

THE SALVATION ARMY, SINGAPORE

Unique Entity Number: T07CC3012G

AUDITED FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

THE SALVATION ARMY, SINGAPORE

STATEMENT BY THE TERRITORIAL MANAGEMENT BOARD AND AUDITED FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

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THE SALVATION ARMY, SINGAPORE

STATEMENT BY THE TERRITORIAL MANAGEMENT BOARD

for the financial year ended 31 March 2021

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), the 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 2021 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 Rodney Steven Walters
Territorial Commander



.....
Lieut-Colonel Hary Haran M V Ramasamy
Chief Secretary

Signed on: 13 1 AUG 2021

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

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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 2021, 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), the Charities Act (Chapter 37) 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 2021 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**

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Other Information (continued)

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 Salvation Army Ordinance (Chapter 377), 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 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 intends 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**

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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 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**

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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.



ARDENT ASSOCIATES LLP
Public Accountants and
Chartered Accountants
Singapore

31 August 2021

THE SALVATION ARMY, SINGAPORE

STATEMENT OF FINANCIAL ACTIVITIES
for the financial year ended 31 March 2021

	Note	2021				2020	
		Unrestricted funds S\$	Capital contribution funds S\$	Designated funds S\$	Restricted funds S\$	Total S\$	Total S\$
Income							
Income from generated funds							
Voluntary income							
- Donations	4	5,909,187	-	687,356	111,598	6,708,141	5,478,039
- Tithes and offerings		920,975	-	9,761	-	930,736	982,590
Activities for generating funds							
- Fundraising		79,479	-	-	2,000	81,479	400,680
- Wholesale and retail income		4,965,235	-	-	-	4,965,235	5,677,058
- Rental fees		1,054,716	-	132,876	-	1,187,592	1,620,655
- Sundry revenue		12,999	-	244,775	-	257,774	250
Investment income	5	715,511	-	2,320,129	-	3,035,640	2,169,077
Income from charitable activities							
Programme fees		5,691,423	-	-	-	5,691,423	6,798,628
Funding from government	6	15,395,874	-	2,258,393	4,421,386	22,075,653	24,627,946
Community Chest Funding		-	-	-	511,731	511,731	499,183
Sundry revenue		64,353	-	-	843	65,196	98,061
Other income							
Funding from government - Others	7	5,535,602	-	200,772	281,040	6,017,414	536,477
Others	8	338,692	-	80,230	-	418,922	636,479
Total income		40,684,046	-	5,934,292	5,328,598	51,946,936	49,525,123

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 2021

	Note	2021				2020
		Unrestricted funds S\$	Capital contribution funds S\$	Designated funds S\$	Restricted funds S\$	Total S\$
Expenditures						
Cost of generating funds						
Costs of generating voluntary income						
- Manpower costs	9	614,908	-	-	-	614,908
- Operating and administrative costs	10	485,232	-	-	-	485,232
- Depreciation of property, plant and equipment		-	4,181	-	-	4,181
Costs of generating income						
- Manpower costs	9	3,277,953	-	1,253	-	3,279,206
- Operating and administrative costs	10	1,227,939	-	653,044	-	1,880,983
- Depreciation of property, plant and equipment		-	506,504	-	-	506,504
- Other fundraising costs		2,146	-	-	30	2,176
Investment costs						
- Investment management costs	11	54,849	91,194	306,758	-	452,801
Costs of charitable activities						
Manpower costs	9	9,917,667	-	49,673	-	9,967,340
- Medical programmes		543,800	-	17,646	3,783,775	4,345,221
- Children's home		1,263,553	-	335	-	1,263,888
- Child care centers		1,822,984	-	63,717	502,474	2,389,175
- Other social services		1,531,541	-	1,578	-	1,533,119
- Evangelical and outreach ministries		-	-	-	-	-
Other costs						
- Depreciation of property, plant and equipment		-	2,774,969	-	-	2,774,969
- Operating and administrative costs	10	9,455,497	-	2,311,633	392,396	12,159,526

