

THE SALVATION ARMY, SINGAPORE

Unique Entity Number: T07CC3012G

AUDITED FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

THE SALVATION ARMY, SINGAPORE

STATEMENT BY THE TERRITORIAL MANAGEMENT BOARD AND AUDITED FINANCIAL STATEMENTS
for the financial year ended 31 March 2019

Table of Contents

Statement by the Territorial Management Board	3
Independent Auditor's Report	4
Statement of Financial Activities	8
Statement of Financial Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13

THE SALVATION ARMY, SINGAPORE

STATEMENT BY THE TERRITORIAL MANAGEMENT BOARD

for the financial year ended 31 March 2019

In the opinion of the Territorial Management Board,

- (a) the accompanying financial statements are drawn up in accordance with the provisions of the Salvation Army Ordinance (Chapter 377), Charities Act (Chapter 37) 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 2019 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 Management Board approved and authorised the issue of these financial statements.

On behalf of the Territorial Management Board



.....
Colonel Walters Rodney Steven
Territorial Commander



.....
Lieut-Colonel Garth Niemand
Chief Secretary

Signed on: 11 SEP 2019

Ardent Associates LLP

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**INDEPENDENT AUDITOR'S REPORT TO THE TERRITORIAL MANAGEMENT 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 2019, 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 (Chapter 377), Charities Act (Chapter 37) (the "Act") and other relevant 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 2019 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.

Independence

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Page 2 of 4

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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 Management Board for the Financial Statements

The Territorial Management Board is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act 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 Management 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 Management Board either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

The Territorial Management Board's responsibilities include overseeing the Organisation's financial reporting process.

The Territorial Management Board is also responsible for ensuring that the 30% cap in regulation 15 of the Charities (Institutions of a Public Character) Regulations has not been exceeded.

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 MANAGEMENT BOARD OF
THE SALVATION ARMY, SINGAPORE**

Page 3 of 4

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 Management Board.
- Conclude on the appropriateness of the Territorial Management 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 Management 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.

**INDEPENDENT AUDITOR'S REPORT TO THE TERRITORIAL MANAGEMENT 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 Act.

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.

Ardent Associates LLP

ARDENT ASSOCIATES LLP
Public Accountants and
Chartered Accountants
Singapore

11 September 2019

THE SALVATION ARMY, SINGAPORE

STATEMENT OF FINANCIAL ACTIVITIES
for the financial year ended 31 March 2019

	Note	2019				2018	
		Unrestricted funds S\$	Capital contribution funds S\$	Designated funds S\$	Restricted funds S\$	Total S\$	Total S\$
Expenditures							
Cost of generating funds							
Costs of generating voluntary income							
- Manpower costs	7	196,718	-	-	-	196,718	585,331
- Other administrative costs	8	363,741	-	-	-	363,741	410,107
- Depreciation of property, plant and equipment		-	12,152	-	-	12,152	17,378
- Property maintenance costs		-	-	18,775	-	18,775	13,652
Costs of generating income							
- Manpower costs	7	3,614,883	-	-	-	3,614,883	3,394,662
- Wholesale and retail costs		870,982	-	-	-	870,982	1,160,516
- Depreciation of property, plant and equipment		-	143,242	-	-	143,242	389,757
- Property maintenance costs		439,340	-	1,014,339	-	1,453,679	650,625
- Other fundraising costs		103,530	-	-	21,384	124,914	125,321
Investment management costs	9	198,299	200,606	1,381,849	-	1,780,754	540,246
Costs of charitable activities							
Manpower costs	7						
- Medical programmes		9,315,616	-	46,205	-	9,361,821	9,716,980
- Children's home		3,054,668	-	-	1,365,211	4,419,879	3,631,327
- Child care centers		2,309,464	-	-	-	2,309,464	2,294,274
- Other social services		1,442,624	-	52,388	196,766	1,691,778	1,456,360
- Evangelical and outreach ministries		2,034,242	-	65,768	9,017	2,109,027	2,158,343
Other costs							
- Assistance to other countries		1,160,499	-	-	-	1,160,499	893,156
- Depreciation of property, plant and equipment		-	2,179,647	-	-	2,179,647	2,206,276
- Property maintenance costs		59,596	-	3,980,472	136,960	4,177,028	1,374,000
- Operating costs	10	8,533,261	-	204,900	356,328	9,094,489	8,796,047
- Other administrative costs	8	52,817	-	21	825	53,663	63,233

