



Nexia
Singapore PAC

THE SALVATION ARMY, SINGAPORE

Unique Entity Number: T07CC3012G

AUDITED FINANCIAL STATEMENTS

for the financial year ended 31 March 2023

THE SALVATION ARMY, SINGAPORE

STATEMENT BY THE TERRITORIAL GOVERNANCE BOARD AND AUDITED FINANCIAL STATEMENTS
for the financial year ended 31 March 2023

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THE SALVATION ARMY, SINGAPORE

STATEMENT BY THE TERRITORIAL GOVERNANCE BOARD

for the financial year ended 31 March 2023

In the opinion of the Territorial Governance Board,

- (a) the accompanying financial statements are drawn up in accordance with the provisions of the Salvation Army Ordinance 1939, the Charities Act 1994 and other relevant regulations, and the Charities Accounting Standard so as to give a true and fair view of the financial position of The Salvation Army, Singapore (the "Organisation") as at 31 March 2023 and the results and cash flows of the Organisation for the financial year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the Organisation will be able to pay its debts as and when they fall due.

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

On behalf of the Territorial Governance Board



.....
Colonel Hary Haran M V Ramasamy
Territorial Commander



.....
Major David R. Erickson
Territorial Secretary for Business Administration

Signed on: 20 SEP 2023

INDEPENDENT AUDITOR'S REPORT TO THE TERRITORIAL GOVERNANCE 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 2023, and the statement of financial activities and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Salvation Army Ordinance 1939, the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations"), and the Charities Accounting Standard ("CAS") so as to give a true and fair view of the financial position of the Organisation as at 31 March 2023 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 Governance Board is responsible for the other information. The other information comprises the information included in the Statement by the Territorial Governance Board and annual report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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Responsibilities of the Territorial Governance Board for the Financial Statements

The Territorial Governance Board is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Salvation Army Ordinance 1939, the Charities Act and Regulations and CAS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Territorial Governance Board is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Territorial Governance Board intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Territorial Governance Board.

**INDEPENDENT AUDITOR'S REPORT TO THE TERRITORIAL GOVERNANCE 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: (Continued)

- Conclude on the appropriateness of the Territorial Governance Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Territorial Governance Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



NEXIA SINGAPORE PAC
(f.k.a KRESTON ACA PAC)
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge: Chua Soo Rui

Date: 20 SEP 2023

THE SALVATION ARMY, SINGAPORE

STATEMENT OF FINANCIAL ACTIVITIES
for the financial year ended 31 March 2023

	Note	2023			2022
		Unrestricted funds S\$	Asset amortisation funds S\$	Restricted funds S\$	(Restated) Total S\$
Income					
Income from generated funds					
Voluntary income					
- Donations	4	6,586,570	-	631,151	7,598,828
- Tithes and offerings		1,022,024	-	-	910,815
- Sundry revenue		-	-	-	37
Activities for generating funds					
- Fundraising		231,276	-	-	103,210
- Wholesale and retail income		5,559,301	-	-	6,185,617
- Rental fees		1,110,157	-	-	1,600,287
- Sundry revenue		12,589	-	-	961
Investment income	5	1,476,307	-	-	3,405,214
Income from charitable activities					
Programme fees		7,561,707	-	46,868	6,584,343
Funding from government	6	15,499,660	-	5,268,254	21,617,551
Community Chest Funding		-	-	606,481	515,592
Sundry revenue		94,128	-	2,004	41,139
Other income					
Funding from government - Others	7	697,495	-	-	1,241,358
Others	8	428,446	-	-	400,848
Total income		40,279,660	-	6,554,758	50,205,800
					46,834,418

