation, and hostel and ward conversion, which are amortised over useful life of 5 years;
- (b) upgrading of server and data management system and purchase of computer equipments, which are amortised over useful life of 3 years; and
- (c) purchase of air conditioner and compressors, which are amortised over useful life of 10 years.

16 BUILDING GRANTS

	2018 \$	2017 \$
Cost		
At beginning and end of the year	<u>10,141,625</u>	<u>10,141,625</u>
Accumulated amortisation		
At beginning of the year	5,717,288	5,413,898
Amortisation	303,390	303,390
At end of the year	<u>6,020,678</u>	<u>5,717,288</u>
Net carrying value		
At end of the year	<u>4,120,947</u>	4,424,337

These are grants received from 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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

17 SUNDRY PAYABLES AND ACCRUALS AND DEFERRED INCOME

	2018 \$	2017 \$
Sundry payables and accruals		
Sundry payables	1,697,783	1,155,947
Accrued operating expenses	706,910	1,094,270
Residents' deposits and monies held for safekeeping	411,129	400,994
	<u>2,815,822</u>	<u>2,651,211</u>
Deferred income		
Deferred donations (net) ^(a)	51,517	78,944
Donation received from Chen Su Lan Trust ^(b)	1,627,098	1,000,000
ILTC salary adjustment grant ^(c)	–	291,643
Pre-operating funding ^(d)	–	1,537,901
	<u>1,678,615</u>	<u>2,908,488</u>

(a) Deferred donations represent net donations received for the fund-raising event MWS Golf 2018 (2017: "MWS Golf 2017") to be held on 11 July 2018 (2017: 19 July 2017). This includes tax deductible and non-tax deductible receipts of \$49,500 (2017: \$50,420) and \$2,000 (2017: \$32,000) respectively for MWS Golf 2018 (2017: "MWS Golf 2017").

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

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

(c) This is grant received from MOH to subsidise MWS Home Hospice and MWS BNH's staff salaries involved in taking care the residents that require long-term care.

(d) This is pre-operating funding received from MOH for funding expenditure on manpower and other operating expenses of MWS Nursing Home – Yew Tee which started admitting patients from August 2017.

18 GENERAL ACCUMULATED FUND

	2018 \$	2017 \$
At beginning of the year	32,393,314	30,195,541
Surplus for the year	3,040,547	3,306,420
Balance before transfers	<u>35,433,861</u>	<u>33,501,961</u>
Transfers to:		
– Service Centres' Accumulated Funds	(1,735,044)	(1,058,181)
– Other Funds – General Maintenance Fund (Note 29)	(100,000)	(100,000)
– Care & Share Grant (Note 27)	39,514	49,534
At end of the year	<u>33,638,331</u>	<u>32,393,314</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19 SERVICE CENTRES' ACCUMULATED FUNDS

2018	At 1.4.2017 \$	(Deficit)/ surplus \$	Transfer of funds \$	Reclassification \$	At 31.3.2018 \$
Funds held by service centres:					
<i>Unrestricted Funds*</i>					
MWS Home Hospice	90,902	427,894	31,821	-	550,617
MWS Bethany Nursing Home – Choa Chu Kang	1,617,704	(1,697,812)	364,985	-	284,877
MWS Charis ACE – Geylang East	(22,805)	(91,384)	58,785	-	(55,404)
MWS Christalite Methodist Home ("MWS CMH")**	5,127,093	-	-	(5,127,093)	-
MWS D'Joy Children's Centre	(2,018)	(157,099)	187,099	-	27,982
MWS Community Services – Punggol	(11,854)	(173,634)	163,634	-	(21,854)
MWS Home Care	(329,746)	(359,232)	3,602	-	(685,376)
MWS Girls' Residence	(133,604)	(437,262)	445,204	-	(125,662)
MWS Senior Activity Centre – Fernvale Rivergrove	(51,459)	(195,119)	145,117	-	(101,461)
MWS Senior Activity Centre – GreenTops @ Sims Place	(10,189)	(226,880)	216,878	-	(20,191)
MWS Senior Activity Centre – Golden Lily @ Pasir Ris	(23,495)	(128,555)	127,788	-	(24,262)
MWS Senior Activity Centre – Kebun Baru	(17,073)	(228,566)	203,567	-	(42,072)
MWS Senior Activity Centre – Teck Ghee Vista	(75,315)	(100,398)	139,535	-	(36,178)
MWS Family Development Programme	32,807	(326,669)	8,226	-	(285,636)
MWS Nursing Home – Yew Tee	(4,996)	(1,226,429)	768,800	-	(462,625)
	6,185,952	(4,921,145)	2,865,041	(5,127,093)	(997,245)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19 SERVICE CENTRES' ACCUMULATED FUNDS (CONT'D)