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

THE SALVATION ARMY, SINGAPORE

STATEMENT OF FINANCIAL ACTIVITIES
for the financial year ended 31 March 2019

	Note	2019				2018
		Unrestricted funds S\$	Capital contribution funds S\$	Designated funds S\$	Restricted funds S\$	Total S\$
Governance costs						
Manpower costs	7	4,101,519	-	115,643	-	4,217,162
Professional fee		146,976	-	-	5,102	152,078
International headquarters administrative costs		25,286	-	-	-	25,286
Depreciation of property, plant and equipment		-	546,714	-	-	546,714
Amortisation of intangible assets	12	-	1,161,964	-	-	1,161,964
Property maintenance costs		-	-	491,414	-	491,414
Goods and services tax		-	-	-	-	-
Other administrative costs	8	520,340	-	312,396	-	832,736
Other expenses		-	-	6,641	-	6,641
Total expenditures		38,544,401	4,244,325	7,690,811	2,091,593	52,571,130
Surplus/(deficit) for the year		331,086	(4,244,325)	(5,829,960)	1,890,270	(7,852,929)
Transfers between funds		(4,191,570)	7,833,151	(704,048)	(2,937,533)	-
Net movement in funds and reserves		(3,860,484)	3,588,826	(6,534,008)	(1,047,263)	(7,852,929)
Reconciliation of funds and reserves						
Total funds and reserves brought forward		21,513,199	45,433,299	58,351,282	7,673,973	132,971,753
Total funds and reserves carried forward		17,652,715	49,022,125	51,817,274	6,626,710	125,118,824

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 2019

	<u>Note</u>	<u>2019</u> S\$	<u>2018</u> S\$
<u>Assets</u>			
Non-current assets			
Property, plant and equipment	11	47,551,779	43,206,557
Intangible assets	12	1,345,688	2,085,349
Investment property	13	124,658	141,393
Investments in financial assets	14	39,693,706	36,775,396
		<u>88,715,831</u>	<u>82,208,695</u>
Current assets			
Investments in financial assets	14	495,060	1,283,054
Trade and other receivables	15	3,717,260	2,647,797
Fixed deposits	16	20,406,314	32,149,889
Cash and short-term deposits	17	18,573,109	19,559,160
		<u>43,191,743</u>	<u>55,639,900</u>
Total assets		<u><u>131,907,574</u></u>	<u><u>137,848,595</u></u>
<u>Liabilities</u>			
Current liabilities			
Trade and other payables	18	6,200,146	4,265,671
Provisions	19	588,604	611,171
Total liabilities		<u>6,788,750</u>	<u>4,876,842</u>
Net assets		<u><u>125,118,824</u></u>	<u><u>132,971,753</u></u>
Represented by:			
<u>Funds and reserves</u>			
Capital contribution funds	20	49,022,125	45,433,299
Designated funds	21	51,817,274	58,351,282
Restricted funds	22	6,626,710	7,673,973
Unrestricted funds		17,652,715	21,513,199
Total funds and reserves		<u><u>125,118,824</u></u>	<u><u>132,971,753</u></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 2019

	<u>Note</u>	<u>2019</u> S\$	<u>2018</u> S\$
Cash flows from operating activities			
(Deficit)/surplus for the year		(7,852,929)	5,309,181
Adjustments for:			
Bad debts written off		23,836	17,260
Dividend and interest income		(1,519,757)	(1,484,413)
Depreciation of investment property		16,735	16,736
Depreciation of property, plant and equipment		3,265,121	3,142,017
Amortisation of intangible assets		962,470	962,470
Gain on disposal of property, plant and equipment		(138,200)	-
Loss/(gain) on disposal of investments in financial assets		957,058	(667,161)
Provision for unconsumed leave		(22,567)	102,262
Operating cash flows before changes in working capital		<u>(4,308,233)</u>	<u>7,398,352</u>
Restricted cash		(410,259)	161,399
Trade and other receivables		(1,046,086)	(1,341,568)
Trade and other payables		1,934,475	116,264
Net cash flows (used in)/generated from operating activities		<u>(3,830,103)</u>	<u>6,334,447</u>
Cash flows from investing activities			
Movement in fixed deposits		11,743,575	(1,562,111)
Purchase of property, plant and equipment		(7,472,143)	(4,055,802)
Purchase of intangible assets		(222,809)	-
Purchase of investments in financial assets		(295,885,246)	(66,962,524)
Proceeds from disposal of investments in financial assets		294,962,883	65,421,990
Capital distribution/Change in investment portfolio		(2,165,011)	182
Dividends and interest received		1,472,544	1,533,807
Net cash flows used in investing activities		<u>2,433,793</u>	<u>(5,624,458)</u>
Net (decrease)/increase in cash and cash equivalents		(1,396,310)	709,989
Cash and cash equivalents at beginning of financial year		19,111,181	18,401,192
Cash and cash equivalents at end of financial year	17	<u>17,714,871</u>	<u>19,111,181</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 2019

1. General information

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, as 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 other funds, 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 the children and the young people at risk;
- ministries to troubled young people;
- day care centres for children and the elderly;
- food for families;
- counselling services; and
- prison support services.

The Organisation operates The Red Shield Industries which sells mainly 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 Management Board on the date of the Statement by the Territorial Management Board.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Fund 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"), and all values in the financial information disclosed therein are presented in units, unless otherwise stated.

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 Finance Council 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 and operating grants:

- 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;
- Tithes and offerings are recognised upon receipt; and
- Operating grants are funding from charitable foundations and are accounted for on accrual basis.

b) Activities for generating funds

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

- Fundraising income is from events and appeals held by the Organisation and is recognised on cash basis;
- Wholesale and retail income is from selling donated goods and bought-in goods;

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

- 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 receivable for the provision of services by the Organisation to beneficiaries.

b) Funding from government

Funding from government are government grants and subvention receivable for the provision of services by the Organisation to beneficiaries. Government grants and subventions are recognised where there is a reasonable assurance that the grants or 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 to help children with special needs. The funding is recognised when it is received.

d) Sundry revenue

Sundry revenue is mainly made up of care and share matching grant received by the Organisation and is recognised on cash basis.

