



THE SALVATION ARMY, SINGAPORE

Unique Entity Number: T07CC3012G

AUDITED FINANCIAL STATEMENTS

for the financial year ended 31 March 2022

THE SALVATION ARMY, SINGAPORE

STATEMENT BY THE TERRITORIAL GOVERNANCE BOARD AND AUDITED FINANCIAL STATEMENTS *for the financial year ended 31 March 2022*

Table of Contents

Statement by the Territorial Governance Board	1
Independent Auditor's Report	2
Statement of Financial Activities	6
Statement of Financial Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11

THE SALVATION ARMY, SINGAPORE

STATEMENT BY THE TERRITORIAL GOVERNANCE BOARD
for the financial year ended 31 March 2022

In the opinion of the Territorial Governance Board,

- (a) the accompanying financial statements are drawn up in accordance with the provisions of the Salvation Army Ordinance 1939, the Charities Act 1994 and other relevant regulations, and the Charities Accounting Standard so as to give a true and fair view of the financial position of The Salvation Army, Singapore (the "Organisation") as at 31 March 2022 and the results and cash flows of the Organisation for the financial year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the Organisation will be able to pay its debts as and when they fall due.

The Territorial Governance Board approved and authorised the issue of these financial statements.

On behalf of the Territorial Governance Board



Colonel Rodney Steven Walters
Territorial Commander



Koh Guek Eng
Director of Finance

Signed on:

21/09/2022



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**INDEPENDENT AUDITOR'S REPORT TO THE TERRITORIAL GOVERNANCE BOARD OF
THE SALVATION ARMY, SINGAPORE**

Page 1 of 4

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Salvation Army, Singapore (the "Organisation"), which comprise the statement of financial position as at 31 March 2022, and the statement of financial activities 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 Salvation Army Ordinance 1939, the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations"), and the Charities Accounting Standard ("CAS") so as to give a true and fair view of the financial position of the Organisation as at 31 March 2022 and of the results and cash flows of the Organisation for the year ended on that date.

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

Other matter

The financial statements of the Organisation for the year ended 31 March 2021 were audited by another firm of chartered accountants whose report dated 31 August 2021 expressed an unqualified opinion on those financial statements.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *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.

Other Information

The Territorial Governance Board is responsible for the other information. The other information comprises the information included in the Statement by the Territorial Governance Board and annual report but does not include the financial statements and our auditor's report thereon.



**INDEPENDENT AUDITOR'S REPORT TO THE TERRITORIAL GOVERNANCE BOARD OF
THE SALVATION ARMY, SINGAPORE**

Page 2 of 4

Other Information (Continued)

Our opinion on the financial statements does not cover the other information and we do 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 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, 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 the Territorial Governance Board for the Financial Statements

The Territorial Governance Board is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Salvation Army Ordinance 1939, the Charities Act and Regulations and CAS, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, the Territorial Governance Board is responsible for assessing the Organisation'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 the Territorial Governance Board intends to cease operations, or has no realistic alternative but to do so.

The Territorial Governance Board's responsibilities include overseeing the Organisation'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.



**INDEPENDENT AUDITOR'S REPORT TO THE TERRITORIAL GOVERNANCE BOARD OF
THE SALVATION ARMY, SINGAPORE**

Page 3 of 4

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgment 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 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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Territorial Governance Board.
- Conclude on the appropriateness of the Territorial Governance Board'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 Organisation'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 Organisation 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 Territorial Governance Board 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.



Kreston ACA PAC
(f.k.a Kreston Ardent CAtrust PAC)
Chartered Accountants of Singapore
(UEN 202000100D)

**INDEPENDENT AUDITOR'S REPORT TO THE TERRITORIAL GOVERNANCE BOARD OF
THE SALVATION ARMY, SINGAPORE**

Page 4 of 4

Report on Other Legal and Regulatory Requirements

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

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

- (a) The use of the donation monies was not in accordance with the objectives of the Organisation as required under regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) The Organisation has not complied with the requirements of regulation 15 of the Charities (Institutions of a Public Character) Regulations.

A handwritten signature in black ink that reads 'Kreston ACA PAC'.

KRESTON ACA PAC
(f.k.a Kreston Ardent CAtrust PAC)
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge: Chua Soo Rui

Date: 21 September 2022

THE SALVATION ARMY, SINGAPORE

STATEMENT OF FINANCIAL ACTIVITIES

for the financial year ended 31 March 2022

	Note	2022					2021
		Unrestricted	Asset	Designated	Restricted	Total	Total
		funds	amortisation	funds	funds	S\$	S\$
		S\$	S\$	S\$	S\$		
Income							
Income from generated funds							
Voluntary income							
- Donations	4	5,664,676	-	1,595,236	338,916	7,598,828	6,708,141
- Tithes and offerings		910,815	-	-	-	910,815	930,736
- Sundry revenue		37	-	-	-	37	-
Activities for generating funds							
- Fundraising		103,210	-	-	-	103,210	81,479
- Wholesale and retail income		6,185,617	-	-	-	6,185,617	4,965,235
- Rental fees		1,380,641	-	219,646	-	1,600,287	1,187,592
- Sundry revenue		961	-	-	-	961	257,774
Investment income	5	435,346	-	2,969,868	-	3,405,214	3,035,640
Income from charitable activities							
Programme fees		6,563,360	-	-	20,983	6,584,343	5,691,423
Funding from government	6	16,590,682	-	842,140	4,184,729	21,617,551	22,075,653
Community Chest Funding		-	-	-	515,592	515,592	511,731
Sundry revenue		38,529	-	1,169	1,441	41,139	65,196
Other income							
Funding from government - Others	7	1,091,358	-	150,000	-	1,241,358	6,017,414
Others	8	393,058	4,430	3,360	-	400,848	418,922
Total income		39,358,290	4,430	5,781,419	5,061,661	50,205,800	51,946,936

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

THE SALVATION ARMY, SINGAPORE

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

for the financial year ended 31 March 2022

	Note	2022					2021
		Unrestricted	Asset	Designated	Restricted	Total	Total
		funds	amortisation	funds	funds	S\$	S\$
		S\$	S\$	S\$	S\$		
Expenditures							
Cost of generating funds							
Costs of generating voluntary income							
- Manpower costs	9	635,931	-	-	-	635,931	614,908
- Operating and administrative costs	10	424,406	-	25,881	-	450,287	485,232
- Depreciation of property, plant and equipment		-	14,841	-	-	14,841	4,181
Costs of generating income							
- Manpower costs	9	4,025,656	-	4,996	-	4,030,652	3,279,206
- Operating and administrative costs	10	1,465,649	-	647,134	-	2,112,783	1,880,983
- Depreciation of property, plant and equipment		-	351,057	-	-	351,057	506,504
- Other fundraising costs		7,278	-	-	265	7,543	2,176
Investment costs							
- Investment management costs	11	98,175	16,735	316,954	-	431,864	452,801
Costs of charitable activities							
Manpower costs	9						
- Healthcare Services		12,555,055	-	156,229	-	12,711,284	9,967,340
- Children and Youth Services		-	-	61,624	4,803,174	4,864,798	4,345,221
- Student Care Centre		149,895	-	-	-	149,895	1,263,888
- Other Social and Community Services		1,277,953	-	5,992	-	1,283,945	2,389,175
- Evangelical and outreach ministries		1,725,005	-	112,970	-	1,837,975	1,533,119
Other costs							
- Operating and administrative costs	10	8,146,807	-	4,628,513	980,218	13,755,538	12,159,526
- Depreciation of property, plant and equipment		-	2,659,604	-	-	2,659,604	2,774,969

