

BO TIEN WELFARE SERVICES SOCIETY

UNIQUE ENTITY NUMBER : S97SS0091H

**REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

LO HOCK LING & CO

Chartered Accountants Singapore

盧鶴齡會計公司



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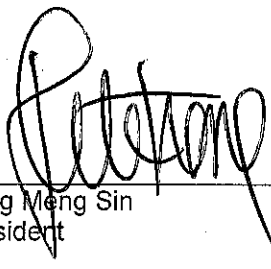
BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)


Statement by Management Committee

In the opinion of the Management Committee, the financial statements set out on pages 6 to 21 are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311, the Charities Act, Chapter 37 and Financial Reporting Standards in Singapore so as to present fairly, in all material respects, the state of affairs of Bo Tien Welfare Services Society (the "Society") as at 31 December 2020 and the results, changes in accumulated funds and cash flows of the Society for the year ended on that date.

On behalf of the Management Committee,



Kong Meng Sin
President



Chong Kok Keong
Honorary Treasurer

Singapore, 19 April 2021

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bo Tien Welfare Services Society (the "Society") set out on pages 6 to 21, which comprise the statement of financial position (balance sheet) as at 31 December 2020, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the 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 provisions of the Societies Act, Cap. 311 (the "Act"), the Charities Act, Cap. 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 state of affairs of the Society as at 31 December 2020 and the results, changes in accumulated 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 *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

Management is responsible for the other information. The other information comprises the information included in Particulars of the Society and the Statement by Management Committee set out on pages 1 to 2 of this report 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 and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Management Committee for the Financial Statements

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

In preparing the financial statements, management 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 management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The Management Committee's responsibilities include 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 management.
- Conclude on the appropriateness of management'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 the Management Committee 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

- (a) In our opinion, 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 Act, the Charities Act and Regulations; and
- (b) During the financial year ended 31 December 2020, the Society has not conducted any fund-raising appeal for which proper accounts and other records of fund-raising appeal are required to be maintained in accordance with regulation 6 of the Societies Regulations issued under the Act.

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

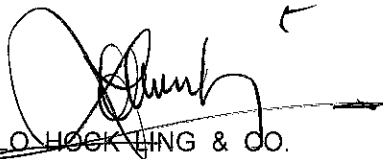
- (i) the use of the donation monies was not in accordance with the objectives of the Society as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and

Continued

Report on Other Legal and Regulatory Requirements (Continued)

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

Singapore, 19 April 2021


LO HOCK LING & CO.
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS SINGAPORE

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

Statement of Comprehensive Income for the year ended 31 December 2020

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		\$	\$
<u>INCOME</u>			
Donations - tax deductible		144,010	176,179
Donations - non-tax deductible		47,408	47,779
Donation received in kind		-	71,000
Interest on fixed deposit		36,934	34,321
Day Care Centre programme fee		6,000	6,750
Day Care Centre transport fee		900	1,380
Public assistance grant		115,200	116,985
Subsidy from MOH		170,250	204,150
CPF Board Special Employment Credit		11,146	9,745
Grant from NCSS		600	240
Government grant - Wages Credit Scheme		865	-
Government grant - Jobs Support Scheme		95,518	-
Other income		6,455	230
		635,286	668,759
<u>LESS EXPENDITURE</u> (as per schedule)		(594,768)	(637,144)
Surplus for the year transferred to General Fund		40,518	31,615
<u>Other Comprehensive Income</u>			
Items that will not be reclassified subsequently to profit or loss:			
Depreciation charged to Building Asset Capitalisation Reserve	3	(252,360)	(252,360)
Total comprehensive loss for the year		(211,842)	(220,745)

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

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

Expenditure for the year ended 31 December 2020

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		\$	\$
Audit fee		7,493	7,093
Bank charges		858	314
Depreciation on property, plant and equipment	3	31,786	19,676
Food and ingredients		631	1,534
General expenses		4,921	7,006
Hire of equipment		1,554	1,554
Insurance		5,888	5,616
Licence fee		1,412	1,424
Postage, printing and stationery		2,346	3,110
Refreshment and entertainments		880	-
Rental of day care centre		4,532	6,395
Salaries and related costs			
- Bonus		25,450	24,073
- Central provident fund contributions		35,452	30,569
- Foreign workers' levy		20,688	29,233
- Recruitment expenses		131	3,063
- Salaries		328,369	314,128
- Skills development fund		878	845
- Staff benefit		1,150	2,067
- Staff medical expenses		1,969	2,481
- Training fee		655	679
Supplies and materials		9,969	18,048
Telephone		4,415	3,942
Transport		1,603	1,305
Upkeep of motor vehicles		22,057	22,501
Upkeep of premises		42,891	90,529
Water and electricity		36,448	39,588
Website and IT expense		342	371
		<u>594,768</u>	<u>637,144</u>