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 2023

	Note	2023				2022
		Unrestricted funds S\$	Asset amortisation funds S\$	Restricted funds S\$	Total S\$	(Restated)
Expenditures						
Cost of generating funds						
Costs of generating voluntary income						
- Manpower costs	9	375,309	-	-	375,309	421,582
- Operating and administrative costs	10	484,062	-	-	484,062	358,750
- Depreciation of property, plant and equipment		-	13,431	-	13,431	14,841
- Support cost	11	92,924	-	17,643	110,567	99,932
Costs of generating income						
- Manpower costs	9	3,653,909	-	-	3,653,909	4,030,652
- Operating and administrative costs	10	2,241,436	-	-	2,241,436	2,112,783
- Depreciation of property, plant and equipment		-	341,897	-	341,897	351,057
- Other fundraising costs		8,462	-	-	8,462	7,543
- Support cost	11	2,073,909	-	-	2,073,909	2,277,114
Investment costs						
- Investment management costs	12	6,591,246	16,736	-	6,607,982	431,864
Costs of charitable activities						
Manpower costs	9					
- Eldercare		12,153,671	-	208,270	12,361,941	12,711,284
- Children and Youth		67,879	-	5,542,053	5,609,932	4,864,798
- Student Care Centre		170,244	-	-	170,244	149,895
- Community and Other Services		968,400	-	62,573	1,030,973	672,865
- Evangelical and Outreach Ministries		674,888	-	-	674,888	844,315
- Migrant Workers Ministry		374,426	-	-	374,426	407,050
Other costs						
- Operating and administrative costs	10	11,438,439	-	1,601,302	13,039,741	13,610,420
- Depreciation of property, plant and equipment		-	2,641,952	-	2,641,952	2,659,604
- Support cost	11	3,733,724	-	709,077	4,442,801	4,186,165

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 2023

	Note	2023			2022
		Unrestricted funds S\$	Asset amortisation funds S\$	Restricted funds S\$	(Restated) Total S\$
Governance costs	9	263,955	-	-	178,965
Manpower costs	10	603,029	-	24,595	53,868
Operating and administrative costs		-	308,881	-	171,469
Depreciation of property, plant and equipment		-	228,088	-	347,658
Amortisation of intangible assets		-	-	-	41,172
Intangible assets written off		-	28,750	-	-
Plant and equipment written off		-	-	-	-
Total expenditure		45,969,912	3,579,735	8,165,513	51,005,646
Deficit for the year		(5,690,252)	(3,579,735)	(1,610,755)	(799,846)
Transfer between funds		(1,694,284)	612,338	1,081,946	-
Net movement in funds and reserves		(7,384,536)	(2,967,397)	(528,809)	(799,846)
Reconciliation of funds and reserves					
Total funds and reserves brought forward		71,817,185	48,416,584	4,535,216	124,768,985
Total funds and reserves carried forward		64,432,649	45,449,187	4,006,407	113,888,243

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 2023

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$ (Restated)
<u>Assets</u>			
Non-current assets			
Property, plant and equipment	13	44,460,222	47,368,569
Intangible assets	14	931,248	973,562
Investment property	15	57,717	74,453
Investments in financial assets	16	44,750,807	47,549,719
		<u>90,199,994</u>	<u>95,966,303</u>
Current assets			
Investments in financial assets	16	1,399,981	3,770,412
Trade and other receivables	17	4,227,296	5,136,882
Cash and cash equivalents	18	24,336,301	26,407,093
		<u>29,963,578</u>	<u>35,314,387</u>
Total assets		<u>120,163,572</u>	<u>131,280,690</u>
<u>Liabilities</u>			
Current liability			
Trade and other payables	19	6,275,329	6,511,705
Total liability		<u>6,275,329</u>	<u>6,511,705</u>
Net assets		<u>113,888,243</u>	<u>124,768,985</u>
Represented by:			
<u>Funds and reserves</u>			
Asset amortisation funds	20	45,449,187	48,416,584
Restricted funds	21	4,006,407	4,535,216
Unrestricted funds	22	64,432,649	71,817,185
Total funds and reserves		<u>113,888,243</u>	<u>124,768,985</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 2023