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

THE SALVATION ARMY, SINGAPORE

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
for the financial year ended 31 March 2022

	Note	2022					2021
		Unrestricted	Asset	Designated	Restricted	Total	Total
		funds	amortisation	funds	funds	S\$	S\$
		S\$	S\$	S\$	S\$		
Governance costs							
Manpower costs	9	3,984,312	-	83,963	-	4,068,275	3,989,283
Operating and administrative costs	10	644,634	-	405,601	28,840	1,079,075	1,011,469
Depreciation of property, plant and equipment		-	171,469	-	-	171,469	286,567
Amortisation of intangible assets		-	347,658	-	-	347,658	441,836
Written off of intangible assets		-	41,172	-	-	41,172	-
Total expenditure		35,140,756	3,602,536	6,449,857	5,812,497	51,005,646	47,388,384
Surplus / (Deficit) for the year		4,217,534	(3,598,106)	(668,438)	(750,836)	(799,846)	4,558,552
Transfer between funds		(3,546,647)	749,768	2,552,422	244,457	-	-
Net movement in funds and reserves		670,887	(2,848,338)	1,883,984	(506,379)	(799,846)	4,558,552
Reconciliation of funds and reserves							
Total funds and reserves brought forward		14,528,008	51,264,922	54,734,306	5,041,595	125,568,831	121,010,279
Total funds and reserves carried forward		15,198,895	48,416,584	56,618,290	4,535,216	124,768,985	125,568,831

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

THE SALVATION ARMY, SINGAPORE

STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	<u>Note</u>	<u>2022</u> S\$	<u>2021</u> S\$
<u>Assets</u>			
Non-current assets			
Property, plant and equipment	12	47,368,569	50,003,852
Intangible assets	13	973,562	1,169,881
Investment property	14	74,453	91,188
Investments in financial assets	15	47,549,719	40,609,961
		<u>95,966,303</u>	<u>91,874,882</u>
Current assets			
Investments in financial assets	15	3,770,412	2,212,244
Trade and other receivables	16	5,136,882	3,358,684
Cash and cash equivalents	17	26,407,093	34,858,870
		<u>35,314,387</u>	<u>40,429,798</u>
Total assets		<u>131,280,690</u>	<u>132,304,680</u>
<u>Liabilities</u>			
Current liability			
Trade and other payables	18	6,511,705	6,735,849
Total liability		<u>6,511,705</u>	<u>6,735,849</u>
Net assets		<u>124,768,985</u>	<u>125,568,831</u>
Represented by:			
<u>Funds and reserves</u>			
Asset amortisation funds	19	48,416,584	51,264,922
Designated funds	20	56,618,290	54,734,306
Restricted funds	21	4,535,216	5,041,595
Unrestricted funds		15,198,895	14,528,008
Total funds and reserves		<u>124,768,985</u>	<u>125,568,831</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

THE SALVATION ARMY, SINGAPORE

STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2022

	<u>Note</u>	<u>2022</u> S\$	<u>2021</u> S\$
Cash flows from operating activities			
(Deficit) / Surplus for the year		(799,846)	4,558,552
Adjustments for:			
Dividend and interest income		(1,178,414)	(1,195,669)
Depreciation of investment property	14	16,735	16,735
Depreciation of property, plant and equipment	12	3,196,971	3,646,680
Amortisation of intangible assets	13	347,658	441,836
Gain on disposal of property, plant and equipment	8	(4,430)	(19,987)
Gain on disposal of investments in financial assets	15	(316,401)	(1,335,699)
Write-off of intangible asset	10	41,172	-
Write-off of property, plant and equipment		-	12,574
Operating cash flows before changes in working capital		1,303,445	6,125,022
Restricted cash		481,234	(1,012,219)
Trade and other receivables		(1,766,441)	3,330,334
Trade and other payables		(224,144)	(1,051,876)
Net cash flows (used in) / generated from operating activities		<u>(205,906)</u>	<u>7,391,261</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(684,804)	(836,880)
Purchase of intangible assets		(69,796)	(591,924)
Proceeds from disposal of property, plant and equipment		4,831	36,427
Purchase of investments in financial assets		(103,220,587)	(53,975,889)
Proceeds from disposal of investments in financial assets		95,039,062	53,233,501
Dividends and interest received		1,166,657	1,350,109
Net cash flows used in investing activities		<u>(7,764,637)</u>	<u>(784,656)</u>
Net (decrease) / increase in cash and cash equivalents		(7,970,543)	6,606,605
Cash and cash equivalents at beginning of financial year		33,108,876	26,502,271
Cash and cash equivalents at end of financial year	17	<u>25,138,333</u>	<u>33,108,876</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2022

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

1. General

The Salvation Army, Singapore (the "Organisation") was constituted as a corporation in Singapore under the Statutes of the Republic of Singapore, Salvation Army Ordinance (Chapter 377). The Organisation is registered as an exempt charity under the Charities Act (Chapter 37) and domiciled in Singapore. The registered address of the Organisation is at 20 Bishan Street 22, Singapore 579768.

The Salvation Army, Singapore is organised for administrative purposes into two units, which are described below:

(i) General Fund, Singapore

The General Fund deals mainly with the activities for generating funds, Christian education and activities, and all headquarters matters not specifically included in Social Fund, which includes undertaking the functions of an owner of property and deals with all transactions relating to the properties owned by the Organisation.

(ii) Social Fund, Singapore

The Social Fund deals with the social operations of the Organisation which has been conferred the Institutions of a Public Character status. Accordingly, qualifying donors are granted tax deduction for donations made by them to the Social Fund.

The Organisation provides Christian education and activities through its Corps.

The Organisation also provides:

- nursing home;
- residential homes for children and young people at risk;
- ministry to troubled young people;
- day care centres for children and the elderly;
- food for families;
- counselling services;
- prison support services;
- fostering agency services;
- outreach programme for male migrant workers; and
- residential care programme for foreign domestic workers in distress.

The Organisation operates the Red Shield Industries which mainly sells donated goods at an affordable price.

There have been no significant changes in the nature of the Organisation's activities during the year.

The financial statements of the Organisation for the current financial year were approved and authorised for issue by the Territorial Governance Board on the date of the Statement by the Territorial Governance Board.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Organisation have been prepared in accordance with the Singapore Charities Accounting Standard ("CAS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("S\$" or "SGD"), which is the Organisation's functional currency. All financial information presented in S\$ are expressed in units, unless otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

2.3 Income recognition

Income is recognised in the Statement of Financial Activities when:

- the Organisation becomes entitled to the income;
- the Territorial Management Board is virtually certain that the Organisation will receive the income; and
- the monetary value can be measured with sufficient reliability.

