

**KAMPUNG SENANG CHARITY
AND EDUCATION FOUNDATION**

[Unique Entity No. S99SS0044C]

[IPC No. IPC000198]

[Registered under the Registrar of Societies]

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2012**

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STATEMENT BY MANAGEMENT COMMITTEE

In the opinion of the Management Committee,

- a) the financial statements as set out on pages 5 to 23 are drawn up so as to give a true and fair view of the state of affairs of the Society at 30 September 2012, and of the results of the financial activities and changes in cash flows of the Society for the financial year then ended; and
- b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, authorised the issue of these financial statements on

18 DEC 2012

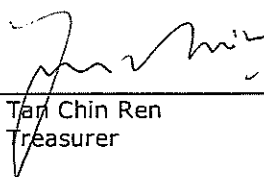
Swee Yong Peng
Kong Kian Hau
Koh Tieh Koun
Tan Chin Ren
Tan Lee Cher
Lye Geok Choo, Joyce
Lim Hui Ling
Phua Luck Kheng
Lai Sheau Wen
Kang Zhen Qing
George Martin Jacobs
Lee Chwee Hoe, Florence
Low Kim On, James
Low Siew Kiang
Huang Ding Yin
Woo Chong Weng

President
Vice President
Honorary Secretary
Honorary Treasurer
Honorary Assistant Treasurer
Committee Member
Committee Member
Committee Member
Committee Member
Committee Member
Committee Member
Committee Member
Committee Member
Committee Member
Committee Member
Committee Member

On behalf of the Management Committee,



Swee Yong Peng
President



Tan Chin Ren
Treasurer

Singapore, **18 DEC 2012**

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Independent auditors' report to the members of:

KAMPUNG SENANG CHARITY AND EDUCATION FOUNDATION

[Unique Entity No. S99SS0044C]
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We have audited the accompanying financial statements of **Kampung Senang Charity and Education Foundation** (the "Society") set out on pages 5 to 23, which comprise the statement of financial position as at 30 September 2012, the statement of financial activities and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of financial activities and statement of financial position and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Fiducia LLP

Certified Public Accountants, Singapore

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(CONT'D)

Independent auditors' report to the members of:

KAMPUNG SENANG CHARITY AND EDUCATION FOUNDATION

[Unique Entity No. S99SS0044C]
[IPC No. IPC000198]
[Registered under the Registrar of Societies]

Opinion

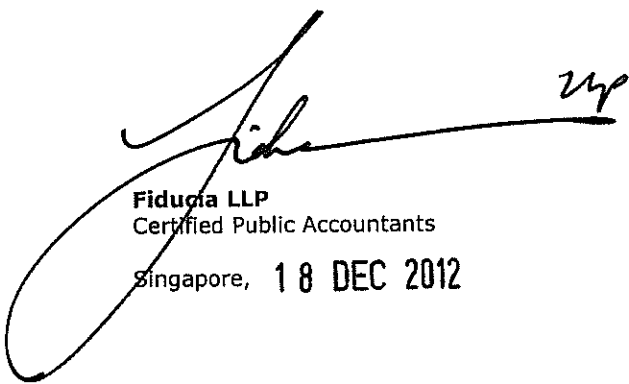
In our opinion, the financial statements of the Society are properly drawn up in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 30 September 2012, and the results and cash flows of the Society for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Society have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing has come to our attention that the 30% cap mentioned in Regulation 15 (1) of the Charities Act, Cap. 37 (Institutions of a Public Character) Regulations 2007 and as amended by Charities (Institutions of a Public Character) (Amendments) Regulations 2008; has been exceeded.

During the course of our audit, nothing has come to our attention that donation moneys are used for disbursements other than those in accordance with the objectives of the Society.



Fiducia LLP
Certified Public Accountants
Singapore, 18 DEC 2012

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	Note	2012 S\$	2011 S\$
ASSETS			
Current assets			
Cash and cash equivalents	4	834,866	581,749
Other receivables	5	<u>71,264</u>	<u>20,747</u>
		<u>906,130</u>	<u>602,496</u>
Non-current assets			
Held-to-maturity investments	6	439,500	339,500
Property, plant and equipment	7	<u>50,623</u>	<u>55,163</u>
		<u>490,123</u>	<u>394,663</u>
Total assets		<u>1,396,253</u>	<u>997,159</u>
LIABILITIES			
Current liabilities			
Accruals and other payables	8	<u>122,009</u>	<u>112,267</u>
Total liabilities		<u>122,009</u>	<u>112,267</u>
NET ASSETS		<u>1,274,244</u>	<u>884,892</u>
ACCUMULATED GENERAL FUNDS		<u>1,274,244</u>	<u>884,892</u>