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Cash flows from operating activities			
Deficit for the year		(10,880,742)	(799,846)
Adjustments for:			
Amortisation of intangible assets	14	347,467	347,658
Dividend and interest income		(1,416,671)	(1,178,414)
Depreciation of investment property	15	16,736	16,735
Depreciation of property, plant and equipment	13	3,186,782	3,196,971
Gain on disposal of property, plant and equipment	8	-	(4,430)
Impairment loss on investments	16	1,390,759	-
Loss/(gain) on disposal of investments in financial assets	16	3,111,689	(316,401)
Intangible assets written off		-	41,172
Plant and equipment written off		28,750	-
Operating cash flows before changes in working capital		<u>(4,215,230)</u>	<u>1,303,445</u>
Restricted cash		(27,173)	481,234
Trade and other receivables		1,008,469	(1,766,441)
Trade and other payables		<u>(236,376)</u>	<u>(224,144)</u>
Net cash flows used in operating activities		<u>(3,470,310)</u>	<u>(205,906)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(307,185)	(684,804)
Purchase of intangible assets		(305,153)	(69,796)
Proceeds from disposal of property, plant and equipment		-	4,831
Purchase of investments in financial assets		(133,346,578)	(103,220,587)
Proceeds from disposal of investments in financial assets		134,013,473	95,039,062
Dividends and interest received		1,317,788	1,166,657
Net cash flows generated from/(used in) investing activities		<u>1,372,345</u>	<u>(7,764,637)</u>
Net decrease in cash and cash equivalents		(2,097,965)	(7,970,543)
Cash and cash equivalents at beginning of financial year		25,138,333	33,108,876
Cash and cash equivalents at end of financial year	18	<u>23,040,368</u>	<u>25,138,333</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 2023

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

1. General

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

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

(i) General Fund, Singapore

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

(ii) Social Fund, Singapore

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

The Organisation provides Christian education and activities through its Corps.

The Organisation also provides:

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

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

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

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the financial year ended 31 March 2023

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 to the extent that the Organisation becomes entitled to the income, when it is probable that the income will be received; and when the amount of the income 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 (CONTINUED)

for the financial year ended 31 March 2023

2. Summary of significant accounting policies (Continued)

2.3 Income recognition (Continued)

Income from generated funds (Continued)

b) Activities for generating funds

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

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

c) Investment income

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

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

Income from charitable activities

a) Programme fees

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

b) Funding from government

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

c) Community Chest Funding

Community Chest Funding is funding received to support the Kids-In-Play programme to provide a child-centric approach in supporting families affected by parental incarceration. The funding is recognised when it is received and ring-fenced as restricted funds.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the financial year ended 31 March 2023

2. Summary of significant accounting policies (Continued)

2.3 Income recognition (Continued)

Other income

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

2.4 Expenditures

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

Costs of generating funds

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

Costs of charitable activities

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

Governance costs

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

2.5 Employee benefits

Defined contribution plan

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

2.6 Foreign currency

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

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

2. Summary of significant accounting policies (Continued)

2.7 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Organisation and the cost of the item can be measured reliably. The Organisation's policy is to capitalise assets that cost more than S\$10,000.

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

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

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

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the statement of financial activities in the year the asset is derecognised.

Assets-in-progress

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

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the financial year ended 31 March 2023

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets

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

Computer software

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

2.9 Investment property

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

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

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

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

2. Summary of significant accounting policies (Continued)

2.10 Investments in financial assets

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

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

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

At each balance sheet date, if there is objective evidence of impairment, the carrying amount of the asset is reduced by an allowance for impairment and the impairment loss is recognised in the statement of financial activities.

This allowance, calculated as the difference between the asset's carrying amount of the financial assets and the undiscounted future cash flows (excluding unearned interest in the case of an interest-bearing financial assets) that the Organisation expects to receive from the financial assets is recognised in the statement of financial activities in the period in which the impairment occurs. Impairment loss is reversed through the statement of financial activities if the impairment loss decrease can be related objectively to an event occurring after the impairment loss was recognised. The reversal of impairment loss shall not result in the carrying value of the investment exceeding transaction price.

2.11 Trade and other receivables

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

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

2.12 Cash and cash equivalents

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

2.13 Trade and other payables

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2023

2. Summary of significant accounting policies (Continued)

2.14 Funds and reserves

a) Asset amortisation funds

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

b) Unrestricted funds

These funds are freely available for operating purposes not subject to commitments.

c) Restricted funds

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

2.15 Taxes

Goods and services tax ("GST")

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

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

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

2.16 Leases

As lessor

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

As lessee

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the financial year ended 31 March 2023

2. Summary of significant accounting policies (Continued)

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 Organisation's financial statements in conformity with CAS requires the Territorial Governance Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenditures, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements made in applying accounting policies

Impairment of investment in financial assets

The Organisation assesses at each balance sheet date whether there is objective evidence that investment securities have been impaired. Impairment loss is calculated based on a review of the recoverable amount.