Income from generated funds

a) Voluntary income

The Organisation's voluntary income comprises cash donations, donations-in-kind, legacies, tithes and offerings:

- Cash donations are recognised when the Organisation has an unconditional entitlement to the receipts;
- Donations-in-kind are recognised when such donation can be estimated with sufficient reliability and are based on a reasonable estimate of their value to the Organisation, which approximates the open market value for similar items;
- Legacies are recognised when the Organisation has sufficient certainty that the income will be received; and
- Tithes and offerings are recognised upon receipt.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

2. Summary of significant accounting policies (Continued)

2.3 Income recognition (Continued)

Income from generated funds (Continued)

b) Activities for generating funds

This is mainly made up of fundraising income, wholesale and retail income, rental fees and sundry revenue:

- Fundraising income relates to proceeds from fundraising events and appeals held by the Organisation and is recognised on cash basis;
- Wholesale and retail income is from selling donated goods;
- Rental fees are from letting of the properties held primarily for functional use of the Organisation but temporarily not used for operational purposes. This is recognised on a straight-line basis over the period of the lease; and
- Sundry revenue mainly consists of utilities charges to external tenants and sale of scrap materials.

c) Investment income

Investment income comprises dividends, interest and rents and is recognised by the Organisation when receivable:

- Interest income from bank deposits and bonds is accrued on a time apportionment basis;
- Dividend income is recognised when the Organisation's right to receive payment is established; and
- Rental income arising from operating lease on investment property held by the Organisation is accounted for on a straight-line basis over the lease term.

Income from charitable activities

a) Programme fees

These are programme fees for the provision of services by the Organisation to beneficiaries.

b) Funding from government

Government subventions are recognised where there is reasonable assurance that the subventions will be received and all attached conditions has been complied with.

c) Community Chest Funding

Community Chest Funding is funding received to support the Organisation for the provision of social service programmes (namely, the Prison Support Services – Kids In Play) to help children with special needs. The funding is recognised when it is received and ring-fenced as restricted funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

2. Summary of significant accounting policies (Continued)

2.3 Income recognition (Continued)

Other income

This income mainly comprises government grants under the Jobs Support Scheme, and the Wage Credit and Special Employment Credit schemes. Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

2.4 Expenditures

All expenditures are accounted for on an accrual basis and have been classified under headings that aggregate all costs related to that activity.

Costs of generating funds

These are costs associated with generating income from all sources other than from undertaking charitable activities. The cost in this category comprises cost of generating voluntary income, cost of fundraising events and appeals, and investment management costs.

Costs of charitable activities

Costs of charitable activities comprise all costs incurred by the Organisation in providing residential care, health care and community services, and Christian education including direct manpower costs, assistance to other countries, property maintenance costs, operating and administrative costs.

Governance costs

Governance costs comprise all costs attributable to the general running of the Organisation in providing the governance infrastructure and in ensuring public accountability.

2.5 Employee benefits

Defined contribution plan

The Organisation makes contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.6 Foreign currency

Transactions in foreign currencies are measured in the functional currency of the Organisation and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

2. Summary of significant accounting policies (Continued)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Cost includes its purchase price and any cost that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Organisation.

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 Organisation and the cost of the item can be measured reliably. The Organisation's policy is to capitalise assets that cost more than S\$10,000.

Repair, maintenance and renovation costs for properties not owned by the Organisation are charged to the statement of financial activities as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and are depreciated using straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

Freehold building	- 30 years
Leasehold land and building	- Unexpired terms of the lease or 30 years, whichever is shorter
Motor vehicles	- 5 years
Equipment and software	- 5 years

The estimated useful life, depreciation method and residual values are reviewed periodically, at least annually, and adjusted prospectively, if there is a change in estimate.

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

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 on de-recognition of the asset is included in the statement of financial activities in the year the asset is derecognised.

Assets-in-progress

Assets-in-progress mainly refer to building improvement in progress.

Assets-in-progress are reclassified to the appropriate category of property, plant and equipment when complete and ready for use. Assets-in-progress are not depreciated as these assets are not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Computer software

Where computer software is not integrally related to associated hardware, they are recognised as an intangible asset provided they are clearly identifiable, can be readily measured and it is probable they will lead to future economic benefits that the Organisation controls. The Organisation carries capitalised computer software assets at cost less amortisation and any impairment losses. These assets are amortised over the estimated useful lives of the computer software (5 years) on a straight line basis. Computer software maintenance costs are expensed as incurred. Any impairment loss is recognised in the statement of comprehensive income when incurred.

2.9 Investment property

Investment property is held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment property is initially recorded at cost. The cost of a purchased investment property comprises its purchase price and any directly attributable costs.

The cost of an investment property is recognised as an asset if, and only if, it is probable that future economic benefits associated with the investment property will flow to the Organisation and the cost can be measured reliably. Any day-to-day servicing of an investment property is recognised as expenditures in the statement of financial activities in the period in which the costs are incurred.

Investment property is subsequently measured at cost less accumulated depreciation and any impairment losses. Investment property is depreciated over 30 years on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

2. Summary of significant accounting policies (Continued)

2.10 Investments in financial assets

Investments in financial assets are investments in equities and debt securities as well as cash held for investment purposes.

Investments in financial assets are recognised as an asset only when the Organisation becomes a party to the contractual provisions of the instrument and are initially measured at cost. Cost of investments in financial assets is the transaction price excluding transaction costs, if any. Transaction costs are recognised as expenditure in the Statement of Financial Activities as incurred.

Investments in financial assets are measured subsequently at cost less any impairment losses.

2.11 Trade and other receivables

Trade and other receivables excluding prepayments are initially recognised at their transaction price, excluding transaction costs, if any. Transaction costs are recognised as expenditures in the Statement of Financial Activities as incurred. Prepayments are initially recognised at the amount paid in advance for the economic resources expected to be received in the future.

After initial recognition, trade and other receivables excluding prepayments are measured at cost less any accumulated impairment losses. Prepayments are measured at the amount paid less the economic resources received or consumed during the financial year.

2.12 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and at bank and fixed deposits which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash excludes restricted cash.

2.13 Trade and other payables

Trade and other payables excluding accruals are recognised at their transaction price, excluding transaction costs, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditures in the Statement of Financial Activities as incurred. Accruals are recognised at the best estimate of amount payable.

2.14 Funds and reserves

a) Asset amortisation funds

These funds represent carrying amount of the capitalised assets that Organisation purchased.

b) Designated funds

These are funds specifically set aside to meet operational plans or anticipated needs.

c) Restricted funds

These are donations and grants held for restricted purposes as specified by the donors or grantors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

2. Summary of significant accounting policies (Continued)

2.14 Funds and reserves (Continued)

d) Unrestricted funds

This is for the working capital of the Organisation.

2.15 Taxes

Goods and services tax ("GST")

Income, expenditures and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the financial position.

2.16 Leases

As lessor

Rental income from an operating lease is recognised on a straight-line basis over the period of the lease, even if the payments are not made on such a basis. The aggregate cost of lease incentives, if any, is recognised as a reduction over the lease term.