Other income

This income mainly comprises government funding under 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.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

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, day care for children, 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

a) 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.

b) Employee leave entitlement

Employee entitlements to annual leave which 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.

2.6 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.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

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 under construction

Assets under construction mainly refer to freehold and leasehold building improvement in progress. The cost of building improvement mainly includes construction costs incurred on Jade Circle Construction Project.

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

2.7 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. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. 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 costs are 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.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2.8 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.

2.9 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.

2.10 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.

2.11 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and at bank, demand deposits and short-term deposits which are subject to an insignificant risk of changes in value.

2.12 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.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2.13 Funds and reserves

a) Capital contribution funds

These represent funds set up to meet costs relating to property, plant and equipment.

b) Designated funds

These are funds specifically set aside by the Finance Council to meet operational plans or anticipated needs.

c) Restricted funds

These are donations held for restricted purposes as specified by the donors.

d) Unrestricted funds

This is for the working capital of the Organisation.

2.14 Taxes

Goods and services tax

Income, expenditures and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax 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 goods and services tax included.

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

2.15 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.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

3. Significant accounting judgments and estimates

The preparation of the Fund's financial statements in conformity with CAS requires the Finance Council 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 Finance Council 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 2016 to 30 June 2019 under the Institutions of a Public Character Scheme. This status has been renewed for an additional three years to 30 June 2022.

	<u>2019</u> S\$	<u>2018</u> S\$
Total value of tax-deductible receipts issued	<u>7,321,568</u>	<u>9,365,900</u>

5. Investment income

	<u>2019</u> S\$	<u>2018</u> S\$
Dividend income	150,328	184,677
Gain on disposal of investments in financial assets	-	667,161
Interest income		
- Bank	435	150
- Bonds	887,272	861,398
- Fixed and short-term deposits	481,722	438,188
Realised gain on foreign exchange	90,207	826,519
Property related income	79,457	71,428
	<u>1,689,421</u>	<u>3,049,521</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

6. Others

	<u>2019</u> S\$	<u>2018</u> S\$
Gain on disposal of property, plant and equipment	138,200	-
Goods and Services Tax recoverable	261,083	26,592
Wage credit and special employment schemes	520,404	2,090,487
Training funding from government	51,766	195,399
Others	53,349	45,103
	<u>1,024,802</u>	<u>2,357,581</u>

7. Manpower costs

	<u>Costs of</u> <u>generating</u> <u>voluntary</u> <u>income</u> S\$	<u>Costs of</u> <u>generating</u> <u>income</u> S\$	<u>Costs of</u> <u>charitable</u> <u>activities</u> S\$	<u>Governance</u> <u>costs</u> S\$	<u>Total</u> S\$
<u>2019</u>					
Employees' salaries and bonuses	166,704	2,798,835	14,183,822	2,920,206	20,069,567
Central Provident Fund contributions	25,399	377,797	1,860,372	412,966	2,676,534
Other short-term benefits	4,615	74,242	2,520,413	753,738	3,353,008
Contract manpower services	-	364,009	1,327,362	130,252	1,821,623
	<u>196,718</u>	<u>3,614,883</u>	<u>19,891,969</u>	<u>4,217,162</u>	<u>27,920,732</u>
<u>2018</u>					
Employees' salaries and bonuses	491,214	2,723,875	13,904,787	2,704,381	19,824,257
Central Provident Fund contributions	76,950	381,189	1,845,009	384,536	2,687,684
Other short-term benefits	16,067	74,684	2,746,733	669,941	3,507,425
Contract manpower services	1,100	214,914	760,755	217,679	1,194,448
	<u>585,331</u>	<u>3,394,662</u>	<u>19,257,284</u>	<u>3,976,537</u>	<u>27,213,814</u>

Manpower costs under costs of charitable activities are the aggregate of the manpower costs for medical programmes, children's homes, child care centres, other social services and evangelical and outreach ministries.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