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 S\$	2011 S\$
INCOME			
Income from generating funds			
– Voluntary income	9	1,194,122	951,784
Income from charitable activities	9	342,990	306,130
Other income	9	148,561	134,164
		<u>1,685,673</u>	<u>1,392,078</u>
LESS: EXPENDITURES			
Costs of generating funds	10	51,485	73,168
Costs of charitable activities	10	905,196	840,485
Governance and administrative costs	10	339,640	376,274
		<u>1,296,321</u>	<u>1,289,927</u>
NET INCOME		389,352	102,151
ACCUMULATED GENERAL FUNDS BROUGHT FORWARD		<u>884,892</u>	<u>782,741</u>
ACCUMULATED GENERAL FUNDS CARRIED FORWARD		<u>1,274,244</u>	<u>884,892</u>

No separate statement of changes in funds has been prepared as the accumulated general funds would have been the only component of this statement.

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 S\$	2011 S\$
Cash flows from operating activities			
Net income		389,352	102,151
Adjustments for:			
- Depreciation	7	38,147	32,900
- Gain on disposal of property, plant and equipment		(800)	0
- Interest income	9	(669)	(951)
- Property, plant and equipment written off	10	0	5,437
Operating cash flow before working capital changes		426,030	139,537
Changes in operating assets and liabilities:			
- Other receivables		(50,517)	(2,416)
- Accruals and other payables		9,742	23,603
Net cash provided by operating activities		385,255	160,724
Cash flows from investing activities			
Interest received		669	598
Increase on held-to-maturity investments		0	(6,000)
Purchase of held-to-maturity investments	6	(100,000)	(139,500)
Purchases of property, plant and equipment	7	(33,607)	(18,513)
Proceeds from disposal of property, plant and equipment		800	0
Proceeds from held-to-maturity investments		0	39,500
Net cash used in investing activities		(132,138)	(123,915)
Net increase in cash and cash equivalents		253,117	36,809
Cash and cash equivalents at beginning of financial year		581,749	544,940
Cash and cash equivalents at end of financial year		834,866	581,749
Cash and cash equivalents comprise:			
Cash on hand	4	7,611	3,230
Cash in banks	4	726,452	478,069
Fixed deposits	4	100,803	100,450
		834,866	581,749

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2012

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

1. General information

Kampung Senang Charity and Education Foundation ("the Society") operates in the Republic of Singapore. The registered office of the Society is located at 88 Bright Hill Road, Singapore 574117. The principal places of activities of the Society are located at:

- a) Block 840 Tampines Street 82, #01-111, Singapore 520840;
- b) Block 254 Tampines Street 21, #01-464, Singapore 521254;
- c) Block 141 Lorong Ah Soo, #01-253, Singapore 530141;
- d) 17J Jalan Hock Chye, Singapore 538203; and
- e) Block 106 Aljunied Crescent, #01-205, Singapore 380106

The objectives of the Society are to serve people and care for mother earth in the spirit of love, compassion, commitment and belief in humanity.

The Society is registered as a society under the Societies Act [Cap. 311] on 11 February 1999 and as a charity organisation under Charities Act, Chapter 37 on 16 June 1999.

The Society has been accorded an Institution of a Public Character ("IPC") status for the period from 1 October 2011 to 30 September 2013.

These financial statements are presented in Singapore Dollar (S\$), which is the Society's functional currency.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard ("FRS") and the disclosure requirements of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2011

The Society has adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. Changes to the Society's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The following are the FRS and INT FRS that are relevant to the Society:

<u>FRS</u>	<u>Effective date</u>	<u>Title</u>
FRS 1	1.1.2009	Presentation of financial statements
FRS 7	1.1.2009	Cash flow statements
FRS 8	1.1.2009	Accounting policies, changes in accounting estimates and errors
FRS 10	1.1.2007	Events after the balance sheet date
FRS 16	1.1.2009	Property, plant and equipment
FRS 17	1.1.2007	Leases
FRS 18	1.1.2005	Revenue
FRS 19	1.1.2009	Employee benefits
FRS 20	1.1.2005	Accounting for government grants and disclosure of government assistance
FRS 24	1.1.2011	Related party disclosures
FRS 32	1.2.2007	Financial instruments: Presentation
FRS 32	1.2.2009	Financial instruments: Presentation (Amendments)
FRS 36	1.1.2009	Impairment of assets
FRS 37	1.1.2006	Provisions, contingent liabilities and contingent assets
FRS 39	1.1.2005	Financial instruments: Recognition and measurement
FRS 107	1.1.2009	Financial instruments: Disclosures

The adoption of the above revised FRS did not result in any substantial changes to the Society's accounting policies.