The carrying amount of Organisation's investment in financial assets as at 31 March 2023 was S\$46,150,788 (2022: S\$51,320,131).

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 2022 to 30 June 2025 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>2023</u> S\$	<u>2022</u> S\$
Total value of tax-deductible donation receipts issued	<u>5,807,131</u>	<u>5,694,719</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2023

5. Investment income

	<u>2023</u> S\$	<u>2022</u> S\$
Dividend income	452,262	317,627
Interest income		
- Bank	584	743
- Bonds	772,184	834,863
- Fixed and short-term deposits	191,641	25,181
Gain on disposal of investments in financial assets	-	2,023,914
Realised gain on foreign exchange	-	144,568
Property related income	59,636	58,318
	<u>1,476,307</u>	<u>3,405,214</u>

6. Funding from government

	<u>2023</u> S\$	<u>2022</u> S\$
Government Subvention	20,073,721	21,135,376
Community Silver Trust Grant	347,327	380,340
Others	346,866	101,835
	<u>20,767,914</u>	<u>21,617,551</u>

7. Funding from government - Others

	<u>2023</u> S\$	<u>2022</u> S\$
CPF Transition Offset	29,631	-
Enabling Employment Credit Scheme	35,749	17,988
Job Growth Incentive Payout	110,008	-
Jobs Support Scheme grant	-	386,134
MSF Courage-to-Care Award	40,950	-
Training funding from government	15,748	19,608
Transformation Support Scheme	40,797	160,405
Innovation and Productivity grant	-	150,000
Wage Credit and Special Employment schemes	390,653	399,610
Others	33,959	107,613
	<u>697,495</u>	<u>1,241,358</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the financial year ended 31 March 2023

7. Funding from government - Others (Continued)

- (a) 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.
- (b) Ministry of Social and Family Development ("MSF") and The Courage Fund¹ jointly awarded the Courage-To-Care ("CTC") Award to staff working in eligible Social Service Agencies. The CTC Award is to show appreciation for social services staff who have stepped up beyond their normal call of duties during the COVID-19 outbreak. The token of appreciation was provided on a lump-sum basis at \$500 per eligible staff (\$585 including Employers' CPF for Singaporeans/Singapore PRs).

Note:

¹ The Courage Fund was first established in 2003 when Singapore was hit by the SARS outbreak. Fellow Singaporeans donated generously to the Fund to support those who were affected by the outbreak. In this same spirit of uniting the community to support one another through difficult times, Community Chest has rallied the community to provide relief and support to those affected by the current COVID-19 situation.

8. Others

	<u>2023</u> S\$	<u>2022</u> S\$
Gain on disposal of property, plant and equipment	-	4,430
Goods and Services Tax recovered	394,462	358,684
HQ support services	33,021	34,374
Others	963	3,360
	<u>428,446</u>	<u>400,848</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2023

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\$
2023					
Employees' salaries and bonuses	362,500	2,559,516	16,368,113	3,467,991	22,758,120
Central Provident Fund contributions	53,335	342,858	2,872,737	430,685	3,699,615
Other short-term benefits	8,647	96,792	1,260,896	567,206	1,933,541
Contract manpower services	900	654,743	991,695	123,661	1,770,999
Manpower costs included in support cost	(50,073)	-	(1,271,037)	(4,325,588)	(5,646,698)
	<u>375,309</u>	<u>3,653,909</u>	<u>20,222,404</u>	<u>263,955</u>	<u>24,515,577</u>
2022 (Restated)					
Employees' salaries and bonuses	406,424	2,565,701	16,095,259	3,324,451	22,391,835
Central Provident Fund contributions	61,620	333,084	2,595,868	390,102	3,380,674
Other short-term benefits	8,079	98,093	1,241,345	442,141	1,789,658
Contract manpower services	825	1,033,774	915,425	70,564	2,020,588
Manpower costs included in support cost	(55,366)	-	(1,197,690)	(4,048,293)	(5,301,349)
	<u>421,582</u>	<u>4,030,652</u>	<u>19,650,207</u>	<u>178,965</u>	<u>24,281,406</u>