As lessee

The lease payments under an operating lease are recognised on a straight-line basis over the lease term even if the payments are not made on such a basis.

2.17 Provisions

Provisions are recognised only when a present obligation (legal or constructive) exists as a result of a past event, it is probable that a transfer of economic benefits in settlement will be required, and the amount of the obligation can be estimated reliably.

The provision in the Organisation's statement of financial position refers to estimated liability for unconsumed leave. Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

3. Significant accounting judgments and estimates

The preparation of the Fund's financial statements in conformity with CAS requires the Territorial Governance Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenditures, assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. The Territorial Governance Board is of the opinion that there are no significant accounting judgments made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

4. Tax-deductible donation receipts

The Organisation enjoys concessionary tax treatment whereby qualifying donors are granted tax deductions for the donations made to the Organisation. This status is effective for the period from 1 July 2019 to 30 June 2022 under the Institutions of a Public Character ("IPC") Scheme.

There were no fund-raising appeals held by the Organisation with gross receipts exceeding S\$1 million in the current and previous financial years.

Included in the donation income recognised in the statement of financial activities is the following amount of tax-deductible donation receipts:

	<u>2022</u> S\$	<u>2021</u> S\$
Total value of tax-deductible donation receipts issued	<u>5,694,719</u>	<u>5,234,644</u>

5. Investment income

	<u>2022</u> S\$	<u>2021</u> S\$
Dividend income	317,627	234,761
Interest income		
- Bank	743	177
- Bonds	834,863	858,364
- Fixed and short-term deposits	25,181	102,367
Gain on disposal of investments in financial assets	2,023,914	1,785,570
Realised gain / (loss) on foreign exchange	144,568	(77,736)
Property related income	58,318	132,137
	<u>3,405,214</u>	<u>3,035,640</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

6. Funding from government

	<u>2022</u> S\$	<u>2021</u> S\$
Government Subvention	21,135,376	18,602,809
Bicentennial Community Fund	-	400,000
Community Silver Trust Grant	380,340	2,253,022
The Invictus Fund	-	249,591
Others	101,835	570,231
	<u>21,617,551</u>	<u>22,075,653</u>

Others

For the financial year ended 31 March 2021, others includes an amount of S\$534,280 received from National Trade Union Congress Income for the purpose of funding the Carehaven residential care programme for foreign domestic workers in distress.

7. Funding from government - Others

	<u>2022</u> S\$	<u>2021</u> S\$
Enabling Employment Credit scheme	17,988	-
Foreign Worker Levy rebate	-	218,250
Jobs Support Scheme grant	386,134	4,926,858
Property tax rebate	-	81,165
Training funding from government	19,608	41,807
Transformation Support scheme	160,405	-
Trust fund	150,000	-
Wage Credit and Special Employment schemes	399,610	596,519
Others	107,613	152,815
	<u>1,241,358</u>	<u>6,017,414</u>

The Jobs Support Scheme provides wage support to employers to help them retain their local employees during the period of economic uncertainty. Employers who have made CPF contributions for their local employees will qualify for the payouts under the scheme.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

8. Others

	<u>2022</u> S\$	<u>2021</u> S\$
Gain on disposal of property, plant and equipment	4,430	19,987
Goods and Services Tax recovered	358,684	351,265
HQ support services	34,374	-
Others	3,360	47,670
	<u>400,848</u>	<u>418,922</u>

9. Manpower costs

	<u>Costs of generating voluntary income</u> S\$	<u>Costs of generating income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Governance costs</u> S\$	<u>Total</u> S\$
2022					
Employees' salaries and bonuses	541,899	2,565,701	16,095,259	3,188,976	22,391,835
Central Provident Fund contributions	82,160	333,084	2,595,868	369,562	3,380,674
Other short-term benefits	10,572	98,093	1,241,345	439,448	1,789,458
Contract manpower services	1,300	1,033,774	915,425	70,289	2,020,788
	<u>635,931</u>	<u>4,030,652</u>	<u>20,847,897</u>	<u>4,068,275</u>	<u>29,582,755</u>
2021					
Employees' salaries and bonuses	523,084	2,524,144	14,186,477	3,247,950	20,481,655
Central Provident Fund contributions	78,574	325,424	2,288,356	351,895	3,044,249
Other short-term benefits	12,150	98,501	1,183,976	389,438	1,684,065
Contract manpower services	1,100	331,137	1,839,934	-	2,172,171
	<u>614,908</u>	<u>3,279,206</u>	<u>19,498,743</u>	<u>3,989,283</u>	<u>27,382,140</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

10. Operating and administrative costs

	<u>Costs of generating voluntary income</u> S\$	<u>Costs of generating income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Governance costs</u> S\$	<u>Total</u> S\$
2022					
Appeals materials	308,901	-	-	-	308,901
Assistance to clients and families	-	-	373,730	-	373,730
Assistance to other countries	-	-	22,595	-	22,595
Cleaning contractor	-	23,038	104,032	-	127,070
Commission	-	103,218	-	-	103,218
Cost of consignment goods	-	53,759	-	-	53,759
Education and recreation	-	-	58,356	-	58,356
Food and refreshment	-	9,910	3,077,028	49,107	3,136,045
Housekeeping	-	-	41,682	-	41,682
Insurance	1,274	4,202	47,335	17,257	70,068
International headquarters administrative costs	-	-	-	28,636	28,636
Maintenance of equipment and furnishings	5,116	76,162	457,308	167,536	706,122
Maintenance of vehicle	-	140,806	126,804	31,750	299,360
Medical services and supplies	-	4,761	1,888,932	8,853	1,902,546
Non-property licence and insurance	22,315	79,962	458,865	269,660	830,802
Packing material	-	133,103	-	-	133,103
Postage and communications	22,006	15,774	10,027	33,455	81,262
Printing and stationery	14,260	10,912	93,744	13,450	132,366
Professional and support fees	-	261	12,836	4,216	17,313
Professional fee - audit	-	-	-	163,372	163,372
Property maintenance costs	25,881	742,599	4,620,653	214,888	5,604,021
Rental of building	-	335,747	90,694	-	426,441
Rental of equipment and furnishings	2,750	18,226	48,098	11,000	80,074
Staff training	-	-	12,374	304	12,678
Transaction fees and charges	41,968	62,159	158,282	23,133	285,542
Transportation costs	488	1,166	78,326	16,481	96,461
Transportation service fees	-	112,616	1,106,113	-	1,218,729
Utilities	3,144	176,354	847,674	22,195	1,049,367
Other expenses	2,184	8,048	20,050	3,782	34,064
	<u>450,287</u>	<u>2,112,783</u>	<u>13,755,538</u>	<u>1,079,075</u>	<u>17,397,683</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