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 2021

	Note	2021				2020
		Unrestricted funds S\$	Capital contribution funds S\$	Designated funds S\$	Restricted funds S\$	Total S\$
Governance costs						
Manpower costs	9	3,898,599	-	90,684	-	4,910,848
Depreciation of property, plant and equipment		-	286,567	-	-	576,408
Amortisation of intangible assets		-	441,836	-	-	1,007,699
Operating and administrative costs	10	559,968	-	439,135	12,366	1,303,763
Total expenditures		34,656,636	4,105,251	3,935,456	4,691,041	53,633,668
Surplus/(Deficit) for the year		6,027,410	(4,105,251)	1,998,836	637,557	(4,108,545)
Transfers between funds		(3,911,872)	1,399,791	1,108,394	1,403,687	-
Net movement in funds and reserves		2,115,538	(2,705,460)	3,107,230	2,041,244	(4,108,545)
Reconciliation of funds and reserves						
Total funds and reserves brought forward		12,412,470	53,970,382	51,627,076	3,000,351	125,118,824
Total funds and reserves carried forward		14,528,008	51,264,922	54,734,306	5,041,595	121,010,279

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 2021

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
<u>Assets</u>			
Non-current assets			
Property, plant and equipment	12	50,003,852	52,842,666
Intangible assets	13	1,169,881	1,019,793
Investment property	14	91,188	107,923
Investments in financial assets	15	40,609,961	38,255,021
		<u>91,874,882</u>	<u>92,225,403</u>
Current assets			
Investments in financial assets	15	2,212,244	2,489,097
Trade and other receivables	16	3,358,684	6,843,458
Fixed deposits	17	22,426,271	15,459,100
Cash	18	12,432,599	11,780,946
		<u>40,429,798</u>	<u>36,572,601</u>
Total assets		<u><u>132,304,680</u></u>	<u><u>128,798,004</u></u>
<u>Liabilities</u>			
Current liabilities			
Trade and other payables	19	5,848,039	7,041,767
Provisions for unutilised leave		887,810	745,958
Total liabilities		<u>6,735,849</u>	<u>7,787,725</u>
Net assets		<u><u>125,568,831</u></u>	<u><u>121,010,279</u></u>
Represented by:			
<u>Funds and reserves</u>			
Capital contribution funds	20	51,264,922	53,970,382
Designated funds	21	54,734,306	51,627,076
Restricted funds	22	5,041,595	3,000,351
Unrestricted funds		14,528,008	12,412,470
Total funds and reserves		<u><u>125,568,831</u></u>	<u><u>121,010,279</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 2021

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
Cash flows from operating activities			
Surplus/(Deficit) for the year		4,558,552	(4,108,545)
Adjustments for:			
Dividend and interest income		(1,195,669)	(1,564,015)
Depreciation of investment property		16,735	16,735
Depreciation of property, plant and equipment		3,646,680	3,496,704
Amortisation of intangible assets		441,836	1,007,698
Gain on disposal of property, plant and equipment		(19,987)	(40,353)
Gain on disposal of investments in financial assets		(1,335,699)	(387,289)
Write-off of property, plant and equipment		12,574	-
Provision for unutilised leave		141,852	157,354
Operating cash flows before changes in working capital		6,266,874	(1,421,711)
Restricted cash		(1,012,219)	120,463
Trade and other receivables		3,330,334	(3,226,207)
Trade and other payables		(1,193,728)	841,621
Net cash flows generated from/(used in) operating activities		<u>7,391,261</u>	<u>(3,685,834)</u>
Cash flows from investing activities			
Movement in fixed deposits		(6,967,171)	4,947,214
Purchase of property, plant and equipment		(836,880)	(8,751,238)
Purchase of intangible assets		(591,924)	(681,803)
Proceeds from disposal of property, plant and equipment		36,427	4,000
Purchase of investments in financial assets		(53,975,889)	(228,651,750)
Proceeds from disposal of investments in financial assets		53,233,501	229,147,171
Capital distribution/Change in investment portfolio		-	(663,484)
Dividends and interest received		1,350,109	1,664,024
Net cash flows used in investing activities		<u>(7,751,827)</u>	<u>(2,985,866)</u>
Net decrease in cash		(360,566)	(6,671,700)
Cash at beginning of financial year		11,043,171	17,714,871
Cash at end of financial year	18	<u>10,682,605</u>	<u>11,043,171</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 2021

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, 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 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 2021

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.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

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.

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.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

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

for the financial year ended 31 March 2021

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

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.

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.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

2.12 Cash

Cash comprises cash on hand and at bank, demand deposits and short-term 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) 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 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.

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.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

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.