The above manpower cost includes the cost of headquarter's functions which are allocated out to the Organisation's activities as support costs based on the total expenditure of each activity category. The headquarter's functions include generating voluntary income, charitable activities and governance.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

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\$
2023					
Appeals materials	373,993	-	-	29,690	403,683
Assistance to clients and families	-	-	402,458	-	402,458
Assistance to other countries	-	-	11,430	7,756	19,186
Commission	-	23,846	-	-	23,846
Cost of consignment goods	-	68,518	-	-	68,518
Education and recreation	-	-	589,369	878	590,247
Food and refreshment	-	19,817	2,590,998	104,369	2,715,184
Housekeeping	-	12,643	111,750	-	124,393
Insurance	-	1,560	41,217	-	42,777
International headquarters administrative costs	-	-	-	25,468	25,468
Maintenance of equipment and furnishings	7,255	53,699	854,403	125,806	1,041,163
Maintenance of vehicle	-	173,590	172,709	38,929	385,228
Medical services and supplies	-	-	1,595,506	-	1,595,506
Non-property licence and insurance	26,137	92,117	560,113	215,978	894,345
Packing material	-	167,847	-	-	167,847
Postage and communications	38,965	60,265	152,598	41,400	293,228
Printing and stationery	1,909	10,855	83,606	31,832	128,202
Professional and support fees	-	-	537	31,330	31,867
Professional fee - audit	-	-	-	170,228	170,228
Property maintenance costs	30,636	800,183	3,754,152	422,911	5,007,882
Rental of building	-	515,088	115,067	-	630,155
Rental of equipment and furnishings	1,994	3,230	42,585	11,297	59,106
Transaction fees and charges	57,044	5,718	-	1,792	64,554
Transportation costs	1,571	3,045	151,488	42,999	199,103
Transportation service fees	-	43,026	1,111,465	-	1,154,491
Utilities	2,434	177,389	856,691	23,204	1,059,718
Other expenses	2,618	9,000	39,170	24,271	75,059
Operating and admin costs included in support cost	(60,494)	-	(197,571)	(722,514)	(980,579)
	<u>484,062</u>	<u>2,241,436</u>	<u>13,039,741</u>	<u>627,624</u>	<u>16,392,863</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2023

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\$
2022 (Restated)					
Appeals materials	296,729	-	-	12,172	308,901
Assistance to clients and families	-	-	381,498	-	381,498
Assistance to other countries	-	-	22,595	-	22,595
Cleaning contractor	-	23,038	8,105	-	31,143
Commission	-	103,218	-	-	103,218
Cost of consignment goods	-	53,759	-	-	53,759
Education and recreation	-	-	294,480	-	294,480
Food and refreshment	-	9,910	2,879,131	49,107	2,938,148
Housekeeping	-	-	101,155	-	101,155
Insurance	-	4,202	45,130	17,257	66,589
International headquarters administrative costs	-	-	-	28,636	28,636
Maintenance of equipment and furnishings	3,837	76,162	452,601	168,815	701,415
Maintenance of vehicle	-	140,806	123,744	31,750	296,300
Medical services and supplies	-	4,761	1,888,933	8,853	1,902,547
Non-property licence and insurance	16,736	79,962	463,939	275,239	835,876
Packing material	-	133,103	-	-	133,103
Postage and communications	16,505	15,774	134,068	38,957	205,304
Printing and stationery	1,470	10,912	92,860	26,240	131,482
Professional and support fees	-	261	7,762	4,216	12,239
Professional fee - audit	-	-	-	163,372	163,372
Property maintenance costs	19,411	742,599	4,620,652	221,358	5,604,020
Rental of building	-	335,747	90,695	-	426,442
Rental of equipment and furnishings	2,063	18,226	48,097	11,688	80,074
Staff training	-	-	42	304	346
Transaction fees and charges	42,886	62,159	32,050	24,397	161,492
Transportation costs	366	1,166	74,966	16,603	93,101
Transportation service fees	-	112,616	1,106,113	-	1,218,729
Travelling	-	-	1,760	-	1,760
Utilities	2,358	176,354	847,673	22,981	1,049,366
Other expenses	956	8,048	37,489	4,101	50,594
Operating and admin costs included in support cost	(44,567)	-	(145,118)	(1,072,178)	(1,261,863)
	358,750	2,112,783	13,610,420	53,868	16,135,821

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

10. Operating and administrative costs (Continued)

The above operating and administrative costs includes the cost of headquarter's functions which are allocated out to the Organisation's activities as support costs based on the total expenditure of each activity category. The headquarter's functions include generating voluntary income, charitable activities and governance.