8. Other administrative costs

	<u>Costs of generating voluntary income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Governance costs</u> S\$	<u>Total</u> S\$
<u>2019</u>				
Appeals materials	98,233	-	-	98,233
Assistance - officers	-	-	97,773	97,773
Insurance	958	40,861	16,198	58,017
Fundraising and related materials	3,727	-	6,479	10,206
Maintenance of equipment and furnishings	2,275	-	103,570	105,845
Maintenance of vehicle	-	-	38,706	38,706
Non-property licence and insurance	5,562	2,782	80,666	89,010
Postage and communications	158,262	-	7,898	166,160
Printing and stationery	21,767	-	69,605	91,372
Professional and support fees	-	867	17,024	17,891
Rental of equipment and furnishings	911	-	15,967	16,878
Staff training	-	-	212,479	212,479
Transaction fees and charges	67,373	6,393	31,600	105,366
Travelling	2,485	-	97,630	100,115
Utilities	1,144	-	22,343	23,487
Other expenses	1,044	2,760	14,798	18,602
	<u>363,741</u>	<u>53,663</u>	<u>832,736</u>	<u>1,250,140</u>
<u>2018</u>				
Appeals materials	114,088	-	-	114,088
Assistance - officer	-	-	61,177	61,177
Insurance	2,297	40,881	22,769	65,947
Fundraising and related materials	7,645	-	-	7,645
Maintenance of equipment and furnishings	8,517	-	96,870	105,387
Maintenance of vehicle	-	-	38,150	38,150
Non-property licence and insurance	15,618	3,092	98,336	117,046
Postage and communications	154,266	-	7,599	161,865
Printing and stationery	20,915	-	47,722	68,637
Professional and support fees	2,126	-	17,588	19,714
Recruitment expenses	-	-	1,738	1,738
Rental of equipment and furnishings	1,682	-	10,163	11,845
Staff training	-	-	260,402	260,402
Transaction fees and charges	72,578	6,295	24,852	103,725
Travelling	5,458	-	102,880	108,338
Utilities	3,389	-	15,671	19,060
Other expenses	1,528	12,965	16,107	30,600
	<u>410,107</u>	<u>63,233</u>	<u>822,024</u>	<u>1,295,364</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

9. Investment management costs

	<u>2019</u> S\$	<u>2018</u> S\$
Bank charges	9,784	21,908
Depreciation of plant and equipment	183,870	149,097
Depreciation of investment property	16,735	16,736
Foreign exchange loss	138,177	26,182
Investment management and brokerage costs	155,046	123,397
Loss on disposal of investments in financial assets	957,058	-
Property maintenance costs	320,084	202,926
	<u>1,780,754</u>	<u>540,246</u>

10. Operating costs

	<u>2019</u> S\$	<u>2018</u> S\$
<u>Costs of charitable activities</u>		
Assistance to clients and families	370,702	493,867
Bad debts written off	23,836	17,260
Cleaning contractor	723,537	647,923
Education and recreation	251,266	320,678
Food and refreshment	2,464,904	2,142,095
Gardening contractor	40,960	41,835
Goods and services tax	-	-
Housekeeping	246,158	249,933
Maintenance of equipment and furnishings	665,460	658,486
Maintenance of vehicle	183,282	151,508
Medical services and supplies	1,277,562	1,368,155
Non-property license and insurance	248,867	326,331
Postage and communications	29,764	11,997
Printing and stationery	95,154	98,961
Property maintenance costs	91,544	-
Recruitment advertisement cost	1,792	11,805
Rental of building	104,903	117,162
Rental of equipment and furnishings	52,366	40,565
Rental of vehicle	1,014,648	970,801
Security	128,646	123,831
Staff training	88,805	49,187
Telephone and fax charges	53,924	43,208
Transaction fees and charges	101,060	109,221
Travelling	118,541	91,393
Utilities	647,558	672,777
Other expenses	69,250	37,068
	<u>9,094,489</u>	<u>8,796,047</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2019

11. Property, plant and equipment

	Freehold land S\$	Freehold buildings S\$	Leasehold land S\$	Leasehold buildings S\$	Equipment and software S\$	Motor vehicles S\$	Assets under construction S\$	Total S\$
Cost:								
At 1 April 2017	4,713,000	37,430,422	4,945,417	25,281,282	2,073,867	3,432,617	1,790,830	79,667,435
Additions	-	840,545	-	2,006,358	89,235	-	1,119,664	4,055,802
Written off	-	-	-	-	(106,124)	(112,094)	-	(218,218)
Transfers	-	1,490,514	-	300,316	-	-	(1,790,830)	-
At 31 March 2018	4,713,000	39,761,481	4,945,417	27,587,956	2,056,978	3,320,523	1,119,664	83,505,019
Additions	-	24,714	-	4,033,679	182,572	623,839	2,745,539	7,610,343
Written off	-	-	-	-	-	(463,329)	-	(463,329)
Transfer	-	-	-	-	551,782	-	(551,782)	-
At 31 March 2019	4,713,000	39,786,195	4,945,417	31,621,635	2,791,332	3,481,033	3,313,421	90,652,033
Accumulated depreciation:								
At 1 April 2017	-	18,237,931	334,982	15,147,567	1,449,302	2,204,881	-	37,374,663
Depreciation for the year	-	1,294,924	164,847	904,872	344,054	433,320	-	3,142,017
Written off	-	-	-	-	(106,124)	(112,094)	-	(218,218)
At 31 March 2018	-	19,532,855	499,829	16,052,439	1,687,232	2,526,107	-	40,298,462
Depreciation for the year	-	1,313,647	164,847	1,040,415	293,086	453,126	-	3,265,121
Written-off	-	-	-	-	-	(463,329)	-	(463,329)
At 31 March 2019	-	20,846,502	664,676	17,092,854	1,980,318	2,515,904	-	43,100,254
Net carrying amount:								
At 31 March 2018	4,713,000	20,228,626	4,445,588	11,535,517	369,746	794,416	1,119,664	43,206,557
At 31 March 2019	4,713,000	18,939,693	4,280,741	14,528,781	811,014	965,129	3,313,421	47,551,779

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

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\$112,702,134 (2018: S\$109,630,000). 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 31 March 2019 (2018: 23 March 2018).