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

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

Statement of Financial Position as at 31 December 2020

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		\$	\$
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Property, plant and equipment	3	<u>2,333,092</u>	<u>2,615,740</u>
<u>Current Assets</u>			
Receivables	4	115,238	97,012
Fixed deposits with financial institutions	5	2,148,085	2,126,227
Cash and bank balances	8	<u>793,764</u>	<u>710,672</u>
		<u>3,057,087</u>	<u>2,933,911</u>
Total Assets		<u>5,390,179</u>	<u>5,549,651</u>
<u>MEMBERS' FUND AND LIABILITIES</u>			
<u>Members' Fund</u>			
General fund		2,782,673	2,742,155
Building asset capitalisation reserve	9	<u>2,250,210</u>	<u>2,502,570</u>
		<u>5,032,883</u>	<u>5,244,725</u>
<u>Current Liabilities</u>			
Payables	6	17,696	8,906
Inmates' savings trust accounts	7	<u>339,600</u>	<u>296,020</u>
		<u>357,296</u>	<u>304,926</u>
Total Liabilities		<u>357,296</u>	<u>304,926</u>
Total Members' Fund and Liabilities		<u>5,390,179</u>	<u>5,549,651</u>

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

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

Statement of Changes in Accumulated Funds for the year ended 31 December 2020

	General <u>fund</u>	Building asset capitalisation <u>reserve</u>	Total <u>funds</u>
	\$	\$	\$
As at 1 January 2019	2,710,540	2,754,930	5,465,470
Total comprehensive loss for the year	<u>31,615</u>	<u>(252,360)</u>	<u>(220,745)</u>
As at 31 December 2019	2,742,155	2,502,570	5,244,725
Total comprehensive loss for the year	<u>40,518</u>	<u>(252,360)</u>	<u>(211,842)</u>
As at 31 December 2020	<u>2,782,673</u>	<u>2,250,210</u>	<u>5,032,883</u>

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

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

Statement of Cash Flows for the year ended 31 December 2020

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Surplus for the year		40,518	31,615
Adjustments for:			
Depreciation on property, plant and equipment	3	31,786	19,676
Interest income		(36,934)	(34,321)
Donation received in kind		-	(71,000)
		(5,148)	(85,645)
Operating surplus/(deficit) before working capital changes		35,370	(54,030)
		(3,152)	(1,886)
Increase in receivables		8,790	3,186
Increase in payables			
Changes in working capital		5,638	1,300
Net cash from/(used in) operating activities		41,008	(52,730)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
		(21,858)	(822,844)
Increase in fixed deposits with financial institution with tenure exceeding 3 months		21,860	16,244
Interest from fixed deposits	3	(1,498)	(49,301)
Purchase of property, plant and equipment			
Net cash used in investing activities		(1,496)	(855,901)
Net increase/(decrease) in cash and cash equivalents		39,512	(908,631)
Cash and cash equivalents at beginning of the year		414,652	1,323,283
Cash and cash equivalents at end of the year	8	454,164	414,652

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

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2020

The following notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The Bo Tien Welfare Services Society (the "Society") is a non-profit organisation set up in the Republic of Singapore and is registered under the Societies Act Cap. 311. The Society is also registered as an IPC (Institution of Public Character) under the Charities Act Cap. 37. Its registered office and place of principal operation is located at 6 Fourth Chin Bee Road, Singapore 619708.

The principal activities of the Society are as follows:

- (i) To provide welfare services to the needy, aged, sick and less fortunate regardless of race, sex and religion;
- (ii) To operate and manage Bo Tien Home For The Aged, Bo Tien Mutual Help and Care and Bo Tien Day Care Activity Centre For The Elderly; and
- (iii) To raise funds for the attainment of its objects.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Society presents its financial statements in Singapore dollars, which is also its functional currency.

These financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and comply with Singapore Financial Reporting Standards (FRS), including related Interpretations promulgated by the Accounting Standards Council.

During the financial year, the Society adopted all the applicable new/revised FRSs which are effective on or before 1 January 2020.

2.2 Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Society's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(A) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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.

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant Accounting Estimates and Judgments (continued)

(A) *Key sources of estimation uncertainty* (continued)

Depreciation on Property, Plant and Equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment are disclosed in note 2.4. Changes in the expected usage and land developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of property, plant and equipment and the depreciation charge for the year are disclosed in note 3 to the financial statements.

(B) *Critical judgments made in applying accounting policies*

In the process of applying the Society's accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of Non-Financial Assets

The carrying amounts of the Society's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated based on the higher of the value in use and the asset's fair value less cost of disposal. Estimating the value in use requires critical judgment on the part of the management to make an estimate of the expected future cash flows from the continuing use of the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

2.3 FRSs issued but not yet effective

The Society has not applied any new FRS that has been issued but is not yet effective. The Management plans to adopt these FRSs in the first financial year commencing on or after their respective effective dates.

2.4 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Any estimated costs of dismantling and removing the property, plant and equipment and reinstating the site to its original condition (reinstatement costs) are capitalised as part of the cost of the property, plant and equipment.

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, Plant and Equipment (continued)

Depreciation is calculated on the straight line basis so as to write off the cost, less the residual value, of the assets over their estimated useful lives, as follows:

Leasehold land and building (Temple)	24½ years with effect from June 2005
Property improvement (Day Care Centre)	15 years
Motor Vehicles	5 years
Office/Therapy equipment	3 years
Computers	3 years

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

The residual values and useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate at each financial year-end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and shall be included in profit or loss when the item is derecognised.

2.5 Financial Assets

Financial assets are recognised when the Society becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have ceased or expired.

Financial assets are classified into the following measurement categories:

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

The basis of classification depends on the Society's business model and the contractual cash flow characteristics of the financial assets.

At initial recognition

At initial recognition, the Society measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

At subsequent measurement

There are three prescribed subsequent measurement categories - at amortised cost, FVOCI and FVPL, depending on the Society's business model in managing the financial assets and the cash flow characteristics of the assets.

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Financial Assets (continued)

At subsequent measurement (continued)

The Society's financial assets, comprising mainly receivables, bank deposits and cash and cash equivalents, are measured at amortised cost subsequent to initial recognition, as these represent contractual cash flows which represent solely payments of principal and interest. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

2.6 Receivables

Receivables that do not have a significant financing component are measured at their transaction price at initial recognition, and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses, as explained in note 2.10. Receivables with a short duration are not discounted.

2.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and bank deposits with financial institutions which are subject to insignificant risks of changes in value. Cash equivalents are stated at amounts at which they are convertible into cash.

For the purpose of the statement of cash flows, fixed deposits with original maturities more than 3 months are excluded from cash and cash equivalents.

2.8 Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Society becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables with a short duration are not discounted.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2.9 Revenue Recognition

(i) Donation Income

Provided there is evidence of entitlement, as expressed in writing, donations are recognised in the statement of comprehensive income in the period of receipt or when they become receivable.

Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Revenue Recognition (continued)

(ii) Service Fee

Income from Day Care Centre is recognised when the services are rendered.

(iii) Interest Income

Interest income is recognised on a time-proportion basis, using the effective interest method, unless collectability is in doubt.

2.10 Impairment of Financial Assets

The Society assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost, and recognises a loss allowance accordingly.

At each reporting date, the debt instruments are assessed to determine whether there is significant increase in credit risk on the debt instruments since initial recognition. If there is a significant increase in credit risk since initial recognition, lifetime expected credit losses will be calculated and recognised in the loss allowance. If credit risk on the debt instrument has not increased significantly since initial recognition, the loss allowance is measured based on 12-month expected credit losses. Adjustments to the loss allowance are recognised in profit or loss as an impairment gain or loss.

For receivables, the Society applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.11 Employee Benefits

(i) Defined Contribution Plans

The Society makes contributions to the state provident fund (Central Provident Fund). Such contributions are recognised as compensation expenses in the same period as the employment that gave rise to the contributions.