11. Support costs

	<u>Costs of generating voluntary income</u> S\$	<u>Costs of generating income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Total</u> S\$
<u>2023</u>				
Management and governance	15,590	292,421	626,434	934,445
Communications	5,086	95,400	204,369	304,855
Fund raising	18,022	338,047	724,177	1,080,246
Programme development	24,104	452,112	968,531	1,444,747
Administration and facilities	9,730	182,504	390,966	583,200
Human resources	13,931	261,313	559,793	835,037
Finance	13,047	244,721	524,251	782,019
Information technology	11,057	207,391	444,280	662,728
	<u>110,567</u>	<u>2,073,909</u>	<u>4,442,801</u>	<u>6,627,277</u>
<u>2022 (Restated)</u>				
Management and governance	12,491	284,640	523,270	820,401
Communications	3,897	88,807	163,260	255,964
Fund raising	16,089	366,615	673,973	1,056,677
Programme development	21,286	485,025	891,653	1,397,964
Administration and facilities	8,494	193,555	355,824	557,873
Human resources	13,191	300,579	552,574	866,344
Finance	12,492	284,639	523,271	820,402
Information technology	11,992	273,254	502,340	787,586
	<u>99,932</u>	<u>2,277,114</u>	<u>4,186,165</u>	<u>6,563,211</u>

Included in the support costs of costs of generating voluntary income, generating income and charitable activities are the following expenses:

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

11. Support 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>Total</u> S\$
<u>2023</u>				
Manpower costs	50,073	1,777,079	3,819,546	5,646,698
Operating and administrative costs	60,494	296,830	623,255	980,579
<u>2022 (Restated)</u>				
Manpower costs	55,366	1,800,308	3,445,675	5,301,349
Operating and administrative costs	44,567	476,806	740,490	1,261,863

Support costs are costs incurred in supporting the activities of the Organisation. Such costs include the headquarter's functions such as governance and management in providing general administrative supporting service, institutional facilities and programme services. Support cost are apportioned to the relevant activity cost category based on the total expenditure of each category.

12. Investment management costs

	<u>2023</u> S\$	<u>2022</u> S\$
Bank charges	96	11,187
Depreciation of investment property	16,736	16,735
Foreign exchange loss	250,712	107,851
Impairment loss on investments	1,390,759	-
Investment management and brokerage costs	325,253	290,009
Loss on disposal of investments in financial assets	4,613,193	-
Property maintenance costs	11,233	6,082
	<u>6,607,982</u>	<u>431,864</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

