

BO TIEN WELFARE SERVICE SOCIETY

Co. Reg. No.: S97SS0091H

REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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LO HOCK LING & CO.

Certified Public Accountants

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INDEPENDENT MEMBER OF

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BO TIEN WELFARE SERVICES SOCIETY

PARTICULARS OF THE SOCIETY - 31 DECEMBER 2010

1. INSTRUMENT SETTING UP THE SOCIETY

Constitution and Rules of Bo Tien Welfare Services Society.

2. CHARITY REGISTRATION NUMBER

01275

3. UNIQUE ENTITY NUMBER OF THE SOCIETY

S97SS0091H

4. INSTITUTION OF A PUBLIC CHARACTER

IPC 000221

5. REGISTERED ADDRESS

No. 6 Fourth Chin Bee Road, Singapore 619708.

6. PATRON

Mr Tharman Shanmugaratnam, Minister for Finance

Dr Teo Ho Pin, Mayor for North West Community Development Council

7. MANAGEMENT COMMITTEE

<u>Name</u>	<u>Designation</u>
Tay Choon Hock	President
Cheng Ai Bak	Vice/President
Chua Teck Beng	Honorary Secretary
Chong Yew Chee	Assistant Honorary Secretary
Ng Tang Leng	Honorary Treasurer
Chia Lim Hoe	Assistant Honorary Treasurer
Chong Kok Keong	Committee Member
Kong Meng Er	Committee Member
Phua Hwee Huang	Committee Member
Goh Yong Hock	Committee Member
Loo Tah	Committee Member
Wong Ai Ling	Committee Member

8. BANKER

United Overseas Bank Limited

9. INDEPENDENT AUDITORS

Lo Hock Ling & Co.
Certified Public Accountants

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

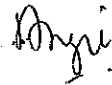
Statement by Management Committee

In the opinion of the Management Committee, the financial statements set out on pages 7 to 19 are properly drawn up so as to give a true and fair view of the state of affairs of Bo Tien Welfare Services Society (the "Society") as at 31 December 2010 and the statement of comprehensive income, statement of changes in funds and statement of cash flows of the Society for the year ended on that date in accordance with Singapore Financial Reporting Standards.

On behalf of the Management Committee,



Tay Choon Hock
President



Ng Tang Leng
Honorary Treasurer

Singapore, 15 March 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

Report on the Financial Statements

We have audited the accompanying financial statements of the Bo Tien Welfare Services Society (the "Society") set out on pages 7 to 19, which comprise the balance sheet (statement of financial position) as at 31 December 2010, and the statement of comprehensive income, statement of changes in funds and 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 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; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets 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 auditor's judgment, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

(continued)

Opinion

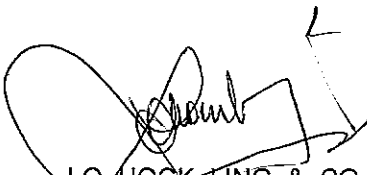
In our opinion, the financial statements are properly drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 December 2010 and the results, changes in funds and cash flows of the Society for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion,

- (a) the accounting and other records required by the provisions of the Charities Act, Chapter 37 - Charities (Institutions of a Public Character) Regulations 2007 and its amendments in Charities (Institutions of a Public Character) (Amendment) Regulations 2008 to be kept by the Society have been properly kept in accordance with those regulations; and
- (b) nothing has come to our attention to cause us to believe that the donation moneys received during the year were not used in accordance with the objectives of the Society.

Singapore, 15 March 2011


LO HOCK LING & CO.
PUBLIC ACCOUNTANTS AND
CERTIFIED PUBLIC ACCOUNTANTS

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

Statement of Financial Position as at 31 December 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		\$	\$
<u>MEMBERS' FUND</u>			
Accumulated fund		855,963	778,836
Building asset capitalisation reserve	11	<u>4,773,810</u>	<u>5,026,170</u>
		<u>5,629,773</u>	<u>5,805,006</u>
REPRESENTED BY			
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment	4	4,810,516	5,080,970
<u>CURRENT ASSETS</u>			
Receivables	5	4,739	4,045
Fixed deposit with a financial institution	6	687,612	587,081
Cash and bank balances		269,950	268,334
		<u>962,301</u>	<u>859,460</u>
<u>LESS CURRENT LIABILITIES</u>			
Payables	7	11,358	17,777
Inmates' saving trust accounts	8	131,686	117,647
		<u>143,044</u>	<u>135,424</u>
Net current assets		<u>819,257</u>	<u>724,036</u>
Total net assets		<u>5,629,773</u>	<u>5,805,006</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 Comprehensive Income for the year ended 31 December 2010