2018	At 1.4.2017 \$	(Deficit)/ surplus \$	Transfer of funds \$	Reclassification \$	At 31.3.2018 \$
Funds held by service centres: (cont'd)					
<i>Restricted Funds</i>					
MWS Covenant Family Service Centre – Hougang	256,937	(148,547)	73,139	–	181,529
MWS Family Service Centre – Yishun	1,426,284	100,152	7,062	–	1,533,498
MWS Family Service Centre – Tampines	2,312,125	195,296	22,022	–	2,529,443
MWS Wesley Senior Activity Centre – Jalan Berseh (“MWS Wesley SAC - Jalan Berseh”)	336,872	(17,477)	43,567	–	362,962
MWS Christalite Methodist Home (“MWS CMH”)**	–	(270,696)	–	5,127,093	4,856,397
	<u>4,332,218</u>	<u>(141,272)</u>	<u>145,790</u>	<u>5,127,093</u>	<u>9,463,829</u>
Total	<u>10,518,170</u>	<u>(5,062,417)</u>	<u>3,010,831</u>	<u>–</u>	<u>8,466,584</u>

* Service Centres' Accumulated Funds classified under unrestricted funds represent funds that have been received specifically for the respective Service Centres' programmes. These funds 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.

** During the financial year ended 31 March 2018, the Society reclassified the accumulated fund of MWS CMH from “unrestricted” to “restricted” with effect from 1 April 2017. This accumulated fund has been restricted to the use of the MWS CMH as stipulated in the Ministry of Social and Family Development funding agreement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19 SERVICE CENTRES' ACCUMULATED FUNDS (CONT'D)

2017	At 1.4.2016 \$	(Deficit)/ surplus \$	Transfer of funds \$	Reclassification \$	At 31.3.2017 \$
Funds held by service centres:					
<i>Unrestricted Funds</i>					
MWS Home Hospice	34,721	2,759	53,422	-	90,902
MWS Bethany Nursing Home – Choa Chu Kang	1,442,304	(77,197)	252,597	-	1,617,704
MWS Charis ACE – Geylang East	49,622	(132,000)	59,573	-	(22,805)
MWS Christalite Methodist Home	5,081,083	46,010	-	-	5,127,093
MWS D'Joy Children's Centre	2,563	(149,661)	145,080	-	(2,018)
MWS Community Services – Punggol	216	(78,900)	66,830	-	(11,854)
MWS Home Care	(43,372)	(294,260)	7,886	-	(329,746)
MWS Girls' Residence	(82,689)	(422,524)	371,609	-	(133,604)
MWS Senior Activity Centre – Fernvale Rivergrove	(1,459)	(285,343)	235,343	-	(51,459)
MWS Senior Activity Centre – GreenTops @ Sims Place	(189)	(246,162)	236,162	-	(10,189)
MWS Senior Activity Centre – Golden Lily @ Pasir Ris	-	(23,495)	-	-	(23,495)
MWS Senior Activity Centre – Kebun Baru	-	(17,073)	-	-	(17,073)
MWS Senior Activity Centre – Teck Ghee Vista	-	(238,894)	163,579	-	(75,315)
MWS Family Development Programme	54,858	(354,456)	332,405	-	32,807
MWS Wesley Senior Activity Centre – Jalan Berseh	305,805	-	-	(305,805)	-
MWS Nursing Home Yew Tee	-	(229,996)	225,000	-	(4,996)
	6,843,463	(2,501,192)	2,149,486	(305,805)	6,185,952

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19 SERVICE CENTRES' ACCUMULATED FUNDS (CONT'D)

2017	At 1.4.2016 \$	(Deficit)/ surplus \$	Transfer of funds \$	Reclassification \$	At 31.3.2017 \$
Funds held by service centres: (cont'd)					
<i>Restricted Funds</i>					
MWS Covenant Family Service Centre – Hougang	353,822	(169,759)	72,874	–	256,937
MWS Family Service Centre – Yishun	1,219,087	192,730	14,467	–	1,426,284
MWS Family Service Centre – Tampines	1,973,537	310,821	27,767	–	2,312,125
MWS Wesley Senior Activity Centre – Jalan Berseh	–	(4,331)	35,398	305,805	336,872
	3,546,446	329,461	150,506	305,805	4,332,218
Total	10,389,909	(2,171,731)	2,299,992	–	10,518,170

* During the financial year ended 31 March 2017, the Society reclassified the accumulated fund of MWS Wesley SAC – Jalan Berseh from “unrestricted” to “restricted” with effect from 1 April 2016. This accumulated fund has been restricted to the use of the programmes within MWS Wesley SAC – Jalan Berseh as stipulated in the Ministry of Social and Family Development funding agreement.