10. Operating and administrative costs (Continued)

	<u>Costs of generating voluntary income</u> S\$	<u>Costs of generating income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Governance costs</u> S\$	<u>Total</u> S\$
2021					
Appeals materials	327,090	-	-	-	327,090
Assistance - officers	-	-	-	7,178	7,178
Assistance to clients and families	-	-	293,677	1,525	295,202
Assistance to other countries	-	-	25,152	-	25,152
Cleaning contractor	-	24,144	123,986	2,642	150,772
Education and recreation	-	-	29,401	-	29,401
Food and refreshment	585	12,261	3,508,964	36,089	3,557,899
Housekeeping	-	-	60,998	-	60,998
Insurance	633	2,966	46,061	34,426	84,086
International headquarters administrative costs	-	-	-	27,429	27,429
Maintenance of equipment and furnishings	2,068	87,279	1,234,908	191,230	1,515,485
Maintenance of vehicle	-	112,118	136,047	33,705	281,870
Medical services and supplies	-	-	1,294,559	-	1,294,559
Non-property licence and insurance	16,395	82,039	392,278	90,531	581,243
Packing material	-	143,999	-	-	143,999
Postage and communications	60,738	17,356	5,260	9,901	93,255
Printing and stationery	18,458	11,430	101,005	14,717	145,610
Professional and support fees	-	-	3,531	25,919	29,450
Professional fee - audit	-	-	-	160,308	160,308
Property maintenance costs	-	754,748	2,785,929	287,907	3,828,584
Rental of building	-	279,066	60,960	-	340,026
Rental of equipment and furnishings	2,750	31,798	39,412	11,000	84,960
Staff training	-	-	11,496	-	11,496
Transaction fees and charges	50,575	52,117	185,780	36,506	324,978
Transportation costs	1,012	9,325	64,444	9,875	84,656
Transportation service fees	-	45,800	1,001,714	4,952	1,052,466
Utilities	2,705	191,302	713,747	15,500	923,254
Other expenses	2,223	23,235	40,217	10,129	75,804
	<u>485,232</u>	<u>1,880,983</u>	<u>12,159,526</u>	<u>1,011,469</u>	<u>15,537,210</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

11. Investment management costs

	<u>2022</u> S\$	<u>2021</u> S\$
Bank charges	11,187	4,943
Depreciation of plant and equipment	-	74,459
Depreciation of investment property	16,735	16,735
Foreign exchange loss	107,851	-
Investment management and brokerage costs	290,009	247,135
Property maintenance costs	6,082	109,529
	<u>431,864</u>	<u>452,801</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

12. Property, plant and equipment

	<u>Freehold land S\$</u>	<u>Freehold buildings S\$</u>	<u>Leasehold land S\$</u>	<u>Leasehold buildings S\$</u>	<u>Equipment and software S\$</u>	<u>Motor vehicles S\$</u>	<u>Assets-in- progress S\$</u>	<u>Total S\$</u>
Cost:								
At 1 April 2020	4,713,000	50,630,650	4,945,417	31,900,870	3,168,487	3,435,415	299,654	99,093,493
Additions	-	-	-	64,742	357,359	104,281	310,498	836,880
Disposal	-	-	-	-	-	(98,633)	-	(98,633)
Written off	-	-	-	-	-	-	(12,574)	(12,574)
Transfer	-	-	-	-	287,085	-	(287,085)	-
At 31 March 2021	4,713,000	50,630,650	4,945,417	31,965,612	3,812,931	3,441,063	310,493	99,819,166
Additions	-	406,010	-	-	73,695	181,085	24,010	684,800
Disposal	-	-	-	-	-	(135,174)	-	(135,174)
Written off	-	-	-	-	(137,130)	-	-	(137,130)
Reclassification	-	286,493	-	-	(1,346,644)	-	(286,493)	(1,346,644)
At 31 March 2022	4,713,000	51,323,153	4,945,417	31,965,612	2,402,852	3,486,974	48,010	98,885,018
Accumulated depreciation:								
At 1 April 2020	-	22,298,196	829,523	18,230,935	2,311,165	2,581,008	-	46,250,827
Depreciation for the year	-	1,687,770	164,847	1,139,379	339,117	315,567	-	3,646,680
Disposal	-	-	-	-	-	(82,193)	-	(82,193)
At 31 March 2021	-	23,985,966	994,370	19,370,314	2,650,282	2,814,382	-	49,815,314
Depreciation for the year	-	1,732,019	164,849	748,033	328,425	223,645	-	3,196,971
Disposal	-	-	-	-	-	(134,777)	-	(134,777)
Written off	-	-	-	-	(137,130)	-	-	(137,130)
Reclassification	-	-	-	-	(1,223,929)	-	-	(1,223,929)
At 31 March 2022	-	25,717,985	1,159,219	20,118,347	1,617,648	2,903,250	-	51,516,449
Net carrying amount:								
At 31 March 2021	4,713,000	26,644,684	3,951,047	12,595,298	1,162,649	626,681	310,493	50,003,852
At 31 March 2022	4,713,000	25,605,168	3,786,198	11,847,265	785,204	583,724	48,010	47,368,569

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

12. Property, plant and equipment (Continued)

a) Fair value of properties

The Organisation engaged Pioneer Property Consultants LLP, an independent valuer to determine the market value of the freehold and leasehold land and buildings ("Properties"). The market value of the Properties was approximately S\$120,020,000 (2021: S\$121,040,000). The market value is determined using the summation of the open market value of the land and the depreciated replacement cost of the buildings. The open market value is determined by reference to the development charge for the geographical sector under the Civic & Community Institution zone and adjusted according to its location. The depreciated replacement cost of the building is based on current estimated construction cost and depreciated with regard to their respective age and condition. The valuation reports are dated 11 April 2022 (2021: 8 April 2021).

b) Assets-in-progress

As at the previous financial year end, assets-in-progress mainly comprised renovation works-in-progress at Peacehaven Nursing Home. The renovation was completed. Renovation works do not extend the useful life of the property. Hence, the amount has since been retired and expensed off.

c) Reclassification

As at current financial year, the Organisation has reclassified computer software amounted to S\$122,715 to intangible assets.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

13. Intangible assets

	<u>Computer software</u> S\$	<u>Work-in-progress</u> S\$	<u>Total</u> S\$
Cost:			
At 1 April 2020	5,716,957	-	5,716,957
Additions	591,924	-	591,924
At 31 March 2021	6,308,881	-	6,308,881
Additions	-	69,796	69,796
Written off	(5,941,473)	-	(5,941,473)
Reclassification	1,346,644	-	1,346,644
At 31 March 2022	1,714,052	69,796	1,783,848
Accumulated amortisation:			
At 1 April 2020	4,697,164	-	4,697,164
Amortisation for the year	441,836	-	441,836
At 31 March 2021	5,139,000	-	5,139,000
Amortisation for the year	347,658	-	347,658
Written off	(5,900,301)	-	(5,900,301)
Reclassification	1,223,929	-	1,223,929
At 31 March 2022	810,286	-	810,286
Net carrying amount:			
At 31 March 2021	1,169,881	-	1,169,881
At 31 March 2022	903,766	69,796	973,562

As at current financial year, the Organisation has reclassified computer software amounted to S\$122,715 from property, plant and equipment.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

14. Investment property

	<u>Investment property</u> S\$
Cost:	
At 1 April 2020, 31 March 2021 and 31 March 2022	547,890
Accumulated depreciation:	
At 1 April 2020	439,967
Depreciation for the year	16,735
At 31 March 2021	456,702
Depreciation for the year	16,735
At 31 March 2022	473,437
Net carrying amount:	
At 31 March 2021	91,188
At 31 March 2022	74,453

The market value of the freehold investment property was approximately S\$5,500,000 (2021: S\$5,100,000). The valuation was conducted by the same independent valuer using the same valuation methodology as disclosed in Note 12. The date of the valuation report is 11 April 2022 (2021: 8 April 2021).

