

BO TIEN WELFARE SERVICES SOCIETY

PARTICULARS OF THE SOCIETY - 31 DECEMBER 2006

1. INSTRUMENT SETTING UP THE SOCIETY

Constitution and Rules of Bo Tien Welfare Services Society.

2. CHARITY REGISTRATION NUMBER

01275.

3. REGISTRATION NUMBER OF THE SOCIETY

ROS 0143/97WEL

4. REGISTERED ADDRESS

No. 6 Fourth Chin Bee Road, Singapore 619708.

5. MANAGEMENT COMMITTEE

<u>Name</u>	<u>Designation</u>
Tay Choon Hock, David	President
Cheng Ai Bak Chris	Vice President
Chua Teck Beng Benny	Honorary Secretary
Goh Yong Hock Martin	Assistant Honorary Secretary
Ng Tang Leng Angie	Honorary Treasurer
Phua Hwee Huang David	Assistant Honorary Treasurer
Kong Meng Er	Ordinary Committee Member
Ho Ah Mui	Ordinary Committee Member
Chong Yew Chee	Ordinary Committee Member
Tan Chong Beng Jack	Ordinary Committee Member
Chong Kok Keong	Ordinary Committee Member
Tay Puay Hiong	Ordinary Committee Member

6. BANKER

United Overseas Bank Limited

7. AUDITORS

Lo Hock Ling & Company.

(1)

BO TIEN WELFARE SERVICES SOCIETY

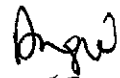
Statement by Management Committee

In our opinion, the financial statements set out on pages 4 to 12 are properly drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 December 2006 and the results, changes in funds and cash flows of the Society for the year ended 31 December 2006 and there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

On behalf of the Management Committee,



President



Honorary Treasurer

Singapore, 15 March 2007

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

We have audited the accompanying financial statements of the Society set out on pages 4 to 12, which comprise the balance sheet as at 31 December 2006, and the income and expenditure statement, statement of changes in accumulated fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Committee Members' Responsibility for the Financial Statements

The Management Committee members are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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 the Management Committee members, 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

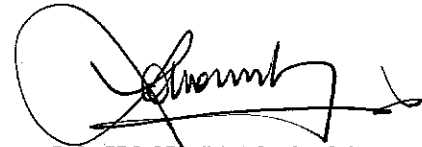
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Opinion

In our opinion,

- (a) 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 2006 and the results, changes in accumulated fund and cash flows of the Society for the year ended on that date; and
- (b) 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.

Singapore, 15 March 2007



LO HOCK LING & CO.
CERTIFIED PUBLIC ACCOUNTANTS

BO TIEN WELFARE SERVICES SOCIETY**Balance Sheet as at 31 December 2006**

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		\$	\$
<u>MEMBERS' FUND</u>			
Accumulated fund		<u>6,262,947</u>	<u>6,490,131</u>
REPRESENTED BY			
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment	4	5,892,460	6,164,190
<u>CURRENT ASSETS</u>			
Receivables	5	6,399	2,354
Fixed deposit with a financial institution	6	216,877	152,497
Cash and bank balances		216,029	237,197
		<u>439,305</u>	<u>392,048</u>
<u>LESS CURRENT LIABILITIES</u>			
Payables	7	6,150	3,140
Inmates' saving trust accounts	8	62,668	62,967
		<u>68,818</u>	<u>66,107</u>
Net current assets		<u>370,487</u>	<u>325,941</u>
Total net assets		<u>6,262,947</u>	<u>6,490,131</u>