2.2 Income recognition

Income comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Society's activities. Income is recognised as follows:

- 2.2.1 Donations are recognised in the statement of financial activities upon receipt. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.
- 2.2.2 Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all related conditions will be complied with.
- 2.2.3 Income from services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.
- 2.2.4 Interest income is recognised on a time-proportion basis using the effective interest method.
- 2.2.5 Other income is recognised when incurred.

2. Significant accounting policies (Cont'd)

2.3 Expenditure recognition

All expenditures are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.3.1 Cost of generating funds from fund-raising activities

Costs that are directly attributable to the fund-raising activities are separated from those costs incurred in undertaking charitable activities.

2.3.2 Cost of charitable activities

Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Society. The total costs of charitable expenditure are apportionment of overhead and shared costs.

2.3.3 Governance and administrative costs

Governance costs include the costs of governance arrangement, which relate to the general running of the Society, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2.4 Property, plant and equipment

2.4.1 Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.4.2 Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
General equipment	3 years
Computer and software	3 years
Furniture and fittings	3 years
Renovations	3 years
Vehicle	5 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision of the residual values and useful lives are included in the statement of financial activities for the financial year in which the changes arise.

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenditures in the statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities.

2.5 Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

An impairment loss for an asset is reversed if; there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

2.6 Financial assets

2.6.1 The Society classifies its financial assets in the following category: loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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 reporting date, which are classified as non-current assets. Loans and receivables are classified within "Other receivables" and "Cash and cash equivalents" on the statement of financial position.

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

2.6.1 Classification (Cont'd)

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Society's management has the positive intention and ability to hold to maturity. If the Society were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the reporting date, which are presented as current assets.

2.6.2 Recognition and derecognition

Usual 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 sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the statement of financial activities. Any amount in the fair value reserve relating to that asset is also taken to the statement of financial activities.

2.6.3 Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through the profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenditures.

2.6.4 Subsequent measurement

Loans and receivables and financial assets, held-to maturity is subsequently carried at amortised cost using the effective interest method.

2.6.5 Impairment

The Society assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

An allowance for impairment of loans and receivables including other receivables and held-to-maturity investments are 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 or investments.

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

2.6.5 Impairment (Cont'd)

The amount of the allowance 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 amount becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in statement of financial activities.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment losses decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the recognised cost had no impairment been recognised in prior periods.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand, and deposits with financial institutions, which are subject to an insignificant risk of change in value.

2.8 Financial liabilities

Financial liabilities are recognised when the Society becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include "Accruals and other payables".

Financial liabilities are derecognised when the obligations under the liability is discharged, cancelled or expires. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.9 Accruals and other payables

Accruals and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.10 Provisions

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.11 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values due to their short-term nature.

2. Significant accounting policies (Cont'd)

2.12 Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Management Committee. Externally restricted funds may only be utilised in accordance with the purposes for which they are established. The Management Committee retains full control over the use of unrestricted funds for any of the Society's purposes. There is no restricted fund at the end of the financial year.

2.13 Leases

Leases of assets in which a significant portion of the risks and rewards of 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 the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as expenditure in the period in which termination takes place.

Rental on operating lease is charged to statement of financial activities. Contingent rents are recognised as expenditure in the statement of financial activities in the financial year in which they are incurred.

2.14 Employee compensation

2.14.1 Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid. The Society's contribution to defined contribution plans are recognised as employee compensation expenditure when they are due.

2.14.2 Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2.15 Related parties

Related parties are entities with one or more common management committee members. Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial and operating decisions.

3. Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical judgments in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated useful lives of property, plant and equipment

The Society reviews annually the estimated useful lives of property, plant and equipment based on factors such as operating plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.