Assets under construction mainly relate to the construction costs incurred for the Jade Circle Construction Project amounting to S\$3,062,495 (2018: Nil), the construction of an Autonomous Guided Vehicle transport system amounting to S\$174,715 (2018: S\$109,197), and software development & enhancement costs, learning management system and information technology system ("IngoT system") amounting to S\$46,900 (2018: S\$671,119).

Additions to leasehold buildings included an acquisition of a leasehold private residential property at a total cost of S\$2,022,134 (2018: Nil). The private property is used to provide accommodation for the Territorial Commander. The Organisation also incurred renovation costs for the Bishan Headquarters premises amounting to S\$2,000,087 (2018: S\$1,879,646) during the year.

12. Intangible assets

	<u>Computer software</u> S\$	<u>Construction- in-progress</u> S\$	<u>Total</u> S\$
Cost:			
At 1 April 2017 and 31 March 2018	4,812,345	-	4,812,345
Additions	-	222,809	222,809
At 31 March 2019	<u>4,812,345</u>	<u>222,809</u>	<u>5,035,154</u>
Accumulated amortisation:			
At 1 April 2017	1,764,526	-	1,764,526
Amortisation for the year	962,470	-	962,470
At 31 March 2018	<u>2,726,996</u>	-	<u>2,726,996</u>
Amortisation for the year	962,470	-	962,470
At 31 March 2019	<u>3,689,466</u>	-	<u>3,689,466</u>
Net carrying amount:			
At 31 March 2018	<u>2,085,349</u>	-	<u>2,085,349</u>
At 31 March 2019	<u>1,122,879</u>	<u>222,809</u>	<u>1,345,688</u>

Additions to intangible assets relate to costs incurred for data migration from the Oracle E-Business Suite to the Oracle Fusion Applications during the year.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

13. Investment property

	<u>Investment property</u> S\$
Cost:	
At 1 April 2017, 31 March 2018 and 31 March 2019	<u>547,890</u>
Accumulated depreciation:	
At 1 April 2017	389,761
Depreciation for the year	16,736
At 31 March 2018	<u>406,497</u>
Depreciation for the year	16,735
At 31 March 2019	<u>423,232</u>
Net carrying amount:	
At 31 March 2018	<u>141,393</u>
At 31 March 2019	<u>124,658</u>

The market value of the freehold investment property was approximately S\$5,000,000 (2018: S\$5,000,000). The valuation was conducted by the same independent valuer using the same valuation methodology as disclosed in Note 11. The date of the valuation report is 31 March 2019 (2018: 23 March 2018).

14. Investments in financial assets

	<u>2019</u> S\$	<u>2018</u> S\$
Quoted bonds, at cost	29,227,243	29,782,819
Quoted equity shares, at cost	10,466,463	6,992,577
Cash with fund manager for investment purpose	495,060	1,283,054
	<u>40,188,766</u>	<u>38,058,450</u>
<i>Presentation in the statement of financial position as:</i>		
Non-current	39,693,706	36,775,396
Current	495,060	1,283,054
	<u>40,188,766</u>	<u>38,058,450</u>
Investment assets in Singapore	15,897,163	15,050,171
Investment assets outside Singapore	24,291,603	23,008,279
	<u>40,188,766</u>	<u>38,058,450</u>

The above financial assets are investments in companies listed on the Singapore and foreign stock exchanges. The market value of the bonds and equity shares at the end of the reporting period was S\$30,251,806 and S\$8,220,673 for bonds and equity shares, respectively (2018: S\$29,845,458 for bonds and S\$7,307,321 for equity shares).

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

	<u>2019</u> S\$	<u>2018</u> S\$
<i>Movement in investments during the year</i>		
At beginning of the year	38,058,450	35,850,937
Effect of change in allocation of investment portfolio	2,165,011	-
Additions	295,885,246	66,962,524
Disposals*	(295,919,941)	(64,754,829)
Capital distribution	-	(182)
At end of the year	<u>40,188,766</u>	<u>38,058,450</u>
<i>Reconciled to the statement of cash flows as follows:</i>		
Proceeds from disposal of investment assets	294,962,883	65,421,990
Loss/(gain) on disposal of investments in financial assets	957,058	(667,161)
Net disposals*	<u>295,919,941</u>	<u>64,754,829</u>

On 13 February 2019, the Finance Council reviewed the allocation basis of the investment portfolios managed by external investment managers on behalf of The Salvation Army, Singapore and Malaysia Territories. Consequently, the Finance Council revised the allocation of the investment portfolio shared between Singapore territory and Malaysia territory to 9:1 respectively (2018: 17:3), effective on 1 April 2018. The effect of the new allocation of the investment portfolio gave rise to an increase of S\$2,165,011 share in the investment portfolio assets on 1 April 2018.