15. Investments in financial assets

	<u>2022</u> S\$	<u>2021</u> S\$
Quoted bonds, at cost	27,362,538	25,785,056
Quoted equity shares, at cost	17,363,367	13,403,701
Investment schemes, at cost	2,823,813	1,421,205
Cash with fund manager for investment purpose	3,770,413	2,212,243
	<u>51,320,131</u>	<u>42,822,205</u>
<i>Presentation in the statement of financial position as:</i>		
Non-current	47,549,719	40,609,961
Current	3,770,412	2,212,244
	<u>51,320,131</u>	<u>42,822,205</u>
Investment assets in Singapore	20,355,337	15,015,450
Investment assets outside Singapore	30,964,794	27,806,755
	<u>51,320,131</u>	<u>42,822,205</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

15. Investments in financial assets (Continued)

The market value of the investment assets at the end of the reporting period was S\$29,757,115 and S\$17,745,153 for bonds and equity shares, respectively (2020: S\$27,926,294 and S\$15,597,910).

	<u>2022</u> S\$	<u>2021</u> S\$
<i>Movement in investments during the year</i>		
At beginning of the year	42,822,205	40,744,118
Additions	103,220,587	53,975,889
Disposals*	(94,722,661)	(51,897,802)
At end of the year	<u>51,320,131</u>	<u>42,822,205</u>
<i>Reconciled to the statement of cash flows as follows:</i>		
Proceeds from disposal of investment assets	95,039,062	53,233,501
Gain on disposal of investment assets	(316,401)	(1,335,699)
Net disposals*	<u>94,722,661</u>	<u>51,897,802</u>

The investment portfolio is held under the name of The Salvation Army, Singapore. The portfolio is split between the Salvation Army Singapore and Malaysia territories based on a certain allocation ratio. On 1 April 2019, the Territorial Management Board revised the allocation ratio between the Singapore and Malaysia territories from 9:1 to 9.15:0.85, respectively.

There was no change in the allocation ratio during the current financial year.

16. Trade and other receivables

	<u>2022</u> S\$	<u>2021</u> S\$
Programme fees receivables	535,282	548,107
Interest income receivables	227,123	215,366
Deposits for utilities and premises	171,483	146,075
Amount due from related parties (non-trade)	-	107,601
Prepayments	106,431	9,757
Rental fees receivables	1,713	5,202
Other receivables	4,094,850	2,326,576
	<u>5,136,882</u>	<u>3,358,684</u>

Other receivables mainly relate to government grant receivables.

Amount due from related parties are non-trade related, unsecured, non-interest bearing and repayable upon demand. Related parties refer to The Salvation Army, Malaysia and The Salvation Army, Myanmar.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

17. Cash and cash equivalents

	<u>2022</u> S\$	<u>2021</u> S\$
Cash at bank and on hand	7,767,484	8,377,532
Fixed deposits	18,639,609	26,481,338
Cash and cash equivalents as per statement of financial position	26,407,093	34,858,870
Less: Medifund monies - restricted (Note 18)	(1,268,760)	(1,749,994)
Cash and cash equivalents as per statement of cash flows	<u>25,138,333</u>	<u>33,108,876</u>

Cash at bank earns interest on floating rates based on daily bank deposit rates.

Fixed deposits are made for varying periods of between 3 and 12 months (2021: 3 and 12 months) depending on the cash requirements of the Fund. Fixed deposits earn interest at deposit rates ranging between 0.02% to 1.40% (2021: 0.04% and 1.73%) per annum. Included in fixed deposits of the Organisation are restricted amounts of S\$270,515 (2021: S\$270,515) which is pledged to a bank as security for the credit card and bank guarantee.

18. Trade and other payables

	<u>2022</u> S\$	<u>2021</u> S\$
Trade payables	2,274,196	1,526,114
Accruals	1,060,812	1,052,073
Amount due to related parties (non-trade)	160,126	477,991
Deposits collected from third parties	405,644	328,936
Medifund account (Note 17)	1,268,760	1,749,994
Deferred grant income	-	386,134
Unearned revenue	142,703	85,144
Other payables	355,130	241,653
Provision for unutilised leave	844,334	887,810
	<u>6,511,705</u>	<u>6,735,849</u>

The Medifund account refers to funds received from Medifund, an endowment fund set up by the Singapore government to assist needy Singaporeans to pay for medical care. The amount will be set off against the programme fees receivable from specific patients upon review and approval by the Organisation's Medifund committee.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

19. Asset amortisation funds

	<u>2022</u> S\$	<u>2021</u> S\$
At 1 April	51,264,922	53,970,382
Deficit for the year	(3,598,106)	(4,105,251)
Transfer between funds:		
Transfer from designated funds (Note 20)	319,753	1,156,812
Transfer from restricted funds (Note 21)	716,508	255,553
Transfer to unrestricted funds	(286,493)	(12,574)
	749,768	1,399,791
At 31 March	<u>48,416,584</u>	<u>51,264,922</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2022

20. Designated funds

Designated funds are held for specific purposes designated by the Territorial Management Board using its discretionary powers.

	(a)	(a)		(b)	
	<u>Property</u> <u>reserve</u> S\$	<u>Vehicle</u> <u>reserve</u> S\$	<u>Furniture,</u> <u>fixtures and</u> <u>equipment</u> <u>replacement</u> <u>reserve</u> S\$	<u>Information</u> <u>technology</u> <u>(IT) Reserve</u> S\$	<u>Development</u> <u>fund</u> S\$
					<u>Sub-total</u> <u>carried</u> <u>forward</u> S\$
At 1 April 2020	39,508,791	2,239,566	109,963	889,198	513,530
(Deficit) / Surplus for the year	(160,606)	46,898	(64,282)	(111,211)	644,258
Transfer between funds:					
Transfer between designated funds	2,221,566	-	-	1,440	(1,440)
Transfer to asset amortisation funds (Note 19)	(351,235)	(87,842)	-	(235,828)	-
Transfer to restricted funds (Note 21)	-	-	-	-	(2,522)
Transfers from unrestricted funds	2,900,711	355,200	-	17,280	-
	4,771,042	267,358	-	(217,108)	(3,962)
At 31 March 2021	44,119,227	2,553,822	45,681	560,879	1,153,826
(Deficit) / Surplus for the year	(1,128,881)	(14,636)	(2,090)	(54,759)	1,417,764
Transfer between designated funds	(547,791)	-	-	1,440	(4,320)
Transfer from restricted funds (Note 21)	150,936	-	-	-	-
Transfer from / (to) unrestricted funds	2,633,437	307,200	-	18,480	-
Transfer to asset amortisation funds (Note 19)	-	(176,255)	-	(69,796)	-
	2,236,582	130,945	-	(49,876)	(4,320)
At 31 March 2022	45,226,928	2,670,131	43,591	456,244	2,567,270
					50,964,164