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		\$	\$
<u>INCOME</u>			
Donations - tax exempt		263,833	294,967
Donations - non tax exempt		17,447	16,459
Public assistance grant		87,480	83,190
Subsidy from MCYS		20,179	35,703
Interest on fixed deposit		3,995	4,045
Day Care Centre programme fee		48,350	56,721
Day Care Centre transport fee		8,276	10,636
Government grant - Job credit scheme		3,567	19,141
Grant from NCSS		<u>2,400</u>	<u>-</u>
		455,527	520,862
<u>LESS EXPENDITURE</u> (as per schedule)		(<u>630,760</u>)	(<u>647,382</u>)
Deficit for the year		(175,233)	(126,520)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		(<u>175,233</u>)	(<u>126,520</u>)
Total comprehensive loss attributable to:			
Accumulated fund		77,127	125,840
Building asset capitalisation reserve	4	(<u>252,360</u>)	(<u>252,360</u>)
		(<u>175,233</u>)	(<u>126,520</u>)

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 2010

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		\$	\$
Audit fee		4,550	4,600
Bank charges		134	103
Depreciation on property, plant and equipment	4	270,454	270,454
Food and ingredient		2,710	147
Refreshment and entertainment		1,121	-
General expenses		1,332	439
Hire of equipment		1,926	1,926
Insurance		6,751	4,884
Inmates medical expenses		931	155
Postage, printing and stationery		1,996	2,206
Professional fee		6,166	-
Rental of day care centre		6,150	6,150
Salaries and related costs			
- Bonus		13,618	13,854
- Central provident fund contributions		14,962	15,839
- Course and training fee		664	620
- Foreign worker levy		14,353	12,192
- Staff medical expenses		1,351	1,291
- Recruitment expenses		1,000	73
- Salaries		185,535	188,407
- Skill development fund		573	568
- Staff benefit		2,029	1,579
Supplies and materials		4,490	6,667
Telecommunications		2,408	3,018
Transport		230	304
Upkeep of motor vehicles		16,997	13,976
Upkeep of premises		16,837	48,255
Water and electricity		50,244	48,541
Website and IT expense		1,248	1,134
		<u>630,760</u>	<u>647,382</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 Funds for the year ended 31 December 2010

	Accumulated <u>fund</u>	Building asset capitalisation <u>reserve</u>	Total <u>funds</u>
	\$	\$	\$
As at 31 December 2008	652,996	5,278,530	5,931,526
Total comprehensive income/(loss) for the year	<u>125,840</u>	<u>(252,360)</u>	<u>(126,520)</u>
As at 31 December 2009	778,836	5,026,170	5,805,006
Total comprehensive income/(loss) for the year	<u>77,127</u>	<u>(252,360)</u>	<u>(175,233)</u>
As at 31 December 2010	<u>855,963</u>	<u>4,773,810</u>	<u>5,629,773</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 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Deficit for the year		(175,233)	(126,520)
Adjustment for:			
Depreciation on property, plant and equipment	4	<u>270,454</u>	<u>270,454</u>
Operating surplus before working capital changes		95,221	143,934
Increase in receivables		(694)	(189)
Increase in payables		<u>7,620</u>	<u>15,343</u>
Changes in working capital		<u>6,926</u>	<u>15,154</u>
Net cash from operating activities		<u>102,147</u>	<u>159,088</u>
Net increase in cash and cash equivalents		102,147	159,088
Cash and cash equivalents at beginning of the year		<u>855,415</u>	<u>696,327</u>
Cash and cash equivalents at end of the year	9	<u>957,562</u>	<u>855,415</u>

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 2010

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.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) 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 2010.

The adoption of these new/revised FRSs did not have any material effect on the Society's financial statements and did not result in substantial changes to the Society's accounting policies.

(b) Accounting Estimates and Judgments

The preparation of financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical circumstances, the results of which form the basis of making judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources.

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 only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

(c) FRS and INT FRS not yet effective

The Society has not applied any new FRS or INT FRS (Interpretations of Financial Reporting Standards) that has been issued as at the balance sheet date but is not yet effective. The Society does not anticipate the adoption of the new FRS and INT FRS in future financial periods to have any material impact on the Society's financial statements in the period of initial application.

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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 if, and only if, 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.

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. The estimated useful lives are as follows:

Leasehold land and building (Temple)	24½ years
Property improvement (Day Care Centre)	15 years
Office/Therapy equipment	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. Any gain or loss arising on derecognition of the assets is included in the income statement in the year the asset is derecognised.

(e) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Receivables with a short duration are not discounted.

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, an impairment loss is recognised. The amount of the impairment loss is measured as the difference between the carrying value of the receivable and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the receivable is reduced directly or through the use of an allowance account. The amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The amount of the reversal shall be recognised in the statement of comprehensive income.

(f) 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.

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

2: SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Payables

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

(h) Revenue Recognition

(i) Donation Income

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

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

(ii) Government grants are recognised when they have been approved and are accounted for in the income and expenditure statements on the accrual basis.

