

**BO TIEN WELFARE SERVICES SOCIETY**

(Registered under the Societies Act, Chapter 311)

Statement by Management Committee

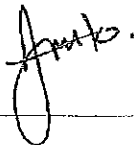
In our opinion, the financial statements set out on pages 4 to 14 are properly drawn up so as to give a true and fair view of the state of affairs of Bo Tien Welfare Services Society (the "Society") as at 31 December 2008 and the income and expenditure, changes in funds and cash flows of the Society for the year ended on that date in accordance with Singapore Financial Reporting Standards.

On behalf of the Management Committee,



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Tay Choon Hock  
President



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Ho Ah Mui  
Honorary Treasurer

Singapore, 9 April 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BO TIEN WELFARE SERVICES SOCIETY  
(Registered under the Societies Act, Chapter 311)

We have audited the accompanying financial statements of Bo Tien Welfare Services Society (the "Society"), set out on pages 4 to 14, which comprise the balance sheet as at 31 December 2008, and the income and expenditure statement, statement of changes in funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes:

- (a) 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;
- (b) selecting and applying appropriate accounting policies; and
- (c) 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 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

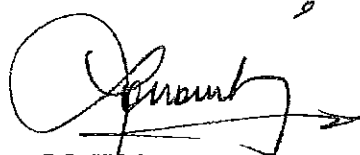
(Registered under the Societies Act, Chapter 311)

(continued)

*Opinion*

In our opinion,

- (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 2008 and the income and expenditure, changes in fund and cash flows of the Society for the year ended on that date; and
- (b) the accounting and other records required by the regulations enacted under the Charities Act, Chapter 37 (the "Act") to be kept by the Society have been properly kept in accordance with those regulations.



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

Singapore, 9 April 2009

**BO TIEN WELFARE SERVICES SOCIETY**

(Registered under the Societies Act, Chapter 311)

Balance Sheet as at 31 December 2008

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		\$	\$
<u>MEMBERS' FUND</u>			
Accumulated fund		<u>5,931,526</u>	<u>6,068,783</u>
<u>REPRESENTED BY</u>			
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment	4	5,351,424	5,621,878
<u>CURRENT ASSETS</u>			
Receivables	5	3,856	1,886
Fixed deposit with a financial institution	6	362,049	324,066
Cash and bank balances		334,278	191,568
		<u>700,183</u>	<u>517,520</u>
<u>LESS CURRENT LIABILITIES</u>			
Payables	7	23,971	5,740
Inmates' saving trust accounts	8	96,110	64,875
		<u>120,081</u>	<u>70,615</u>
Net current assets		<u>580,102</u>	<u>446,905</u>
Total net assets		<u>5,931,526</u>	<u>6,068,783</u>

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

# BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

## Income and Expenditure Statement for the year ended 31 December 2008

	<u>Note</u>	<u>2008</u>	<u>2007</u>
		\$	\$
<b><u>INCOME</u></b>			
Donations collection		363,497	299,955
Donation box		35,879	16,774
Public assistance		76,000	61,810
Subsidy from MCYS		44,492	25,146
Interest on fixed deposit		9,117	6,165
		528,985	409,850
<b><u>LESS EXPENDITURE</u></b>			
Accounting fees		-	1,250
Audit fee		4,400	3,850
Bank charges		110	124
Depreciation on property, plant and equipment	4	270,454	270,582
Food and ingredient		5,018	4,317
General expenses		1,532	1,537
Hire of equipment		1,926	1,121
Insurance		4,433	4,267
Inmates medical expenses		542	526
Postage, printing and stationery		3,195	1,858
Professional fee		2,100	-
Rental of day care centre		6,150	6,087
Salaries and related costs			
- Bonus		28,559	12,420
- Central provident fund contributions		16,587	14,337
- Course and training fee		2,190	269
- Foreign worker levy		12,951	12,046
- Staff medical expenses		999	868
- Recruitment expenses		138	360
- Salaries		189,349	167,565
- Skill development fund		1,287	1,307
- Staff benefit		2,167	4,278
Supplies and materials		5,127	6,299
Telecommunications		2,389	2,394
Transport		442	1,106
Upkeep of equipment		-	4,141
Upkeep of motor vehicles		16,453	16,994
Upkeep of premises		28,684	17,283
Water and electricity		57,849	44,385
Website and IT expense		1,211	2,443
		666,242	604,014
Deficit for the year		( 137,257 )	( 194,164 )

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 Fund for the year ended 31 December 2008

	Accumulated <u>fund</u>
	\$
Balance as at 31 December 2006	6,262,947
Deficit for the year	<u>( 194,164 )</u>
Balance as at 31 December 2007	6,068,783
Deficit for the year	<u>( 137,257 )</u>
Balance as at 31 December 2008	<u>5,931,526</u>

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

**BO TIEN WELFARE SERVICES SOCIETY**

(Registered under the Societies Act, Chapter 311)

Cash Flow Statement for the year ended 31 December 2008

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		\$	\$
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Deficit for the year		( 137,257 )	( 194,164 )
Adjustments for:			
Depreciation on property, plant and equipment	4	<u>270,454</u>	<u>270,582</u>
Operating surplus before working capital changes		133,197	76,418
(Increase)/decrease in receivables		( 1,970 )	4,513
Increase in payables		49,466	1,797
Changes in working capital		<u>47,496</u>	<u>6,310</u>
Net cash from operating activities		<u>180,693</u>	<u>82,728</u>
Net increase in cash and cash equivalents		180,693	82,728
Cash and cash equivalents at beginning of the year		<u>515,634</u>	<u>432,906</u>
Cash and cash equivalents at end of the year	9	<u>696,327</u>	<u>515,634</u>

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

# BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

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## NOTES TO THE FINANCIAL STATEMENTS - 31 December 2008

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 and Charities Act Cap. 37. Its registered office and place of principal operation is located at 6 Fourth Chin Bee Road, Singapore 619708. The Society is an institution of public character registered with the National Council of Social Services.