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2022

20. Designated funds (Continued)

	<u>Sub-total brought forward S\$</u>	(c) <u>Programme reserve S\$</u>	(d) <u>Officer and staff benefit reserve S\$</u>	(e) <u>Centre/ Corps reserve S\$</u>	<u>Total S\$</u>
At 1 April 2020	43,261,048	5,417,714	1,103,612	1,844,702	51,627,076
(Deficit) / Surplus for the year	355,057	1,711,975	(87,024)	18,828	1,998,836
Transfer between funds:					
Transfers within designated funds	2,221,566	(2,122,247)	-	(99,319)	-
Transfer to asset amortisation funds (Note 19)	(674,905)	(481,907)	-	-	(1,156,812)
Transfer to restricted funds (Note 21)	(2,522)	(1,619,033)	-	-	(1,621,555)
Transfers from unrestricted funds	3,273,191	-	144,340	469,230	3,886,761
	4,817,330	(4,223,187)	144,340	369,911	1,108,394
At 31 March 2021	48,433,435	2,906,502	1,160,928	2,233,441	54,734,306
(Deficit) / Surplus for the year	217,398	(716,682)	(159,019)	(10,135)	(668,438)
Transfer between designated funds	(550,671)	547,791	2,880	-	-
Transfer from restricted funds (Note 21)	150,936	-	28,152	-	179,088
Transfer (to) / from unrestricted funds	2,959,117	(13,827)	174,732	(426,935)	2,693,087
Transfer to asset amortisation funds (Note 19)	(246,051)	(73,702)	-	-	(319,753)
	2,313,331	460,262	205,764	(426,935)	2,552,422
At 31 March 2022	50,964,164	2,650,082	1,207,673	1,796,371	56,618,290

(a) Property and vehicle reserves consist of funds set aside for the purpose of replacement and maintenance of properties and vehicles.

(b) Development fund refers to funds that are set aside for establishing operations in Thailand, mission development and social justice development.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

20. Designated funds (Continued)

- (c) The Programme reserve consists of funds set aside for the cost of programmes and equipment operated at the Peacehaven Jade Circle building, children education funds, and other special projects approved by the Territorial Management Board. Such special projects are funded by government grants under the Community Silver Trust ("CST") scheme and/or legacy bequests.

The CST scheme is a funding programme by the Singapore government to provide dollar-for-dollar attaching grants to encourage donations into the intermediate and long-term care sector in Singapore. As of the financial year end, the total unutilised CST grants amounted to S\$2,534,581 of which S\$2,171,838 (2021: S\$2,613,113) is included in the Programme Reserve, S\$362,743 (2021: 1,504,301) in Property Reserve and Nil (2021: S\$700,804) in Restricted Fund. The unutilised grants expire as follows:

<u>Expiry date</u>	<u>S\$</u>
31 March 2023	1,060,452
31 March 2024	1,245,925
31 March 2025	228,204
	<u>2,534,581</u>

- (d) Officer and staff benefit reserve mainly consists of funds set aside for the purpose of staff training, officers' education and officers' health benefit funds.
- (e) Centre/Corp reserve consists of surplus funds generated by the Singapore Central Corps, Peacehaven Nursing Home and Carehaven programme, and ringfenced for the purpose of meeting future operating expenses of these centres.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2022

21. Restricted funds

	(a) Property Reserve		(b) Furniture, fittings and equipment		(c), (d) IT reserve	(e) Special projects	(f) Programme reserve	(g) Centre / Corps reserve	(h) Education reserve	Total
	Jade Circle construction project S\$	Charity Bike 'n' Blade S\$	Equipment reserve S\$	equipment reserve S\$	IT reserve S\$	Special projects S\$	Programme reserve S\$	Centre / Corps reserve S\$	Education reserve S\$	Total S\$
At 1 April 2020	2,457,155	285,196	-	-	240,000	-	18,000	-	-	3,000,351
Surplus / (Deficit) for the year	-	10,598	24,005	-	(8,452)	(2,522)	-	613,928	-	637,557
Transfer between funds:										
- Headquarters oversight fee	-	-	-	-	-	-	-	(102,458)	-	(102,458)
- Other transfers	-	-	-	-	-	-	-	143,143	-	143,143
Transfer to asset amortisation funds (Note 19)	-	-	(24,005)	-	(231,548)	-	-	-	-	(255,553)
Transfer from designated funds	1,619,033	-	-	-	-	2,522	-	-	-	1,621,555
Transfer to unrestricted funds	-	-	-	-	-	-	(3,000)	-	-	(3,000)
	1,619,033	-	(24,005)	-	(231,548)	2,522	(3,000)	40,685	-	1,403,687
At 31 March 2021	4,076,188	295,794	-	-	-	-	15,000	654,613	-	5,041,595
(Deficit) / surplus for the year	(613,411)	-	716,508	-	-	-	(863,933)	-	10,000	(750,836)
Transfer between funds:										
Transfers between restricted funds	(3,462,777)	-	-	2,071,984	-	-	2,045,406	(654,613)	-	-
Transfers from unrestricted funds	-	-	-	-	-	-	1,140,053	-	-	1,140,053
Transfer to asset amortisation funds (Note 19)	-	-	(716,508)	-	-	-	-	-	-	(716,508)
Transfer to designated funds (Note 20)	-	-	-	-	-	-	(179,088)	-	-	(179,088)
	(3,462,777)	-	(716,508)	2,071,984	-	-	3,006,371	(654,613)	-	244,457
	-	295,794	-	2,071,984	-	-	2,157,438	-	10,000	4,535,216

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

21. Restricted funds (Continued)

- (a) The Jade Circle Construction Project refers to the development and construction of residential and non-residential care facilities for people with dementia, enabling residents to regain their independence, where possible, to ensure that they remain active and engaged in meaningful activities for as long as they can. The Jade Circle facilities are managed and operated by Peacehaven Nursing Home. The project has completed during the year.

Peacehaven Nursing Home is a beneficiary of the annual Charity Bike 'n' Blade fundraising event. During the financial year, the nursing home received donations of Nil (2021: S\$110,598) from the funds raised from the event.

- (b) At previous financial year, the Organisation acquired a new Ingot Patient-Centered-Care software module for the use of the Peacehaven Nursing Home, the costs of which were partially funded by the IT Reserve. Accordingly, the Organisation transferred an amount of S\$231,548 to capital contribution funds to meet future depreciation expenses associated with the capitalised asset.
- (c) The programme reserve relates to donations from True Hearts Connection to support the cost of running the True Hearts Mentoring Programme at The Haven over a period of 7 years at S\$3,000 per annum.

The Jade Circle building project has completed during the year. The balance of the building funds amounting to S\$3,462,777 was re-allocated to fund Jade Circle's operations as specified by the donors as follow.