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

BO TIEN WELFARE SERVICES SOCIETY

Income and Expenditure Statement for the year ended 31 December 2006

	<u>Note</u>	<u>2006</u>	<u>2005</u>
		\$	\$
<u>INCOME</u>			
Donation collection		231,423	149,224
Donation box		16,069	19,829
Public assistance		56,160	60,060
Subsidy from MCD		32,016	36,951
Interest on fixed deposit		<u>1,712</u>	<u>2,131</u>
		337,380	268,195
<u>LESS EXPENDITURE</u>			
Accounting fees		1,500	-
Audit fee		3,000	1,400
Bank charges		91	90
Depreciation on property, plant and equipment	4	271,730	167,094
General expenses		1,202	1,852
Insurance		2,316	703
Membership subscription		-	580
Mutual help division		6,272	5,598
Purchase of office accessories		1,429	603
Rental of day care centre		5,966	6,018
Salaries and related costs			
- Bonus		9,498	10,149
- Central provident fund contributions		11,590	11,664
- Course and training fee		540	270
- Foreign worker levy		9,820	8,264
- Nursing and medical fee		828	748
- Part-timer		460	-
- Recruitment expenses		699	911
- Salaries		147,346	135,919
- Skill development fund		594	975
- Staff benefit		2,430	5,292
Supplies and materials		9,373	7,535
Tax fee		900	-
Telecommunications		1,912	1,822
Transport		781	(42)
Upkeep of equipment		937	3,404
Upkeep of motor vehicles		11,448	14,160
Upkeep of premises		21,374	13,612
Water and electricity		<u>40,528</u>	<u>21,029</u>
		564,564	419,650
Deficit for the year		(<u>227,184</u>)	(<u>151,455</u>)

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

BO TIEN WELFARE SERVICES SOCIETY**Statement of Changes in Funds for the year ended 31 December 2006**

	<u>Accumulated fund</u>	<u>Building fund</u>	<u>Total</u>
	\$	\$	\$
Balance as at 31 December 2004	6,222,198	419,388	6,641,586
Transfer of fund	419,388	(419,388)	-
Deficit for the year	(151,455)	-	(151,455)
Balance as at 31 December 2005	6,490,131	-	6,490,131
Deficit for the year	(227,184)	-	(227,184)
Balance as at 31 December 2006	<u>6,262,947</u>	-	<u>6,262,947</u>

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

BO TIEN WELFARE SERVICES SOCIETY**Cash Flow Statement for the year ended 31 December 2006**

	<u>Note</u>	<u>2006</u>	<u>2005</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Deficit for the year		(227,184)	(151,455)
Adjustments for:			
Depreciation on property, plant and equipment		<u>271,730</u>	<u>167,094</u>
Operating surplus before working capital changes		44,546	15,639
Decrease in amount owing by Bo Tien Temple (Increase)/decrease in receivables Increase in payables		<div style="border: 1px solid black; padding: 2px;"> - (4,045) 2,711 </div>	<div style="border: 1px solid black; padding: 2px;"> 6,182,893 132 17,027 </div>
Changes in working capital		(<u>1,334</u>)	<u>6,200,052</u>
Net cash from operating activities		43,212	6,215,691
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>			
Deed arrangement on property, plant and equipment		<div style="border: 1px solid black; padding: 2px;"> - </div>	<div style="border: 1px solid black; padding: 2px;"> (6,182,893) </div>
Net cash used in financing activity		<u>-</u>	(6,182,893)
Net increase in cash and cash equivalents		43,212	32,798
Cash and cash equivalents at beginning of the year		<u>389,694</u>	<u>356,896</u>
Cash and cash equivalents at end of the year	9	<u><u>432,906</u></u>	<u><u>389,694</u></u>

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

BO TIEN WELFARE SERVICES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2006

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

1. GENERAL INFORMATION

The Bo Tien Welfare Services Society is a non-profit organisation set up in the Republic of Singapore and registered under the Societies Act Cap. 311 and Charities Act Cap. 37. Its registered and principal operating address is located at 6 Fourth Chin Bee Road, Singapore 619820.

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 (INT) promulgated by the Council on Corporate Disclosure and Governance.

During the financial year, the Society adopted all the applicable new/revised FRSs which are effective on or before 1 January 2006.

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) FRS yet to be adopted

At the date of authorisation of these financial statements, the Society does not anticipate the adoption of those FRS and INT FRS issued but only effective in future financial periods, to have any material impact on the financial statements.