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

(i) 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.

(j) Impairment of Non-Financial Assets

The carrying amounts of the Society's 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 net selling price 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.

An impairment loss on a non-revalued asset is recognised in the statement of comprehensive income. 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.

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Grants

Grant is only recognised where there is reasonable assurance that the conditions attached to the grant are met and the right to receive payment is established.

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

(l) 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.

3. PRINCIPAL ACTIVITIES

The principal activities of the Society are as follows:

- (a) To provide welfare services to the needy, aged, sick and less fortunate regardless of race, sex and religion;
- (b) 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
- (c) To raise funds for the attainment of its objects.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building (Temple)	Property improvement (Day Care Centre)	Motor vehicles	Other assets	Total
	\$	\$	\$	\$	\$
<u>Cost</u>					
At 1 January 2009, 31 December 2009, 1 January 2010 and 31 December 2010	6,182,893	271,409	146,905	12,042	6,613,249
<u>Accumulated depreciation</u>					
At 1 January 2009	904,363	198,516	146,904	12,042	1,261,825
Charge for the year	252,360	18,094	-	-	270,454
At 31 December 2009 and 1 January 2010	1,156,723	216,610	146,904	12,042	1,532,279
Charge for the year	252,360	18,094	-	-	270,454
At 31 December 2010	1,409,083	234,704	146,904	12,042	1,802,733
<u>Carrying amount</u>					
At 31 December 2010	4,773,810	36,705	1	-	4,810,516
At 31 December 2009	5,026,170	54,799	1	-	5,080,970

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

There were no additions or disposals of property, plant and equipment during the financial year.

Current year's depreciation charge is appropriate as follows:

	<u>2010</u>	<u>2009</u>
	\$	\$
Amount charged to Accumulated fund	18,094	18,094
Amount charge to Building asset capitalised reserve	<u>252,360</u>	<u>252,360</u>
	<u>270,454</u>	<u>270,454</u>

5. RECEIVABLES

	<u>2010</u>	<u>2009</u>
	\$	\$
Deposits	877	877
Prepayments	1,499	1,323
Interest receivable from fixed deposit	<u>2,363</u>	<u>1,845</u>
	<u>4,739</u>	<u>4,045</u>

6. FIXED DEPOSITS WITH A FINANCIAL INSTITUTION

All the fixed deposits mature within six months to one year and earn interest at rates ranging from 0.30% to 0.75% (2009: 0.20% to 0.725%) per annum.

7. PAYABLES

	<u>2010</u>	<u>2009</u>
	\$	\$
Account payables	4,310	10,970
Accruals	<u>7,048</u>	<u>6,807</u>
	<u>11,358</u>	<u>17,777</u>

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

8. INMATES' SAVING TRUST ACCOUNTS

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

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement comprise the following balance sheet amounts:

	<u>2010</u>	<u>2009</u>
	\$	\$
Fixed deposits with a financial institutions	687,612	587,081
Cash and bank balances	<u>269,950</u>	<u>268,334</u>
	<u>957,562</u>	<u>855,415</u>

10. 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.

11. BUILDING ASSET CAPITALISATION RESERVE

Building Asset Capitalisation Reserve included fund which was used to acquire the Society's leasehold land and building at a cost of \$6,182,893 in prior year.

This reserve is represented by leasehold land and building with the carrying value of \$4,773,810 as at 31 December 2010.

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

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 is 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 past due 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.

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

12. FINANCIAL RISK MANAGEMENT (continued)

(ii) Interest rate risk (continued)

The Society's exposure to interest rate risk arises primarily from its fixed deposits placed with financial institutions. The Society constantly monitors movements in interest rates to ensure deposit is placed with a financial institution offering optimal rates of return.

The interest rates and terms of maturity of financial assets of the Society are disclosed in note 6 to the financial statements.

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

	<u>2010</u>	<u>2009</u>
	\$	\$
<i>Financial assets:</i>		
Fixed interest rate	689,975	588,926
Non-interest bearing	<u>270,827</u>	<u>269,211</u>
	<u>960,802</u>	<u>858,137</u>
<i>Financial liabilities:</i>		
Non-interest bearing	<u>143,044</u>	<u>135,424</u>

Sensitivity analysis for interest rate risk:

The effect of interest rate changes on the surplus is not significant as the Society's financial instruments are mainly at fixed interest rates or non-interest bearing as at the balance sheet date.

(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 will mature within one year.

13. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

14. 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.

BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

14. RESERVE MANAGEMENT (continued)

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 and projected operating cash flows and projected capital expenditures.

There were no changes to the Society's approach to reserve management during the year.

15. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Bo Tien Welfare Services Society for the year ended 31 December 2010 were authorised for issue by the Management Committee on 15 March 2011.