15. Trade and other receivables

	<u>2019</u> S\$	<u>2018</u> S\$
Programme fees receivables	1,507,049	663,784
Interest income receivables	469,815	422,602
Deposits for utilities and premises	149,348	138,700
Amount due from related parties (non-trade)	988,028	136,182
Amount due from International Headquarters (non-trade)	9,260	-
Prepayments	135,491	24,599
Rental fees receivable	119,221	44,061
Other receivables	339,048	1,217,869
	<u>3,717,260</u>	<u>2,647,797</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

for the financial year ended 31 March 2019

16. Fixed deposits

Fixed deposits are made for varying periods of between 6 and 12 months (2018: 3 and 12 months) depending on the cash requirements of the Organisation and earn interest at deposit rates ranging between 0.47% and 1.85% (2018: 0.20% and 1.88%) per annum.

17. Cash and short-term deposits

	<u>2019</u> S\$	<u>2018</u> S\$
Cash at bank and on hand	8,835,354	6,753,370
Short-term deposits	<u>9,737,755</u>	<u>12,805,790</u>
	18,573,109	19,559,160
Less: Monies held on behalf of Medifund account (Note 18)	<u>(858,238)</u>	<u>(447,979)</u>
Cash and cash equivalents as per statement of cash flows	<u><u>17,714,871</u></u>	<u><u>19,111,181</u></u>

Cash at bank earns interest on floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, earning interest at the respective short-term deposit rates ranging between 0.35% and 1.68% (2018: 0.21% and 1.8%) per annum.

18. Trade and other payables

	<u>2019</u> S\$	<u>2018</u> S\$
Trade payables	1,776,322	1,468,311
Accruals	1,831,265	1,525,984
Amount due to related parties (non-trade)	1,049,905	-
Deposits collected from child care centre clients	-	150,930
Deposits collected from customers	79,850	80,850
Deposits collected from patients	188,996	221,259
Deposits collected from tenants	95,045	90,254
Medifund account (Note 17)	893,423	447,979
Other payables	<u>285,340</u>	<u>280,104</u>
	<u><u>6,200,146</u></u>	<u><u>4,265,671</u></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

for the financial year ended 31 March 2019

19. Provisions

	<u>2019</u> S\$	<u>2018</u> S\$
<u>Provision for unconsumed leave:</u>		
At beginning of the year	611,171	508,909
(Reversal)/addition during the year	(22,567)	102,262
At end of the year	<u>588,604</u>	<u>611,171</u>

20. Capital contribution funds

Capital contribution funds represent the funding of property, plant and equipment.

	<u>2019</u> S\$	<u>2018</u> S\$
At beginning of the year	45,433,299	45,498,719
Deficit for the year	(4,244,325)	(4,121,220)
Transfers between funds:		
Transfers from designated funds (Note 21)	4,668,345	3,728,157
Transfers from restricted funds (Note 22)	2,979,638	238,176
Transfers from unrestricted funds	185,168	89,467
	7,833,151	4,055,800
At end of the year	<u>49,022,125</u>	<u>45,433,299</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2019

21. Designated funds

The Designated funds are held for specific purposes designated by the Finance Council using its discretionary powers.

	<u>Health benefit</u> S\$	<u>Staff training</u> S\$	<u>Special ministries</u> S\$	<u>Education</u> S\$	<u>Programme reserves</u> S\$	<u>Vehicles reserves</u> S\$	<u>Sub-total carried forward</u> S\$
At 1 April 2017	32,844	857,361	250,217	243,032	4,410,405	1,865,144	7,659,003
Surplus for the year	(61,177)	(64,273)	(29,490)	(29,245)	596,556	23,239	435,610
Transfer between funds:							
Transfers between designated funds	6,480	14,540	-	-	(290,504)	28,800	(240,684)
Transfers to restricted funds	-	-	-	-	(1,747)	-	(1,747)
Transfers (to)/from unrestricted funds	28,800	155,160	-	-	(471,028)	317,173	30,105
	35,280	169,700	-	-	(763,279)	345,973	(212,326)
At 31 March 2018	6,947	962,788	220,727	213,787	4,243,682	2,234,356	7,882,287
Deficit for the year	(97,773)	(159,816)	(13,609)	(11,022)	(1,058)	148,152	(135,126)
Transfer between funds:							
Transfers to capital contribution funds (Note 20)	-	-	-	-	-	(623,839)	(623,839)
Transfers (to)/from unrestricted funds	136,000	152,706	-	-	(525,088)	345,600	109,218
	136,000	152,706	-	-	(525,088)	(278,239)	(514,621)
At 31 March 2019	45,174	955,678	207,118	202,765	3,717,536	2,104,269	7,232,540