- i) Equipment & Software for Jade Circle Residential & Arena reserve will be used for purchase of equipment for programme in Jade Circle Residential area and Jade Circle Arena area and to pay for the yearly subscription of software systems used in Jade Circle Arena.
- ii) Staff Training in Dementia Care reserve will be used to pay the training cost for staff.
- iii) Dementia Awareness Campaigns and Outreach Events reserve will be used to pay for campaigns and workshops for promoting Dementia Awareness.
- iv) Training Centre Education Manager and Learning Management Systems reserve will be used for hiring the Education Manager to develop and expand curricula of training modules in dementia care and to pay the yearly subscription of aCAREdemy Learning Management Systems - the e-learning platform used by Peacehaven Training Centre
- (d) The Peacehaven is applying for Sayang Sayang Fund reserve launched by Community Foundation of Singapore (CFS). It is an emergency community response fund, up to \$50,000 to address social challenges faced in the early stages of the Covid-19 crisis.
- (e) Centre/Corps reserve comprise surplus funds generated by certain programmes operated by the Organisation. The programmes included in the Centre/Corps reserve are:
- Gracehaven Interim Placement and Assessment Centre;
 - Gracehaven Fostering Agency;
 - Gracehaven Children's Home; and
 - Prison Support Services – Kids in Play programme.

The use of the reserve is restricted to support the purpose of the respective programmes' stated objectives.

- (f) Gracehaven Children's Home received donation of S\$10,000 restricted for education purposes.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

22. Significant related party transactions

a) Transactions with related parties

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Organisation and related parties took place at terms agreed between the parties during the financial year:

	<u>2022</u> S\$	<u>2021</u> S\$
<u>Transactions with The Salvation Army, Malaysia:</u>		
Officers' retreat contribution	2,880	720
Wholesales income	-	220,148
Other sundry revenue	-	44,069
Manpower cost	(26,005)	(2,423)
Rental fee	(3,456)	(1,188)
HQ support service	32,000	-
Travelling costs	(143)	-
<u>Transactions with The Salvation Army, Myanmar:</u>		
Officers' retreat contribution	480	2,880
Other sundry revenue	1,298	-
HQ support service	2,374	-
<u>Transactions with International Headquarters:</u>		
Management fees paid to the International Headquarters	(28,636)	(27,429)

Related parties refer to other Salvation Army territories under the purview of the Territorial Management Board, which includes those in Malaysia and Myanmar. Salvation Army territories are administered by the International Headquarters, which is also a related party.

b) Compensation of key management personnel

	<u>2022</u> S\$	<u>2021</u> S\$
Employees' salaries and bonuses	1,094,974	1,025,284
Central Provident Fund contributions	76,299	65,540
Other short-term benefits	46,217	48,608
	<u>1,217,490</u>	<u>1,139,432</u>
Number of key management in remuneration bands:		
< S\$100,000	15	11
S\$100,000 to S\$150,000	2	3
> S\$150,000	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2022

22. Significant related party transactions (Continued)**b) Compensation of key management personnel (Continued)**

Key management personnel comprise members of the Territorial Governance Board, Territorial Management Board and the Central Management Council. Except as disclosed above, there were no claims by the key management personnel for services provided to the Organisation, either by reimbursements or providing the key management with an allowance or by direct payment to a third party during the financial year.

23. Commitments**(a) Operating lease commitments – as lessor**

Future minimum lease receivable under non-cancellable operating leases in respect of rental of premises as at the financial year end date are as follows:

	<u>2022</u> S\$	<u>2021</u> S\$
Not later than one year	757,842	382,065
Later than one year but not later than five years	1,396,362	556,770
Later than five years	72,000	75,600
	<u>2,226,204</u>	<u>1,014,435</u>

Rental income arising from non-cancellable operating leases is recognised in the statement of financial activities as follows:

Rental income	<u>430,831</u>	<u>408,924</u>
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(b) Operating lease commitments – as lessee

Future minimum rental payable under non-cancellable operating leases in respect of rental of land and equipment as at the financial year end date are as follows:

	<u>2022</u> S\$	<u>2021</u> S\$
Not later than one year	485,280	251,100
Later than one year but not later than five years	862,680	-
	<u>1,347,960</u>	<u>251,100</u>

Rental expense arising from non-cancellable operating leases is recognised in the statement of financial activities as follows:

Rental expense	<u>308,922</u>	<u>281,960</u>
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THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the financial year ended 31 March 2022

24. Taxation

The Organisation is registered as an exempt charity under the Charities Act (Chapter 37). By virtue of Section 13(1)(zm) of the Income Tax Act (Chapter 134), the Organisation's income is exempted from income tax.

25. Fund management

The Territorial Governance Board reviews the Organisation's unrestricted reserves annually to ensure that the Organisation will be able to continue as a going concern. The reserve target in each Fund is established at a level below 2 years of Fund's annual operating expenditure.

26. Comparative information

The Organisation has modified the presentation of certain item in order to streamline the presentation of the statement of financial position, cash flows and financial activities. Accordingly, certain comparative amounts has been reclassified in order to conform to current year's presentation. As the reclassification involve items within the statement of financial position, cash flows and financial activities, there is no impact on accumulated funds brought forward and cash flows.

The details of the reclassifications are summarised below.

	<u>As previously reported</u> S\$	<u>Reclassification</u> S\$	<u>As reclassified</u> S\$
<u>Statement of financial position</u>			
Current assets			
Fixed deposits	22,426,271	(22,426,271)	-
Cash and cash equivalents	12,432,599	22,426,271	34,858,870
Current liabilities			
Trade and other payables	5,848,039	887,810	6,735,849
Provision for unutilised leave	887,810	(887,810)	-
<u>Statement of cash flows</u>			
Cash flows from operating activities			
Provision for unutilised leave	141,852	(141,852)	-
Trade and other payables	(1,193,728)	141,852	(1,051,876)
Cash flows from investing activities			
Movement in fixed deposits	(6,967,171)	6,967,171	-
Cash and cash equivalents at beginning of financial year	11,043,171	15,459,100	26,502,271
Cash and cash equivalents at end of financial year	<u>10,682,605</u>	<u>22,426,271</u>	<u>33,108,876</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2022

26. Comparative information (Continued)

	<u>As previously reported</u> S\$	<u>Reclassification</u> S\$	<u>As reclassified</u> S\$
<u>Statement of financial activities</u>			
<u>Expenditure</u>			
Cost of generating funds			
Costs of generating voluntary income			
Manpower costs			
- Employees' salaries and bonuses	513,574	9,510	523,084
- Other short-term benefits	21,660	(9,510)	12,150
Costs of generating income			
Manpower costs			
- Employees' salaries and bonuses	2,520,677	3,467	2,524,144
- Other short-term benefits	101,968	(3,467)	98,501
Costs of charitable activities			
Manpower costs			
- Employees' salaries and bonuses	14,105,756	80,721	14,186,477
- Other short-term benefits	1,264,697	(80,721)	1,183,976
Governance costs			
Manpower costs			
- Employees' salaries and bonuses	3,198,578	49,372	3,247,950
- Other short-term benefits	438,810	(49,372)	389,438