Allowance for impairment of receivables

The Society reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluates the risks of collection according to the credit standing and collection history of individual client. If there are indications that the financial position of a client has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

4. Cash and cash equivalents

	2012 S\$	2011 S\$
Cash on hand	7,611	3,230
Cash in banks	726,452	478,069
Fixed deposits	<u>100,803</u>	<u>100,450</u>
	<u>834,866</u>	<u>581,749</u>

Fixed deposits with interest rate of 0.75% (2011: 0.35%) per annum are placed and will mature within one year (2011: within one year).

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair values.

5. Other receivables

	2012 S\$	2011 S\$
Deposits paid	17,209	16,629
Dividend receivable	6,442	0
Interest receivable	159	353
Prepayment	21,495	125
Staff loan	0	300
Sundry receivable	<u>25,959</u>	<u>3,340</u>
	<u>71,264</u>	<u>20,747</u>

At the reporting date, the carrying amounts of other receivables approximated their fair values.

6. Held-to-maturity investments

	2012 S\$	2011 S\$
NTUC Capital Plus Policy	139,500	139,500
NTUC Life Assured	200,000	200,000
Step up fixed deposit	<u>100,000</u>	<u>0</u>
	<u>439,500</u>	<u>339,500</u>

On a meeting dated 10 October 2012, the Management Committee approved the investment of S\$100,000 on step up fixed deposit with a certain bank for a period of two (2) years from 15 August 2012 to 15 August 2014.

On a meeting dated 13 July 2011, the Management Committee approved the investment of part of the total funds raised from the Boundless Love Gala Dinner amounting to S\$100,000 on NTUC Capital Plus Policy.

On a meeting dated 26 May 2010, the Management Committee approved that two (2) keymen insurance policies will be taken out to insure the lives of co-founders. The insurance was issued on 26 August 2010. At the end of the contract term of 5 years, the insurer will pay the sum assured amounting to S\$210,421 with the bonus, provided that there has been no death or total and permanent disability of the insured. The 2 keymen insurance is assigned to the Society.

6. Held-to-maturity investments (Cont'd)

On a meeting dated 30 December 2007, the Management Committee approved that an investment of S\$20,000 and a monthly contribution of S\$500 be made with Aviva Ltd. in the above named unit trust account for at least 5 years. The investment account was duly opened on 2 June 2008. This unit trust invests in Asian and Global equities funds. Capital gains arising from this investment will be used to reward staffs with long-service awards. On a meeting dated 13 July 2011, the Management Committee approved the reinvestment of this account amounting to S\$39,500 to NTUC Capital Plus Policy. No adjustment has been made for the shortfall in value of this investment due to its short-term fluctuation nature.

7. Property, plant and equipment

2012	General equipment S\$	Computer and software S\$	Furniture and fittings S\$	Renovations S\$	Vehicle S\$	Total S\$
Cost						
Beginning of financial year	96,045	43,033	74,393	86,987	162,066	462,524
Additions	13,522	2,645	0	5,600	11,840	33,607
Disposals	(18,264)	0	(650)	0	(43,700)	(62,614)
Balance at end of year	<u>91,303</u>	<u>45,678</u>	<u>73,743</u>	<u>92,587</u>	<u>130,206</u>	<u>433,517</u>
Accumulated depreciation						
Beginning of financial year	94,001	25,666	69,437	78,317	139,940	407,361
Depreciation charge	1,619	12,769	1,825	4,855	17,079	38,147
Disposals	(18,264)	0	(650)	0	(43,700)	(62,614)
Balance at end of year	<u>77,356</u>	<u>38,435</u>	<u>70,612</u>	<u>83,172</u>	<u>113,319</u>	<u>382,894</u>
Net book value	<u>13,947</u>	<u>7,243</u>	<u>3,131</u>	<u>9,415</u>	<u>16,887</u>	<u>50,623</u>

2011	General equipment S\$	Computer and software S\$	Furniture and fittings S\$	Renovations S\$	Vehicle S\$	Total S\$
Cost						
Beginning of financial year	117,388	46,514	77,066	80,487	216,640	538,095
Additions	2,583	3,957	5,473	6,500	0	18,513
Disposals	(23,926)	(7,438)	(8,146)	0	(54,574)	(94,084)
Balance at end of year	<u>96,045</u>	<u>43,033</u>	<u>74,393</u>	<u>86,987</u>	<u>162,066</u>	<u>462,524</u>
Accumulated depreciation						
Beginning of financial year	116,354	15,780	77,066	74,546	179,362	463,108
Depreciation charge	1,573	11,887	517	3,771	15,152	32,900
Disposals	(23,926)	(2,001)	(8,146)	0	(54,574)	(88,647)
Balance at end of year	<u>94,001</u>	<u>25,666</u>	<u>69,437</u>	<u>78,317</u>	<u>139,940</u>	<u>407,361</u>
Net book value	<u>2,044</u>	<u>17,367</u>	<u>4,956</u>	<u>8,670</u>	<u>22,126</u>	<u>55,163</u>