20 FAIR VALUE RESERVE

The reserve represents changes in the fair value of available-for-sale financial assets.

21 ASSET CAPITALISATION RESERVE

	2018 \$	2017 \$
At beginning of the year	1,391,283	498,858
Depreciation of property, plant and equipment (Note 9)	(501,927)	(403,397)
Deficit for the year	(501,927)	(403,397)
Balance before transfer	889,356	95,461
Transfer from Community Silver Trust (Note 25)	474,460	1,214,126
Transfer from Care & Share Grant (Note 27)	55,538	81,696
Transfer from Other Funds – Fixed Asset Fund (Note 29)	21,450	–
At end of the year	1,440,804	1,391,283

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

22 DR LCM MANPOWER DEVELOPMENT FUND ("LCM FUND")

	2018 \$	2017 \$
At beginning of the year	1,034,083	1,017,292
Dividends received	24,548	29,175
Interest received	9,125	9,150
Expenditure	(36,936)	(21,534)
(Deficit)/surplus for the year	(3,263)	16,791
At end of the year	1,030,820	1,034,083

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 \$643,432 (2017: \$570,463) (Note 10), debt securities at cost of \$Nil (2017: \$253,900) (Note 11) and the remainder in cash.

23 BUILDING MAINTENANCE FUND

	2018 \$	2017 \$
At beginning of the year	469,387	419,387
Transfer from Service Centres' Accumulated Funds	50,000	50,000
At end of the year	519,387	469,387

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

24 COMMUNITY OUTREACH PROJECT FUND

	2018 \$	2017 \$
At beginning of the year	14,018	21,043
Receipts	33,413	29,327
Expenditure	(16,606)	(36,352)
Surplus/(deficit) for the year	16,807	(7,025)
At end of the year	30,825	14,018

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

24 COMMUNITY OUTREACH PROJECT FUND (CONT'D)

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

Included in receipts are tax deductible and non-tax deductible receipts of \$33,408 (2017: \$29,227) and \$5 (2017: \$100) respectively for the community outreach projects.

25 COMMUNITY SILVER TRUST

	2018 \$	2017 \$
At beginning of the year	906,020	2,014,875
Grants received	955,233	697,686
Surplus for the year	955,233	697,686
Balance before transfer	1,861,253	2,712,561
Transfer to Asset Capitalisation Reserve (Note 21)	(474,460)	(1,214,126)
Transfer to Service Centres' Accumulated Funds	(427,417)	(592,415)
At end of the year	959,376	906,020

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

26 MWS – CSL TRUST ENDOWMENT FUND

	2018 \$	2017 \$
At beginning of the year	1,299,586	1,233,118
Dividend received	62,722	75,056
Gain on disposal of available-for-sale financial assets	–	20,178
Surplus for the year	62,722	95,234
Fair value (losses)/gains on available-for-sale financial assets	(16,738)	46,412
Reclassification of fair value reserve to profit or loss on disposal of available-for-sale financial assets	–	(20,178)
Transfer to Service Centres' Accumulated Funds	(60,000)	(55,000)
At end of the year	1,285,570	1,299,586

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

26 MWS – CSL TRUST ENDOWMENT FUND (CONT'D)

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 \$1,257,297 (2017: \$1,241,705) (Note 10) and the remainder in cash.