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2019

	<u>Sub-total brought forward</u> S\$	<u>Jade Circle project</u> S\$	<u>Furniture, fixtures and equipment replacement</u> S\$	<u>Development fund</u> S\$	<u>Special projects</u> S\$	<u>Property replacement and repair</u> S\$	<u>Total</u> S\$
At 1 April 2017	7,659,003	-	100,546	294,333	3,858,416	41,936,483	53,848,781
Surplus for the year	435,610	-	482,234	(67,243)	3,527,925	1,460,103	5,838,629
Transfer between funds:							
Transfers to capital contribution funds (Note 20)	-	-	(425,200)	-	(288,689)	(3,014,268)	(3,728,157)
Transfers between designated funds	(240,684)	3,219,987	1,080	(2,880)	(3,220,999)	243,496	-
Transfers to restricted funds	(1,747)	-	-	-	(200,000)	-	(201,747)
Transfers (to)/from unrestricted funds	30,105	-	14,040	(700)	-	2,550,332	2,593,777
	<u>(212,326)</u>	<u>3,219,987</u>	<u>(410,080)</u>	<u>(3,580)</u>	<u>(3,709,688)</u>	<u>(220,440)</u>	<u>(1,336,127)</u>
At 31 March 2018	7,882,287	3,219,987	172,700	223,510	3,676,653	43,176,146	58,351,282
Deficit for the year	(135,126)	(7,664)	(25,351)	(74,183)	(1,098,162)	(4,489,474)	(5,829,960)
Transfer between funds:							
Transfers to capital contribution funds (Note 20)	(623,839)	-	-	-	(354,886)	(3,689,620)	(4,668,345)
Transfers (to)/from restricted funds (Note 22)	-	-	-	-	-	90	90
Transfers (to)/from unrestricted funds	109,218	-	18,720	(704)	1,000,000	2,836,973	3,964,207
	<u>(514,621)</u>	<u>-</u>	<u>18,720</u>	<u>(704)</u>	<u>645,114</u>	<u>(852,557)</u>	<u>(704,048)</u>
At 31 March 2019	<u>7,232,540</u>	<u>3,212,323</u>	<u>166,069</u>	<u>148,623</u>	<u>3,223,605</u>	<u>37,834,115</u>	<u>51,817,274</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2019

Special projects

Funds under special projects refer to those funds:

- (i) set aside for purchase of new accounting system;
- (ii) set aside for purchase of programme equipment and improvements for the elderly day care centre; and
- (iii) amounts received under the Community Silver Trust ("CST") for the renovation, purchase of equipment, staff costs and other costs for nursing home. CST is a funding programme by the Singapore government to provide dollar-for-dollar matching grants to encourage donations into the intermediate and long-term care sector in Singapore.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2019

22. Restricted funds

The Restricted funds are held for restricted purposes as specified by the donors.

	<u>Legacy</u> S\$	<u>General fund</u> <u>projects</u> S\$	<u>Jade Circle</u> <u>Construction</u> <u>Project</u> S\$	<u>IngoT</u> <u>System</u> S\$	<u>Jade Circle</u> <u>project</u> S\$	<u>Sub-total</u> <u>carried</u> <u>forward</u> S\$
At 1 April 2017	13,830	174,932	3,999,669	240,000	-	4,428,431
Surplus for the year	-	(17,092)	3,000,000	-	-	2,982,908
Transfer between funds:						
Transfers to designated funds (Note 20)	-	(155,320)	-	-	(82,856)	(238,176)
Transfers from designated funds (Note 21)	-	-	-	-	200,000	200,000
Transfers between restricted funds	-	-	(6,999,669)	-	6,999,669	-
Transfers to unrestricted funds	(13,830)	(2,520)	-	-	-	(16,350)
	(13,830)	(157,840)	(6,999,669)	-	7,116,813	(54,526)
At 31 March 2018	-	-	-	240,000	7,116,813	7,356,813
Surplus for the year	-	1,006	2,000,000	-	-	2,001,006
Transfer between funds:						
Transfers to capital contribution funds (Note 20)	-	-	-	-	(2,979,638)	(2,979,638)
Transfers to designated funds (Note 21)	-	(90)	-	-	-	(90)
Transfers between restricted funds	-	-	(2,000,000)	-	2,000,000	-
Transfers (to)/from unrestricted funds	-	(916)	-	-	-	(916)
	-	(1,006)	(2,000,000)	-	(979,638)	(2,980,644)
At 31 March 2019	-	-	-	240,000	6,137,175	6,377,175

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2019

	Sub-total brought forward S\$	Charity Bike 'n' Blade S\$	True Hearts Connection S\$	Interim Placement and Assessment Centre S\$	Gracehaven Fostering S\$	Total S\$
At 1 April 2017	4,428,431	-	-	142,500	-	4,570,931
Surplus for the year	2,982,908	129,941	-	(24,810)	67,782	3,155,821
Transfer between funds:						
Transfers to designated funds (Note 20)	(238,176)	-	-	-	-	(238,176)
Transfers from designated funds (Note 21)	200,000	-	-	1,747	-	201,747
Transfers to unrestricted funds	(16,350)	-	-	-	-	(16,350)
	(54,526)	-	-	1,747	-	(52,779)
At 31 March 2018	7,356,813	129,941	-	119,437	67,782	7,673,973
Surplus for the year	2,001,006	(4,941)	21,000	(162,548)	35,753	1,890,270
Transfer between funds:						
Transfers to capital contribution funds (Note 20)	(2,979,638)	-	-	-	-	(2,979,638)
Transfers to designated funds (Note 21)	(90)	-	-	-	-	(90)
Transfers (to)/from unrestricted funds	(916)	-	-	43,111	-	42,195
	(2,980,644)	-	-	43,111	-	(2,937,533)
At 31 March 2019	6,377,175	125,000	21,000	-	103,535	6,626,710