In 2011, computer and software amounting to S\$5,437 was written off during the year due to discontinued software development.

8. Accruals and other payables

	Note	2012 S\$	2011 S\$
Accruals		19,188	4,007
Amount due to a related party	13	39,542	48,216
Deposits collected in advance		53,143	49,973
Other creditors		9,236	7,786
Sundry payable		900	0
Unearned revenue		0	2,285
		<u>122,009</u>	<u>112,267</u>

At the reporting date, the carrying amounts of accruals and other payables approximated their fair values.

9. Income

	2012 S\$	2011 S\$
Voluntary income		
Donations		
- Tax exempt	497,636	377,402
- Non-tax exempt	563,325	406,296
Grants	133,161	168,086
	<u>1,194,122</u>	<u>951,784</u>
Income from charitable activities		
Child care	189,278	167,887
Elderly care	45,600	40,700
HSPC programme	14,443	20,189
Infant care	0	1,650
Membership fee	31,990	19,585
Student care	44,430	31,002
Talks and workshops	375	6,355
Transport income	16,874	18,762
	<u>342,990</u>	<u>306,130</u>
Other income		
Allocated kitchen expenditures	60,604	82,136
Anniversary income	33,189	0
Dividend income	6,442	0
Gain on sale of property, plant and equipment	800	0
Interest income	669	951
Investment income	0	1,500
Other income	3,780	2,565
Recycling sales	1,341	1,561
Rental income	25,157	32,666
Service provider allowance	15,000	12,100
Sundry sales	1,579	685
	<u>148,561</u>	<u>134,164</u>

10. Expenditures

	Notes	2012 S\$	2011 S\$
Cost of generating funds			
Advertisement		3,458	8,442
Cost of event and other activities		39,142	42,988
PR collaterals, branding/ marketing		8,885	21,738
		<u>51,485</u>	<u>73,168</u>
Cost of charitable activities			
Child care subsidy		3,390	0
Donation expenditure		31,492	19,568
Farming costs		16,488	7,630
Fines and Penalty		200	0
Freight charges		0	8,720
HSPC vegetables		45,135	32,160
Infant care costs		0	715
Kitchen expenditures		50,140	55,743
Medical costs		7,031	8,063
Rental		100,359	99,657
Staff costs			
- CPF contribution		31,220	33,946
- Foreign workers levy		18,214	13,209
- Insurance		2,656	944
- Medical		2,742	3,579
- Salaries		418,620	397,328
- SDL		1,114	1,044
- Welfare		54,234	56,672
Student costs		7,932	4,151
Recycling costs		11,358	19,529
Transport Expenditures		25,474	0
Upkeep of vehicle		26,370	33,604
Utilities		39,731	41,180
Veggie Thursday Costs		6,095	0
Volunteer costs		5,201	3,043
		<u>905,196</u>	<u>840,485</u>
Governance and administrative costs			
Audit fees		3,300	2,950
Bank charges		2,504	1,874
Communication		17,761	17,432
Computer expenditures		4,843	2,949
Depreciation	7	38,147	32,900
Expendable assets		11,340	5,320
General expenditures		349	1,200
Insurance		7,031	6,983
Lease of equipment		14,474	11,573
Legal and professional fees		0	2,645
License and permit expenditures		885	240
Meals and refreshments		61,949	86,862
Membership/ subscription fees		1,343	863
Penalty		0	5
Balance carried forward		<u>163,926</u>	<u>173,796</u>

10. Expenditures (Cont'd)

	2012	2011
	S\$	S\$
Governance and administrative costs (Cont'd)		
Balance brought forward	163,926	173,796
Postages	8,303	3,816
Printing and stationery	34,991	37,809
Property, plant and equipment written off	0	5,437
Repair and maintenance	16,005	17,508
Staff costs		
- CPF contribution	12,446	8,816
- Insurance	1,037	2,684
- Medical	18	52
- Salaries	80,189	110,384
- SDL	135	334
- Welfare	15,090	9,824
Staff recruitment	1,375	1,531
Upkeep of vehicle	6,125	4,283
	<u>339,640</u>	<u>376,274</u>