27 CARE & SHARE GRANT

	2018 \$	2017 \$
At beginning of the year	58,422	234,048
Grants received/receivables	875,000	600,000
Surplus for the year	875,000	600,000
Balance before transfer	933,422	834,048
Transfer to Asset Capitalisation Reserve (Note 21)	(55,538)	(81,696)
Transfer to General Accumulated Fund (Note 18)	(39,514)	(49,534)
Transfer to Service Centres' Accumulated Funds	(838,370)	(644,396)
At end of the year	–	58,422

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

28 SOCIAL CONCERNS FUND

	2018 \$	2017 \$
At beginning of the year	1,130,182	1,652,544
Receipts	–	–
Expenditure	(566,631)	(522,362)
Deficit for the year	(566,631)	(522,362)
At end of the year	563,551	1,130,182

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

29 OTHER FUNDS

2018	At 1.4.2017 \$	Receipts \$	Expenditure \$	Surplus/ (deficit) \$	Transfer of funds \$	At 31.3.2018 \$
General Maintenance Fund (Note 18)	800,000	-	-	-	100,000	900,000
Medifund	3,356	413,084	(186,952)	226,132	-	229,488
Medifund Silver	3,174	312,665	(269,949)	42,716	-	45,890
Financial Assistance Fund	12,780	-	(808)	(808)	-	11,972
FSC Comcare Fund	17,846	21,394	(19,054)	2,340	-	20,186
Fixed Asset Fund (Note 21)	21,450	-	-	-	(21,450)	-
School Pocket Money Fund	47,501	63,921	(70,357)	(6,436)	-	41,065
Staff Crisis Fund	17,170	500	(500)	-	-	17,170
PLMC Immediate Fund	1,515	8,000	(7,726)	274	-	1,789
	924,792	819,564	(555,346)	264,218	78,550	1,267,560

2017	At 1.4.2016 \$	Receipts \$	Expenditure \$	Surplus/ (deficit) \$	Transfer of funds \$	At 31.3.2017 \$
General Maintenance Fund (Note 18)	700,000	-	-	-	100,000	800,000
Medifund	17,046	82,828	(116,069)	(33,241)	19,551	3,356
Medifund Silver	77,463	147,790	(202,528)	(54,738)	(19,551)	3,174
Financial Assistance Fund	12,583	800	(603)	197	-	12,780
FSC Comcare Fund	21,549	17,701	(21,404)	(3,703)	-	17,846
Fixed Asset Fund (Note 21)	15,000	6,450	-	6,450	-	21,450
School Pocket Money Fund	85,182	84,729	(122,410)	(37,681)	-	47,501
Staff Crisis Fund	17,170	-	-	-	-	17,170
PLMC Immediate Fund	1,937	6,813	(7,235)	(422)	-	1,515
	947,930	347,111	(470,249)	(123,138)	100,000	924,792

Included in receipts are as follows:

	2018 \$	2017 \$
Medifund Grant	413,084	82,828
Medifund Silver Grant	312,665	147,790
NCSS grants	85,815	102,430
Donations (Non-tax deductible)	8,000	14,063
	819,564	347,111

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

29 OTHER FUNDS (CONT'D)

General Maintenance Fund

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

Medifund

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

Medifund Silver

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

Financial Assistance Fund

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

FSC Comcare Fund

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

Fixed Asset Fund

This fund is set up for cyclical maintenance and renovation.

School Pocket Money Fund

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

Staff Crisis Fund

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

PLMC Immediate Fund (Formerly known as Walk in the Needy Fund)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

30 COMMITMENTS

(a) Capital commitments

Capital commitments not provided for in the financial statements:

	2018 \$	2017 \$
Capital commitments in respect of property, plant and equipment	<u>86,730</u>	<u>189,505</u>

(b) Operating lease commitment

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

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

	2018 \$	2017 \$
Within 1 year	1,417,337	867,622
Within 2 to 5 years	<u>1,207,460</u>	<u>1,453,819</u>
	<u>2,624,797</u>	<u>2,321,441</u>

Minimum lease payments recognised as an expenditure in income or expenditure for the financial year ended 31 March 2018 amounted to \$1,760,658 (2017: \$786,871).

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 2018 and 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

32 SIGNIFICANT RELATED PARTY TRANSACTION

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:

	2018 \$	2017 \$
Purchase of Uniforms for Staff and Residents from a related party*	<u>50,218</u>	–

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

33 FINANCIAL INSTRUMENTS

(a) *Categories of financial instruments*

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

	2018 \$	2017 \$
<i>Financial assets</i>		
Other receivables	3,199,547	1,693,250
Fixed deposits	20,000,000	28,000,000
Cash and bank balances	13,206,899	9,848,194
Loans and receivables	<u>36,406,446</u>	39,541,444
Available-for-sale financial assets	<u>10,050,964</u>	8,795,508
Held-to-maturity financial assets	<u>4,207,602</u>	4,037,761
<i>Financial liabilities</i>		
Financial liabilities at amortised cost – sundry payables and accruals	<u>2,402,413</u>	2,236,211

(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 risks exposure.