3. Significant accounting judgments and estimates

The preparation of the Fund's financial statements in conformity with CAS requires the Territorial Management 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 Management 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>2021</u>	<u>2020</u>
	S\$	S\$
Total value of tax-deductible donation receipts issued	<u>5,234,644</u>	<u>4,964,837</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 March 2021

5. Investment income

	<u>2021</u> S\$	<u>2020</u> S\$
Dividend income	234,761	180,335
Interest income		
- Bank	177	329
- Bonds	858,364	964,706
- Fixed and short-term deposits	102,367	418,645
Gain on disposal of investments in financial assets	1,785,570	387,289
Realised (loss)/gain on foreign exchange	(77,736)	73,341
Property related income	132,137	144,432
	<u>3,035,640</u>	<u>2,169,077</u>

6. Funding from government

	<u>2021</u> S\$	<u>2020</u> S\$
Government Subvention	18,602,809	17,504,342
Bicentennial Community Fund	400,000	-
Community Silver Trust Grant	2,253,022	5,001,489
The Invictus Fund	249,591	-
Others	570,231	2,122,115
	<u>22,075,653</u>	<u>24,627,946</u>

Others

For the financial year ended 31 March 2021, this 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.

For the financial year ended 31 March 2020, Others mainly comprised funding from the Singapore Ministry of Health in support of certain non-recurring costs of refurbishment and expansion of the Peacehaven nursing home facilities.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

7. Funding from government - Others

	<u>2021</u> S\$	<u>2020</u> S\$
Foreign worker levy rebate	218,250	-
Jobs Support Scheme grant	4,926,858	-
Property tax rebate	81,165	-
Training funding from government	41,807	49,586
Wage Credit and Special Employment schemes	596,519	419,964
Others	152,815	66,927
	<u>6,017,414</u>	<u>536,477</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.

8. Others

	<u>2021</u> S\$	<u>2020</u> S\$
Gain on disposal of property, plant and equipment	19,987	40,353
Goods and Services Tax recovered	351,265	592,445
Others	47,670	3,681
	<u>418,922</u>	<u>636,479</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

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\$
<u>2021</u>					
Employees' salaries and bonuses	513,574	2,520,677	14,105,756	3,198,578	20,338,585
Central Provident Fund contributions	78,574	325,424	2,288,356	351,895	3,044,249
Other short-term benefits	21,660	101,968	1,264,697	438,810	1,827,135
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>
<u>2020</u>					
Employees' salaries and bonuses	176,098	3,028,486	14,250,780	3,763,908	21,219,272
Central Provident Fund contributions	26,976	405,572	2,312,914	435,792	3,181,254
Other short-term benefits	5,725	124,771	1,112,663	583,981	1,827,140
Contract manpower services	400	392,569	2,799,843	127,167	3,319,979
	<u>209,199</u>	<u>3,951,398</u>	<u>20,476,200</u>	<u>4,910,848</u>	<u>29,547,645</u>

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

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\$
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
for the financial year ended 31 March 2021

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\$
<u>2020</u>					
Appeals materials	286,373	-	-	-	286,373
Assistance - officers	-	-	-	10,264	10,264
Assistance to clients and families	-	-	351,403	3,832	355,235
Assistance to other countries	-	-	45,605	-	45,605
Cleaning contractor	-	2,646	90,972	4,382	98,000
Education and recreation	-	-	49,925	-	49,925
Food and refreshment	216	9,349	2,978,282	61,633	3,049,480
Housekeeping	-	-	92,914	-	92,914
Insurance	717	3,770	53,403	33,865	91,755
International headquarters administrative costs	-	-	-	25,779	25,779
Maintenance of equipment and furnishings	168	48,676	2,349,628	121,763	2,520,235
Maintenance of vehicle	-	113,416	148,017	42,860	304,293
Medical services and supplies	-	296	1,113,328	-	1,113,624
Non-property licence and insurance	6,418	87,378	363,548	98,850	556,194
Packing material	-	182,598	-	-	182,598
Postage and communications	11,835	17,889	22,237	36,753	88,714
Printing and stationery	10,536	12,498	124,870	49,850	197,754
Professional and support fees	-	281	224,478	8,010	232,769
Professional fee - audit	-	-	-	162,314	162,314
Property maintenance costs	11,516	-	3,973,428	302,078	5,148,549
Rental of building	-	861,527	220,716	-	622,144
Rental of equipment and furnishings	916	401,428	28,196	15,224	89,064
Staff training	-	44,728	60,523	922	65,533
Transaction fees and charges	64,110	4,088	198,840	47,577	335,582
Transportation costs	1,738	25,055	135,220	102,323	257,008
Transportation service fees	-	17,727	1,130,451	20,149	1,223,246
Utilities	1,187	72,646	737,037	33,688	956,346
Other expenses	176	184,434	233,078	121,647	367,511
	<u>395,906</u>	<u>2,103,040</u>	<u>14,726,099</u>	<u>1,303,763</u>	<u>18,528,808</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