(ii) Short-term Compensated Absences

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

2.12 Impairment of Non-Financial Assets

The carrying amounts of the Society's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less cost of disposal and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of Non-Financial Assets (continued)

An impairment loss on a non-revalued asset is recognised in profit or loss. An impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

2.13 Grants

Grant is recognised at fair value when there is reasonable assurance that the conditions attached to the grant will be complied with and the grant will be received.

Grant that compensated the Society for expenses incurred is recognised as income in the statement of comprehensive income on the systematic basis in the same period in which the expenses are incurred.

2.14 Provisions

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

3. PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	Leasehold land and building (Temple)	Property improvement (Day Care Centre)	Motor vehicles	Other Assets*	<u>Total</u>
	\$	\$	\$	\$	\$
At 1 January 2019	6,182,893	271,409	165,963	90,820	6,711,085
Additions	-	-	96,501	23,800	120,301
At 31 December 2019 and 1 January 2020	6,182,893	271,409	262,464	114,620	6,831,386
Additions	-	-	-	1,498	1,498
At 31 December 2020	6,182,893	271,409	262,464	116,118	6,832,884
<u>Accumulated depreciation</u>					
At 1 January 2019	3,427,963	271,409	165,963	78,275	3,943,610
Charge for the year	252,360	-	9,650	10,026	272,036
At 31 December 2019 and 1 January 2020	3,680,323	271,409	175,613	88,301	4,215,646
Charge for the year	252,360	-	19,300	12,486	284,146
At 31 December 2020	3,932,683	271,409	194,913	100,787	4,499,792
<u>Carrying amount</u>					
At 31 December 2020	2,250,210	-	67,551	15,331	2,333,092
At 31 December 2019	2,502,570	-	86,851	26,319	2,615,740

* Other assets include Office/Therapy equipment and computers.

No impairment loss is recognised on the leasehold land and building as the Management Committee is of the opinion that the carrying amount of the leasehold property approximates its fair value

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Current year's depreciation charge is appropriated as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Amount charged to General fund	31,786	19,676
Amount charged to Building asset capitalisation reserve (note 9)	<u>252,360</u>	<u>252,360</u>
	<u>284,146</u>	<u>272,036</u>

4. RECEIVABLES

	<u>2020</u>	<u>2019</u>
	\$	\$
Grant receivable	59,942	56,798
Other receivables	5,303	5,303
Deposits	927	927
Prepayments	5,514	5,506
Interest receivable from fixed deposits	<u>43,552</u>	<u>28,478</u>
	<u>115,238</u>	<u>97,012</u>

5. FIXED DEPOSITS WITH FINANCIAL INSTITUTIONS

	<u>2020</u>	<u>2019</u>
	\$	\$
Fixed deposits maturing		
- within 1 year	2,148,085	2,126,227
- after 1 year but less than 2 years	<u>-</u>	<u>-</u>
	<u>2,148,085</u>	<u>2,126,227</u>

All the fixed deposits mature within one year to two years and earn interest at rates ranging from 0.50% to 2.18% (2019: 1.00% to 1.20%) per annum.

6. PAYABLES

	<u>2020</u>	<u>2019</u>
	\$	\$
Accounts payables	1,940	4,306
Accruals	5,000	4,600
Deferred grant income	<u>10,756</u>	<u>-</u>
	<u>17,696</u>	<u>8,906</u>

Payables are unsecured, non-interest bearing and are normally settled on demand.

7. INMATES' SAVINGS TRUST ACCOUNTS

This represents the savings held by the Society on behalf of the inmates residing at Bo Tien Home For The Aged.

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8. <u>CASH AND CASH EQUIVALENTS</u>	<u>2020</u>	<u>2019</u>
	\$	\$
Cash and bank balances	793,764	710,672
Less: Amount held in trust on behalf of inmates residing at Bo Tien Home For The Aged (note 7)	<u>(339,600)</u>	<u>(296,020)</u>
Cash and cash equivalents at end of the year	<u>454,164</u>	<u>414,652</u>
9. <u>BUILDING ASSET CAPITALISATION RESERVE</u>	<u>2020</u>	<u>2019</u>
	\$	\$
Balance brought forward	2,502,570	2,754,930
Depreciation of leasehold land and building charge for the year (note 3)	<u>(252,360)</u>	<u>(252,360)</u>
Balance carried forward	<u>2,250,210</u>	<u>2,502,570</u>

The Building Asset Capitalisation Reserve represented the fund which was used to acquire the Society's leasehold land and building in the year 2005. This property is shared with Bo Tien Temple and the share of cost contributed by Bo Tien Welfare Services Society amounted to \$6,182,893 (2019: \$6,182,893).