### 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 Accounting Standards Council.

During the financial year, the Society adopted the new or amended FRS and INT FRS (Interpretations of Financial Reporting Standards) that are mandatory for application from the respective effective date. Changes to the Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The following are the new/amended FRS that are relevant to the Society:

FRS 1 (Amendments)	Amendments Relating to Capital Disclosures
FRS 107	Financial Instruments: Disclosures

The adoption of these new/amended FRS and INT FRS has no material effect on the financial statements, except as disclosed below and in the notes to the financial statements.

#### (i) FRS 107 – Financial Instruments: Disclosures and Amendments to FRS 1 – Presentation of Financial Statements Relating to Capital Disclosures

The Society has adopted FRS 107 with effect from the financial period beginning on 1 January 2008. The new standards has resulted in an expansion of the disclosures in these financial statements regarding the Society's financial instruments. The Society has also presented information regarding its objectives, policies and processes for managing reserve (note 13) as required by the amendments to FRS 1 with effect from the financial period beginning on 1 January 2008.

#### (b) Accounting Estimates and Judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, 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 judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.



## BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Accounting Estimates and Judgements (continued)

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 Management Committee do 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.

#### (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.

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 income and expenditure statement.

## BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Receivables (continued)

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 and expenditure statement.

#### (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.

#### (g) Payables

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

#### (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.

#### (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.

## BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Impairment of Non-Financial Assets (continued)

An impairment loss is charged to the income and expenditure statement unless it reverses a previous revaluation, in which case, it will be charged to reserve. 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 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 2007, 31 December 2007, 1 January 2008 and 31 December 2008	<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 2007	399,643	162,326	146,904	11,916	720,789
Charge for the year	<u>252,360</u>	<u>18,096</u>	<u>-</u>	<u>126</u>	<u>270,582</u>
At 31 December 2007 and 1 January 2008	652,003	180,422	146,904	12,042	991,371
Charge for the year	<u>252,360</u>	<u>18,094</u>	<u>-</u>	<u>-</u>	<u>270,454</u>
At 31 December 2008	<u>904,363</u>	<u>198,516</u>	<u>146,904</u>	<u>12,042</u>	<u>1,261,825</u>
<u>Carrying amount</u>					
At 31 December 2008	<u>5,278,530</u>	<u>72,893</u>	<u>1</u>	<u>-</u>	<u>5,351,424</u>
At 31 December 2007	<u>5,530,890</u>	<u>90,987</u>	<u>1</u>	<u>-</u>	<u>5,621,878</u>

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

## BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

### 5. RECEIVABLES

	<u>2008</u>	<u>2007</u>
	\$	\$
Deposits	757	637
Prepayments	1,472	1,249
Interest receivable from fixed deposit	1,627	-
	<u>3,856</u>	<u>1,886</u>

### 6. FIXED DEPOSIT WITH A FINANCIAL INSTITUTION

All the fixed deposits mature within three months to one year and earn interest at rates ranging from 0.63% to 1.70% (2007: 1.75% to 3.23%) per annum.

### 7. PAYABLES

	<u>2008</u>	<u>2007</u>
	\$	\$
Account payables	2,278	2,140
Accruals	21,693	3,600
	<u>23,971</u>	<u>5,740</u>

### 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>2008</u>	<u>2007</u>
	\$	\$
Fixed deposit with a financial institution	362,049	324,066
Cash and bank balances	334,278	191,568
	<u>696,327</u>	<u>515,634</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.

## BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

### 11. 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 interest rate risk and liquidity risk. The Management Committee reviews and agrees on policies for managing each of these risks and they are summarised below:

#### (i) 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 rate risk arises primarily from its fixed deposits placed with a financial institution. 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>2008</u>	<u>2007</u>
	\$	\$
<i>Financial assets:</i>		
Fixed interest rate	363,676	324,066
Non-interest bearing	<u>336,507</u>	<u>193,454</u>
	<u>700,183</u>	<u>517,520</u>
<i>Financial liabilities:</i>		
Non-interest bearing	<u>120,081</u>	<u>70,615</u>

#### *Sensitivity analysis for interest rate risk:*

The effect of interest rate changes on 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.

#### (ii) 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.

### 12. 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.

## BO TIEN WELFARE SERVICES SOCIETY

(Registered under the Societies Act, Chapter 311)

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### 13. 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 and projected operating cash flows and projected capital expenditures.

The Society is not subject to externally impose capital requirements.

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

### 14. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Bo Tien Welfare Services Society for the year ended 31 December 2008 were authorised for issue by the Management Committee on 9 April 2009.