11. Investment management costs

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Bank charges	4,943	12,538
Depreciation of plant and equipment	74,459	191,170
Depreciation of investment property	16,735	16,735
Foreign exchange loss	-	405,744
Investment management and brokerage costs	247,135	231,526
Property maintenance costs	109,529	233,138
	<u>452,801</u>	<u>1,090,851</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

12. Property, plant and equipment

	Freehold land	Freehold buildings	Leasehold land	Leasehold buildings	Equipment and software	Motor vehicles	Assets-in-progress	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Cost:								
At 1 April 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
Additions	-	7,781,960	-	279,235	138,798	302,160	287,085	8,789,238
Disposal	-	-	-	-	-	(95,000)	-	(95,000)
Written off	-	-	-	-	-	(252,778)	-	(252,778)
Transfers	-	3,062,495	-	-	238,357	-	(3,300,852)	-
At 31 March 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
Accumulated depreciation:								
At 1 April 2019	-	20,846,502	664,676	17,092,854	1,980,318	2,515,904	-	43,100,254
Depreciation for the year	-	1,451,694	164,847	1,138,081	330,847	411,235	-	3,496,704
Disposal	-	-	-	-	-	(95,000)	-	(95,000)
Written off	-	-	-	-	-	(251,131)	-	(251,131)
At 31 March 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
Net carrying amount:								
At 31 March 2020	4,713,000	28,332,454	4,115,894	13,669,935	857,322	854,407	299,654	52,842,666
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

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\$121,040,000 (2020: S\$121,101,082). 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 8 April 2021 (2020: 31 March 2020).

b) Assets-in-progress

As at the previous financial year end, assets-in-progress related to equipment located at Peacehaven Jade Circle and Peacehaven Day Centre. The installation was completed during the current financial year and the related cost was transferred to equipment under property, plant and equipment.

As at the current financial year end, assets-in-progress mainly comprised renovation works-in-progress at Peacehaven Nursing Home.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

13. Intangible assets

	<u>Computer software</u> S\$	<u>Work-in- progress</u> S\$	<u>Total</u> S\$
Cost:			
At 1 April 2019	4,812,345	222,809	5,035,154
Additions	681,803	-	681,803
Transfer	222,809	(222,809)	-
At 31 March 2020	<u>5,716,957</u>	<u>-</u>	<u>5,716,957</u>
Additions	591,924	-	591,924
At 31 March 2021	<u>6,308,881</u>	<u>-</u>	<u>6,308,881</u>
Accumulated amortisation:			
At 1 April 2019	3,689,466	-	3,689,466
Amortisation for the year	1,007,698	-	1,007,698
At 31 March 2020	<u>4,697,164</u>	<u>-</u>	<u>4,697,164</u>
Amortisation for the year	441,836	-	441,836
At 31 March 2021	<u>5,139,000</u>	<u>-</u>	<u>5,139,000</u>
Net carrying amount:			
At 31 March 2020	<u>1,019,793</u>	<u>-</u>	<u>1,019,793</u>
At 31 March 2021	<u>1,169,881</u>	<u>-</u>	<u>1,169,881</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

14. Investment property

	<u>Investment property</u> S\$
Cost:	
At 1 April 2019, 31 March 2020 and 31 March 2021	<u>547,890</u>
Accumulated depreciation:	
At 1 April 2019	423,232
Depreciation for the year	<u>16,735</u>
At 31 March 2020	439,967
Depreciation for the year	<u>16,735</u>
At 31 March 2021	<u>456,702</u>
Net carrying amount:	
At 31 March 2020	<u>107,923</u>
At 31 March 2021	<u>91,188</u>

The market value of the freehold investment property was approximately S\$5,100,000 (2020: S\$4,850,000). 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 8 April 2021 (2020: 31 March 2020).