(c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated on a straight line method so as to write off the cost of these 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

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at each balance sheet date.

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

BO TIEN WELFARE SERVICES SOCIETY

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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 income statement.

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 income statement.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and cash at bank, including fixed deposit that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value.

(f) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(g) Income Taxes

The Society is exempt from tax under Section 13M of the Income Tax Act if 80% of donation received and other sums accrued to it are applied for charities or charitable objects within Singapore. No provision for taxation has been made in the financial statements.

(h) Revenue Recognition

- (i) Donations income are recognised as income upon receipt of such monies.
- (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.

BO TIEN WELFARE SERVICES SOCIETY

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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.

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, religion and language;
- (b) To set up and manage Bo Tien Home For The Aged, Mutual Help and Care, Bo Tien Day Care Activity Centre For The Elderly and any other charitable bodies which may have separate rules and by-laws subject to the approval from the relevant authorities; and
- (c) To raise funds for the attainment of its objects.

BO TIEN WELFARE SERVICES SOCIETY

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 2005	-	271,409	146,905	12,042	430,356
Deed of arrangement	6,182,893	-	-	-	6,182,893
At 31 December 2005 and 1 January 2006	6,182,893	271,409	146,905	12,042	6,613,249
Addition	-	-	-	-	-
At 31 December 2006	<u>6,182,893</u>	<u>271,409</u>	<u>146,905</u>	<u>12,042</u>	<u>6,613,249</u>
<u>Accumulated depreciation</u>					
At 1 January 2005	-	126,139	146,904	8,922	281,965
Charge for the year	147,283	18,093	-	1,718	167,094
At 31 December 2005 and 1 January 2006	147,283	144,232	146,904	10,640	449,059
Charge for the year	252,360	18,094	-	1,276	271,730
At 31 December 2006	<u>399,643</u>	<u>162,326</u>	<u>146,904</u>	<u>11,916</u>	<u>720,789</u>
<u>Carrying amount</u>					
At 31 December 2006	<u>5,783,250</u>	<u>109,083</u>	<u>1</u>	<u>126</u>	<u>5,892,460</u>
At 31 December 2005	<u>6,035,610</u>	<u>127,177</u>	<u>1</u>	<u>1,402</u>	<u>6,164,190</u>

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

5. RECEIVABLES

	<u>2006</u>	<u>2005</u>
	\$	\$
Account receivable	4,420	-
Deposits	637	887
Prepayments	1,342	1,467
	<u>6,399</u>	<u>2,354</u>

6. FIXED DEPOSIT WITH A FINANCIAL INSTITUTION

All the fixed deposits mature within three months to one year and bear interest at rates ranging from 1.75% to 3.23% (2005: 1.35% to 1.65%) per annum.

7. PAYABLES

	<u>2006</u>	<u>2005</u>
	\$	\$
Account payables	2,000	1,740
Accruals	4,150	1,400
	<u>6,150</u>	<u>3,140</u>

BO TIEN WELFARE SERVICES SOCIETY

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.

9. CASH AND CASH EQUIVALENTS

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

	<u>2006</u>	<u>2005</u>
	\$	\$
Fixed deposit with a financial institution	216,877	152,497
Cash and bank balances	<u>216,029</u>	<u>237,197</u>
	<u>432,906</u>	<u>389,694</u>

10. FINANCIAL RISK MANAGEMENT

The Society is exposed to minimal financial risks. The Society does not have a formal overall risk management programme but reviews overall risk on an informal basis. Risk management practices are determined and carried out by the Management Committee and they are summarised below:

(i) Interest rate risk

The Society's exposure to interest rate risk arises primarily from its fixed deposits held with financial institutions. The Society monitors movements in interest rates to ensure that these financial assets are maintained at favourable rates.

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

(ii) Liquidity risk

The Society actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity risk management, the Society maintains a sufficient level of cash and cash equivalents to meet its working capital requirement.

11. 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.

12. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Bo Tien Welfare Services Society for the year ended 31 December 2006 were approved for issue by the Management Committee on 15 March 2007.