11. Operating lease commitments

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

	2012	2011
	S\$	S\$
Not later than one year	82,837	63,091
More than a year but not more than five years	131,304	57,598
	<u>214,141</u>	<u>120,689</u>

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

12. Income tax expenditure

The Society is registered as a charity organisation under Charities Act, Chapter 37. As an approved charity, it is exempt from income tax under Section 13 (1) of the Income Tax Act.

13. Related party transactions

The Society has significant related party transactions with its own social enterprise project, Eco-Harmony Global Network Ltd., a company limited by guarantee as follows, on terms agreed between the parties:

	2012 S\$	2011 S\$
Amount due from / (to) a related party, beginning balance	(48,216)	(26,123)
Expenditures paid on behalf of a related party	(249,035)	(321,882)
Reimbursements and donations from a related party	257,709	299,789
Amount due to a related party, ending balance	(39,542)	(48,216)

Amount due to a related party is unsecured, interest-free and has no fixed terms of repayment (see Note 8).

Included in the expenditures paid on behalf of the related party is the salary of its employees since only the Society has the payroll GIRO facility. On a monthly basis, the Society pays the salary to employees of both the Society and the related party. The related party then will reimburse the Society for its employees' salary and other benefits such as: training course fees; meals benefits; etc., paid on behalf of the related party.

The related party also uses the Society's nets and credit cards facilities for receipt of course fees on its workshops on healthy living style that care for self, others and planet earth and yearly Holistic Wellness Symposiums. The Society has full control to deduct whatever owed by the related party.

Furthermore, the Society receives donation from the related party equivalent to sixty percent (60%) of its net profit as stated on its memorandum and articles of association.

None of the members of the Management Committee received any remuneration during the year.

14. Fundraising activities

	Total proceeds S\$	Total fundraising expenses S\$	Net fund raising income S\$
2012			
Flag day	29,529	937	28,592
Sale of carnival coupons and donation boxes	60,771	14,656	46,115
Charity dinner	51,258	12,254	39,004
	141,558	27,847	113,711
2011			
Flag day	23,167	658	25,509

15. Management of conflict of interest

There is no paid staff on the Society's Management Committee.

Committee members are required to disclose any interest that they may have, whether directly or indirectly, that the Society may enter into or in any organisations that the Society has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Society's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Management Committee member may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

16. Key management personnel compensation

Key management personnel compensation for the financial year is as follows:

	2012	2011
Number of key management in remuneration bands		
S\$50,000 and below	<u>1</u>	<u>1</u>

17. Reserve policy and position

The Society's reserve position (excluding non-current assets) for financial year ended 30 September 2012 is as follows:

		2012	2011	Increase/ (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	Accumulated general funds	1,274	885	44%
B	Restricted or Designated Funds			
	Designated Funds	0	0	
	Restricted Funds	0	0	
C	Endowment Funds	0	0	
D	Total Funds	1,274	885	44%
E	Total Annual Operating Expenditure	1,296	1,290	0.47%
F	Ratio of Funds to Annual Operating Expenditure (A/E)	0.98	0.69	42%

Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted / designated and endowment funds.
- E. Total Annual Operating Expenditure includes expenditures related to Cost of generating funds, Cost of charitable activities and Governance and administration expenditures.

The Society's Reserve Policy is as follows:

The reserve fund policy is set at 3 months of operation cost.

18. Financial risk management

The Society's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Management Committee on an informal basis.

Liquidity risk

The Society manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the Management Committee to fund the Society's operations and to mitigate the effects of fluctuations in short-term cash flows.

Credit risk

The Society is exposed to credit risk in the event that counterparties fail to perform their obligations, resulting in a financial loss to the Society. The Society has no major concentration of credit risk.

The carrying amount of financial assets recorded in the financial statements represents the Society's maximum exposure to credit risk.

Other risks

The Society is not exposed to interest rate risk, as it does not have interest bearing assets or liabilities.

It has no foreign currency risk as it transacts solely in Singapore dollars.

Fair values

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Society approximate their fair values due to their short-term nature.

19. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on

18 DEC 2012