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

15. Investments in financial assets

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Quoted bonds, at cost	25,785,056	27,958,801
Quoted equity shares, at cost	13,403,701	7,724,168
Investment schemes, at cost	1,421,205	2,072,596
Derivatives, at cost	-	195,261
Cash with fund manager for investment purpose	2,212,243	2,793,292
	<u>42,822,205</u>	<u>40,744,118</u>
<i>Presentation in the statement of financial position as:</i>		
Non-current	40,609,961	38,255,021
Current	2,212,244	2,489,097
	<u>42,822,205</u>	<u>40,744,118</u>
Investment assets in Singapore	15,015,450	19,360,857
Investment assets outside Singapore	27,806,755	21,383,261
	<u>42,822,205</u>	<u>40,744,118</u>

The market value of the investment assets at the end of the reporting period was S\$27,926,294 and S\$15,597,910 for bonds and equity shares, respectively (2020: S\$29,742,691 and S\$7,386,806).

	<u>2021</u>	<u>2020</u>
	S\$	S\$
<i>Movement in investments during the year</i>		
At beginning of the year	40,744,118	40,188,766
Effect of change in allocation of investment portfolio ^(a)	-	663,484
Additions	53,975,889	228,651,750
Disposals*	(51,897,802)	(228,759,882)
At end of the year	<u>42,822,205</u>	<u>40,744,118</u>
<i>Reconciled to the statement of cash flows as follows:</i>		
Proceeds from disposal of investment assets	53,233,501	229,147,171
Gain on disposal of investment assets	(1,335,699)	(387,289)
Net disposals*	<u>51,897,802</u>	<u>228,759,882</u>

- (a) 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. The revision resulted in an increase in the carrying amount of financial assets amounting to S\$663,484 on 1 April 2020.

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

16. Trade and other receivables

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Programme fees receivables	548,107	928,542
Interest income receivables	215,366	369,806
Deposits for utilities and premises	146,075	152,108
Amount due from related parties (non-trade)	107,601	369
Amount due from International Headquarters (non-trade)	-	51,023
Prepayments	9,757	104,553
Rental fees receivables	5,202	16,901
Other receivables	2,326,576	5,220,156
	<u>3,358,684</u>	<u>6,843,458</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.

17. Fixed deposits

Fixed deposits are made for varying periods of between 5 and 12 months (2020: 5 and 12 months) depending on the cash requirements of the Organisation and earn interest at deposit rates ranging between 0.10% and 0.15% (2020: 0.35% and 1.85%) per annum.

18. Cash

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Cash at bank and on hand	8,377,532	6,830,799
Short-term deposits	4,055,067	4,950,147
	<u>12,432,599</u>	<u>11,780,946</u>
Less: Medifund monies - restricted (Note 19)	(1,749,994)	(737,775)
Cash and cash equivalents as per statement of cash flows	<u>10,682,605</u>	<u>11,043,171</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 0.05% and 1.02% (2020: 0.35% and 1.85%) per annum.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

19. Trade and other payables

	<u>2021</u> S\$	<u>2020</u> S\$
Trade payables	1,526,114	1,473,912
Accruals	1,052,073	2,666,248
Amount due to related parties (non-trade)	477,991	64,476
Deposits collected from third parties	328,936	299,806
Medifund account (Note 18)	1,749,994	737,775
Deferred grant income	386,134	1,691,002
Unearned revenue	85,144	12,440
Other payables	241,653	96,108
	<u>5,848,039</u>	<u>7,041,767</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.

20. Capital contribution funds

	<u>2021</u> S\$	<u>2020</u> S\$
At beginning of the year	53,970,382	49,022,125
Deficit for the year	(4,105,251)	(4,521,138)
Transfer between funds:		
Transfer from designated funds (Note 21)	1,156,812	1,624,575
Transfer from restricted funds (Note 22)	255,553	7,781,960
Transfer (to)/from unrestricted funds	(12,574)	62,860
	1,399,791	9,469,395
At end of the year	<u>51,264,922</u>	<u>53,970,382</u>

The capital contribution funds represent monies already expended on the acquisition of plant and equipment and set aside to meet future depreciation expenses.