- a) As at 31 March 2019, an amount of S\$6,137,175 (2018: S\$7,116,813) is for the construction of a nursing home for dementia patients in accordance with the intention of the donors.
- b) Certain accumulated funds brought forward from previous financial year which amounted to S\$240,000 relates to a proposed upgrade of the information technology system, IngoT system. As at year end, the funds have not been utilised.
- c) During the financial year, the Home received donations of S\$116,051 (2018: S\$116,500) from the fund raising event "Charity Bike 'n' Blade 2018" (2018: "Charity Bike 'n' Blade 2017"), of which the surplus funds are restricted for the purpose of the event objective.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

23. 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>2019</u> S\$	<u>2018</u> S\$
<u>Transactions with The Salvation Army, Malaysia:</u>		
Allocation to Malaysia	(583,522)	(373,948)
Laptop levy	2,701	3,975
Officers' retreat contribution	1,362	1,921
Sale of War Cry publication	2,338	2,278
Uniform trimming	18	32
Printing and stationery	-	908
Tithes income	129,439	38,886
Rental income	1,536	2,050
Other sundry revenue	139,565	129,000
Service income received in respect of Headquarters administration support	1,577,960	724,987
<u>Transactions with The Salvation Army, Myanmar:</u>		
Allocation to Myanmar	(500,000)	(563,198)
Sale of War Cry publication	913	798
Uniform trimming	-	1,173
Other sundry revenue	-	1,558
Service income received in respect of Headquarters administration support	541,838	467,353
<u>Transactions with International Headquarters:</u>		
Management fees paid to the International Headquarters	<u>(25,286)</u>	<u>(24,907)</u>

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

b) Compensation of key management personnel

	<u>2019</u> S\$	<u>2018</u> S\$
Employees' salaries and bonuses	786,721	729,059
Central Provident Fund contributions	48,812	37,413
Other short-term benefits	82,864	37,346
	<u>918,397</u>	<u>803,818</u>
Number of key management in remuneration bands:		
< S\$100,000	12	12
S\$100,000 to S\$150,000	1	1
> S\$150,000	<u>1</u>	<u>1</u>

Key management personnel comprise members of the Finance Council and the Central Council. Except for the 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. The key management personnel received remuneration or other benefits and such amounts are recorded in The Salvation Army, General Fund, Singapore.

24. Commitments

a) Capital commitments

Capital expenditure contracted for as the financial year end date but not recognised in the financial statement is as follows:

	<u>2019</u> S\$	<u>2018</u> S\$
Capital commitments in respect of property, plant and equipment	<u>10,623,397</u>	<u>3,383,264</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

b) 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>2019</u> S\$	<u>2018</u> S\$
Not later than one year	363,544	467,056
Later than one year but not later than five years	41,900	36,393
	<u>405,444</u>	<u>503,449</u>

The following amounts are recognised in the statement of financial activities:

Rental income	<u>669,840</u>	<u>608,547</u>
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c) 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>2019</u> S\$	<u>2018</u> S\$
Not later than one year	364,170	286,161
Later than one year but not later than five years	605,798	11,100
	<u>969,968</u>	<u>297,261</u>

The following amounts are recognised in the statement of financial activities:

Rental expense	<u>336,585</u>	<u>350,198</u>
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25. 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.

26. Fund management

The Finance Council reviews the Organisation's unrestricted reserves annually to ensure that the Organisation will be able to continue as a going concern. The reserve target is established at a level equivalent to two times the amount of the Organisation's annual operating expenditure.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

27. Comparatives

Reclassification of certain comparative amounts

Certain amounts in the financial statements for the year ended 31 March 2018 have been reclassified to conform to the current year's presentation:

	<u>As reclassified</u>		<u>As previously stated</u>	
	<u>Unrestricted</u> <u>funds</u> S\$	<u>Restricted</u> <u>funds</u> S\$	<u>Unrestricted</u> <u>funds</u> S\$	<u>Restricted</u> <u>funds</u> S\$
<u>Statement of financial activities</u>				
Income				
Income from charitable activities				
- Funding from government	14,865,979	361,892	15,025,769	202,102
Expenditure				
Cost of charitable activities				
Manpower costs				
- Children's home	3,467,157	82,085	3,549,242	-
Other costs				
- Operating costs	7,794,897	57,760	7,803,072	49,585
Transfer between funds	<u>(2,665,147)</u>	<u>(54,526)</u>	<u>(2,666,894)</u>	<u>(52,779)</u>
<u>Statement of financial position</u>				
Funds and reserves				
Restricted funds	-	7,673,973	-	7,606,191
Unrestricted funds	<u>21,513,199</u>	<u>-</u>	<u>21,580,981</u>	<u>-</u>

The above reclassification relates to the Gracehaven Fostering programme, which is now presented under the restricted funds.