Foreign exchange risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

33 FINANCIAL INSTRUMENTS (CONT'D)

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

Credit risk

The Society's exposure to credit risk arises primarily from available-for-sale financial assets, held-to-maturity financial assets, sundry receivables, fixed deposits and cash and bank balances. The Society has no significant concentration of credit risk exposure. The maximum exposure to credit risk is represented by the carrying value of each class of financial assets recognised in the balance sheet.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due and/or impaired

Information regarding financial assets that are either past due and/or impaired is disclosed in Notes 11 and 12.

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 held-to-maturity financial assets and fixed deposits.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

33 FINANCIAL INSTRUMENTS (CONT'D)

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

Liquidity risk

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

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

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Society is exposed to changes in market price arising from its investment in quoted instruments. These instruments are classified as available-for-sale financial assets. The Society does not have exposure to commodity price risk.

At 31 March 2018, the Society's investment in available-for-sale is \$10,050,964 (2017: \$8,795,508). A 10% increase/(decrease) in the underlying market prices at the balance sheet date would increase/(decrease) the other comprehensive income by \$1,005,096 (2017: \$879,551).

This analysis assumes that all other variables remain constant.

34 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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

(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 \$
2018	
Financial assets	
Available-for-sale financial assets:	
– investment fund	3,545,609
– quoted equity investments – MWS – CSL Trust Endowment Fund	1,257,297
– quoted equity investments – Dr LCM Manpower Development Fund	643,432
– quoted equity investments – Others	4,604,626
	<u>10,050,964</u>
2017	
Financial assets	
Available-for-sale financial assets:	
– investment fund	3,322,745
– quoted equity investments – MWS – CSL Trust Endowment Fund	1,241,705
– quoted equity investments – Dr LCM Manpower Development Fund	570,463
– quoted equity investments – Others	3,660,595
	<u>8,795,508</u>

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

	Carrying amount \$	Fair value measurement at balance sheet date Level 2 \$
2018		
Financial assets		
Held-to-maturity financial assets		
– Debt securities	4,207,602	4,203,925
		<u>4,203,925</u>
2017		
Financial assets		
Held-to-maturity financial assets		
– Debt securities	4,037,761	4,101,025
		<u>4,101,025</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

(d) *Determination of fair values*

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

Quoted equity investments and investment fund

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

Debt securities

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

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

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

35 COMPARATIVE FIGURES

Certain reclassifications have been made to the previous year's financial statements to enhance comparability with the current year's financial statements. Income and expenditure of specific funds are now presented on the statement of comprehensive income and net surplus/deficit from all funds are now presented on the statement of cash flows to conform to the current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

35 COMPARATIVE FIGURES (CONT'D)

As a result, certain line items have been amended on the statement of comprehensive income and the statement of cash flows for the previous financial year ended 31 March 2017. The items were reclassified as follows:

	As previously reported \$	Amount reclassified \$	As reclassified \$
<i>Statement of Comprehensive Income for the financial year ended 31 March 2017</i>			
Donations and fund-raising income	7,731,574	43,390	7,774,964
Government grants	17,182,943	241,959	17,424,902
NCSS grants	249,305	102,430	351,735
Other income	930,874	78,559	1,009,433
Total income	28,698,006	466,338	29,164,344
Depreciation of property, plant and equipment	889,787	403,397	1,293,184
General expenditure	5,204,990	1,050,497	6,255,487
Total expenditure	26,221,972	1,453,894	27,675,866
Surplus for the year	2,476,034	(987,556)	1,488,478
(Deficit)/surplus from funds	(987,556)	987,556	-
<i>Statement of Cash Flows for the financial year ended 31 March 2017</i>			
Net cash from operating activities	4,666,565	(717,718)	3,948,847
Net cash used in investing activities	(1,308,114)	113,381	(1,194,733)
Net cash used in fund	(604,337)	604,337	-

The reclassification did not have any effect on the total comprehensive income, statement of changes in members' funds for the financial year ended 31 March 2017 and the balance sheet as at 31 March 2017.

36 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Society for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Governance dated 14 July 2018.

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MWS is a member of NCSS.

IPC REGISTRATION NO: IPC000360

CHARITY REGISTRATION NO: 00166

UEN: S81SS 0088H

BANK: The Development Bank of Singapore Limited

AUDITOR: Baker Tilly TFW LLP

PRO BONO LEGAL SERVICE PROVIDER: Drew & Napier LLC



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