This reserve is represented by the leasehold land and building which has a carrying amount of \$2,250,210 (2019: \$2,502,570) [note 3] as at the balance sheet date.

10. <u>EMPLOYEE BENEFITS EXPENSE</u>	<u>2020</u>	<u>2019</u>
	\$	\$
Salaries and related costs	353,819	338,201
Employer's contributions to Central Provident Fund	35,452	30,569
Other benefits	<u>3,119</u>	<u>4,548</u>
Total employee benefits expense	<u>392,390</u>	<u>373,318</u>

There is no key management personnel employed by the Society and none (2019: nil) of its employee received annual remuneration exceeding \$100,000.

The members of the Management Committee, or people connected with them, have not received remuneration or other benefits from the Society or from entities connected with the Society.

11. TAXATION

The Society is registered as a charitable institution and by virtue of Section 13 of the Income Tax Act, Chapter 134, is exempted from taxation. Therefore, no provision for taxation has been made in the financial statements for the current financial year.

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12. FINANCIAL RISK MANAGEMENT

The Society is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, interest rate risk and liquidity risk. The Management reviews and agrees on policies for managing each of these risks and they are summarised below:

(i) Credit risk

Risk management

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to settle their financial and contractual obligations to the Society as and when they fall due.

The Society's main financial assets consist of cash and cash equivalents. Cash and bank deposits are placed with financial institutions which are regulated.

Management monitors the Society's exposure to credit risk on an ongoing basis.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

There are no financial assets that are subject to expected credit loss or impaired as at the balance sheet date.

(ii) Interest rate risk

Interest rate 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 interest rates.

The Society's exposure to interest rates relates primarily to interest-earning bank deposits. Interest rate risk is managed by the Society on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The effect of interest rate change on the surplus is not significant as the Society's financial instruments are either at fixed interest rate or are non-interest bearing as at the balance sheet date. The Society does not enter into derivatives to hedge its interest rate risk.

The following table analyses the breakdown of the financial assets and financial liabilities by type of interest rate:

	<u>2020</u>	<u>2019</u>
	\$	\$
<i>Finance assets:</i>		
Fixed interest rate	2,148,085	2,126,227
Non-interest bearing	<u>903,488</u>	<u>802,178</u>
	<u>3,051,573</u>	<u>2,928,405</u>
<i>Finance liabilities:</i>		
Non-interest bearing	<u>357,296</u>	<u>304,926</u>

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12. FINANCIAL RISK MANAGEMENT (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting financial obligations due to shortage of funds.

The Society manages its operating cash flows and the availability of funding so as to ensure that a sufficient level of cash and cash equivalents is maintained to meet its working capital requirement.

The Society's financial liabilities at the balance sheet date are payable on demand or will mature within one year.

13. FAIR VALUES OF ASSETS AND LIABILITIES

Financial Values of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables and payables approximate their fair values due to their short term nature.

14. FINANCIAL INSTRUMENTS BY CATEGORY

The aggregate carrying amounts of financial instruments by category, as specified in FRS 109 are as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Financial assets at amortised cost	3,051,573	2,928,405
Financial liabilities at amortised cost	357,296	304,926

15. RESERVE MANAGEMENT

The primary objective in the management of the Society's reserve is to ensure that it maintains strong and healthy level of reserves and working capital ratio in order to support its operations and future growth.

The Society targets to maintain an optimum level of accumulated fund which is equivalent to three years of its budgeted expenditures relating to its operations. The Society regularly reviews and manages its reserve to ensure that it has optimal working capital, taking into consideration the future funding requirements of the Society, the projected operating cash flows and projected capital expenditures.

The Society is not subject to externally imposed capital requirements.

There were no changes to the Society's approach to reserve management since the previous financial year.

16. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Bo Tien Welfare Services Society for the year ended 31 December 2020 were authorised for issue by the Management Committee on 19 April 2021.