THE SALVATION ARMY, SINGAPORE
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

21. Designated funds

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

	(a)		(b)		Sub-total carried forward	
	Property reserve	Vehicle reserve	Furniture, fixtures and equipment replacement reserve	Information technology (IT) Reserve		Development fund
	S\$	S\$	S\$	S\$	S\$	
At 1 April 2019	38,021,750	2,088,921	198,853	1,685,006	355,740	42,350,270
(Deficit)/Surplus for the year	(2,788,905)	80,609	(88,890)	(134,884)	(135,887)	(3,067,957)
Transfer between funds:						
Transfer between designated funds	1,359,576	-	-	720	296,160	1,656,456
Transfer to capital contribution funds (Note 20)	(294,585)	(285,164)	-	(681,804)	-	(1,261,553)
Transfer to restricted funds (Note 22)	-	-	-	-	(1,783)	(1,783)
Transfers from/(to) unrestricted funds	3,210,955	355,200	-	20,160	(700)	3,585,615
	4,275,946	70,036	-	(660,924)	293,677	3,978,735
At 31 March 2020	39,508,791	2,239,566	109,963	889,198	513,530	43,261,048
(Deficit)/Surplus for the year	(160,606)	46,898	(64,282)	(111,211)	644,258	355,057
Transfer between funds:						
Transfer between designated funds	2,221,566	-	-	1,440	(1,440)	2,221,566
Transfer to capital contribution funds (Note 20)	(351,235)	(87,842)	-	(235,828)	-	(674,905)
Transfer to restricted funds (Note 22)	-	-	-	-	(2,522)	(2,522)
Transfers from unrestricted funds	2,900,711	355,200	-	17,280	-	3,273,191
	4,771,042	267,358	-	(217,108)	(3,962)	4,817,330
At 31 March 2021	44,119,227	2,553,822	45,681	560,879	1,153,826	48,433,435

THE SALVATION ARMY, SINGAPORE

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21. Designated funds (continued)

	Sub-total brought forward	(c) Programme reserve	(d) Officer and staff benefit reserve	(e) Centre/ Corps reserve	Total
	S\$	S\$	S\$	S\$	S\$
At 1 April 2019	42,350,270	4,712,329	1,088,009	3,666,666	51,817,274
(Deficit)/Surplus for the year	(3,067,957)	3,068,407	(280,916)	(2,237)	(282,703)
Transfer between funds:					
Transfers within designated funds	1,656,456	-	101,470	(1,757,926)	-
Transfer to capital contribution funds (Note 20)	(1,261,553)	(363,022)	-	-	(1,624,575)
Transfer to restricted funds (Note 22)	(1,783)	(2,000,000)	-	-	(2,001,783)
Transfers from/(to) unrestricted funds	3,585,615	-	195,049	(61,801)	3,718,863
	3,978,735	(2,363,022)	296,519	(1,819,727)	92,505
At 31 March 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 capital contribution funds (Note 20)	(674,905)	(481,907)	-	-	(1,156,812)
Transfer to restricted funds (Note 22)	(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

(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
for the financial year ended 31 March 2021

21. 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 matching 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\$4,818,218, of which S\$2,613,113 (2020: S\$4,792,324) is included in the Programme Reserve, S\$1,504,301 (2020: nil) in Property Reserve and S\$700,804 (2020: nil) in Restricted Fund. The unutilised grants expire as follows:

<u>Expiry date</u>	<u>S\$</u>
31 March 2022	1,959,371
31 March 2023	1,489,634
31 March 2024	1,369,213
	<u>4,818,218</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
for the financial year ended 31 March 2021

22. Restricted funds

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

	(a) Property Reserve				(b) IT reserve S\$	(c) Programme reserve S\$	(d) Centre/ Corps reserve S\$	Total S\$
	<u>Jade Circle construction project</u> S\$	<u>Charity Bike 'n' Blade</u> S\$	<u>Equipment reserve</u> S\$	<u>Special projects</u> S\$				
At 1 April 2019	6,137,175	125,000	-	240,000	-	21,000	103,535	6,626,710
Surplus/(Deficit) for the year	2,101,940	160,196	-	-	(1,783)	-	(144,180)	2,116,173
Transfer between funds:								
- Headquarters oversight fee	-	-	-	-	-	-	(189,633)	(189,633)
- Headquarters training levy	-	-	-	-	-	-	(8,824)	(8,824)
- Other transfers	-	-	-	-	-	-	239,102	239,102
Transfer to capital contribution funds (Note 20)	(7,781,960)	-	-	-	-	-	-	(7,781,960)
Transfer from designated funds (Note 21)	2,000,000	-	-	-	1,783	-	-	2,001,783
Transfer to unrestricted funds	-	-	-	-	-	(3,000)	-	(3,000)
	(5,781,960)	-	-	-	1,783	(3,000)	40,645	(5,742,532)
At 31 March 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 capital contribution funds (Note 20)	-	-	(24,005)	(231,548)	-	-	-	(255,553)
Transfer from designated funds (Note 21)	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

22. 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.

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 S\$110,598 (2020: S\$217,053) from the funds raised from the event.

- (b) During the 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.
- (d) 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 - Outcomes-Based Funding; 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.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

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>2021</u> S\$	<u>2020</u> S\$
<u>Transactions with The Salvation Army, Malaysia:</u>		
Officers' retreat contribution	720	1,559
Rental income	-	2,100
Wholesales income	220,148	-
Other sundry revenue	44,069	19,458
Manpower cost	(2,423)	-
Rental fee	(1,188)	-
<u>Transactions with The Salvation Army, Myanmar:</u>		
Allocation to Myanmar	-	(20,400)
Officers' retreat contribution	2,880	-
<u>Transactions with International Headquarters:</u>		
Management fees paid to the International Headquarters	<u>(27,429)</u>	<u>(25,779)</u>

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>2021</u> S\$	<u>2020</u> S\$
Employees' salaries and bonuses	1,025,284	1,031,712
Central Provident Fund contributions	65,540	51,693
Other short-term benefits	48,608	64,205
	<u>1,139,432</u>	<u>1,147,610</u>
Number of key management in remuneration bands:		
< S\$100,000	11	11
S\$100,000 to S\$150,000	3	2
> S\$150,000	<u>1</u>	<u>1</u>

Key management personnel comprise members of the 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

24. 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>2021</u> S\$	<u>2020</u> S\$
Not later than one year	382,065	491,289
Later than one year but not later than five years	556,770	41,900
Later than five years	75,600	-
	<u>1,014,435</u>	<u>533,189</u>

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

Rental income	<u>408,924</u>	<u>594,886</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>2021</u> S\$	<u>2020</u> S\$
Not later than one year	251,100	364,170
Later than one year but not later than five years	-	259,628
	<u>251,100</u>	<u>623,798</u>

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

Rental expense	<u>281,960</u>	<u>398,033</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 Territorial Management 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 is established at a level equivalent to two times the amount of the Organisation's annual operating expenditure.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

27. Impact of COVID-19

The global outbreak of Coronavirus Disease 2019 (COVID-19) has caused severe disruption to global economic activities, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Organisation has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Organisation cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruption on the Organisation's future operating and financial performance. The Organisation will continue to assess the impact of COVID-19 on the Organisation's operations and financial position.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

28. Comparatives

The Organisation has modified the presentation of certain income and expenses in order to streamline the presentation of the statement of financial activities. Accordingly, certain comparative amounts have been reclassified in order to conform to the current year's presentation. As the reclassification involves items within the statement of financial activities, there is no impact on the statement of financial position or cash flows.

	<u>As previously reported</u> S\$	<u>Reclassification</u> S\$	<u>As reclassified</u> S\$
<u>Statement of financial activities</u>			
<u>Income</u>			
Other income			
Funding from government - Others	-	536,477	536,477
Others	1,172,956	(536,477)	636,479
<u>Expenditure</u>			
Cost of generating funds			
Costs of generating voluntary income			
- Other administrative costs	384,390	(384,390)	-
- Property maintenance costs	11,516	(11,516)	-
- Operating and administrative costs	-	395,906	395,906
Costs of generating income			
- Wholesale and retail costs	840,085	(840,085)	-
- Property maintenance costs	1,262,955	(1,262,955)	-
- Operating and administrative costs	-	2,103,040	2,103,040
Investment costs			
- Investment management costs	857,713	233,138	1,090,851
- Property maintenance costs	233,138	(233,138)	-
Costs of charitable activities			
Other costs			
- Assistance to other countries	45,605	(45,605)	-
- Property maintenance costs	3,914,363	(3,914,363)	-
- Operating costs	10,699,498	(10,699,498)	-
- Other administrative costs	66,633	(66,633)	-
- Operating and administrative costs	-	14,726,099	14,726,099
Governance costs			
Professional fee - audit	162,314	(162,314)	-
International headquarters administrative costs	25,779	(25,779)	-
Property maintenance costs	302,078	(302,078)	-
Other administrative costs	813,592	(813,592)	-
Operating and administrative costs	-	1,303,763	1,303,763