13. Property, plant and equipment

	<u>Freehold land</u> S\$	<u>Freehold buildings</u> S\$	<u>Leasehold land</u> S\$	<u>Leasehold buildings</u> S\$	<u>Equipment and software</u> S\$	<u>Motor vehicles</u> S\$	<u>Assets-in-progress</u> S\$	<u>Total</u> S\$
Cost:								
At 1 April 2021	4,713,000	50,630,650	4,945,417	31,965,612	3,812,931	3,441,063	310,493	99,819,166
Additions	-	406,010	-	-	73,695	181,085	24,010	684,800
Disposal	-	-	-	-	-	(135,174)	-	(135,174)
Written off	-	-	-	-	(137,130)	-	-	(137,130)
Transfer	-	286,493	-	-	(1,346,644)	-	(286,493)	(1,346,644)
At 31 March 2022	4,713,000	51,323,153	4,945,417	31,965,612	2,402,852	3,486,974	48,010	98,885,018
Additions	-	-	-	-	307,185	-	-	307,185
Written off	-	-	-	-	-	-	(28,750)	(28,750)
Reclassification	-	-	-	-	19,260	-	(19,260)	-
At 31 March 2023	4,713,000	51,323,153	4,945,417	31,965,612	2,729,297	3,486,974	-	99,163,453
Accumulated depreciation:								
At 1 April 2021	-	23,985,966	994,370	19,370,314	2,650,282	2,814,382	-	49,815,314
Depreciation for the year	-	1,732,019	164,849	748,033	328,425	223,645	-	3,196,971
Disposal	-	-	-	-	-	(134,777)	-	(134,777)
Written-off	-	-	-	-	(137,130)	-	-	(137,130)
Reclassification	-	-	-	-	(1,223,929)	-	-	(1,223,929)
At 31 March 2022	-	25,717,985	1,159,219	20,118,347	1,617,648	2,903,250	-	51,516,449
Depreciation for the year	-	1,698,605	164,847	712,785	368,272	242,273	-	3,186,782
At 31 March 2023	-	27,416,590	1,324,066	20,831,132	1,985,920	3,145,523	-	54,703,231
Net carrying amount:								
At 31 March 2022	4,713,000	25,605,168	3,786,198	11,847,265	785,204	583,724	48,010	47,368,569
At 31 March 2023	4,713,000	23,906,563	3,621,351	11,134,480	743,377	341,451	-	44,460,222

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

13. 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\$119,040,000 (2022: S\$120,020,000). 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 17 April 2023 (2022: 11 April 2022).

b) Assets-in-progress

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

c) Reclassification

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

14. Intangible assets

	<u>Computer software</u> S\$	<u>Work-in-progress</u> S\$	<u>Total</u> S\$
Cost:			
At 1 April 2021	6,308,881	-	6,308,881
Additions	-	69,796	69,796
Written off	(5,941,473)	-	(5,941,473)
Reclassification	1,346,644	-	1,346,644
At 31 March 2022	<u>1,714,052</u>	<u>69,796</u>	<u>1,783,848</u>
Additions	122,531	182,622	305,153
At 31 March 2023	<u>1,836,583</u>	<u>252,418</u>	<u>2,089,001</u>
Accumulated amortisation:			
At 1 April 2021	5,139,000	-	5,139,000
Amortisation for the year	347,658	-	347,658
Written off	(5,900,301)	-	(5,900,301)
Reclassification	1,223,929	-	1,223,929
At 31 March 2022	<u>810,286</u>	<u>-</u>	<u>810,286</u>
Amortisation for the year	347,467	-	347,467
At 31 March 2023	<u>1,157,753</u>	<u>-</u>	<u>1,157,753</u>
Net carrying amount:			
At 31 March 2022	<u>903,766</u>	<u>69,796</u>	<u>973,562</u>
At 31 March 2023	<u>678,830</u>	<u>252,418</u>	<u>931,248</u>

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2023

15. Investment property

	<u>Investment property</u> S\$
Cost:	
At 1 April 2021, 31 March 2022 and 31 March 2023	<u>547,890</u>
Accumulated depreciation:	
At 1 April 2021	456,702
Depreciation for the year	16,735
At 31 March 2022	<u>473,437</u>
Depreciation for the year	16,736
At 31 March 2023	<u>490,173</u>
Net carrying amount:	
At 31 March 2022	<u>74,453</u>
At 31 March 2023	<u>57,717</u>

The market value of the freehold investment property was approximately S\$5,750,000 (2022: S\$5,500,000). The valuation was conducted by the same independent valuer using the same valuation methodology as disclosed in Note 13. The date of the valuation report is 17 April 2023 (2022: 11 April 2022).

16. Investments in financial assets

	<u>2023</u> S\$	<u>2022</u> S\$
Quoted bonds, at cost	30,749,375	27,362,538
Quoted equity shares, at cost	15,392,191	17,363,367
Investment schemes, at cost	-	2,823,813
Cash with fund manager for investment purpose	1,399,981	3,770,413
	<u>47,541,547</u>	<u>51,320,131</u>
Less: Impairment loss	(1,390,759)	-
	<u>46,150,788</u>	<u>51,320,131</u>
<i>Presentation in the statement of financial position as:</i>		
Non-current	44,750,807	47,549,719
Current	1,399,981	3,770,412
	<u>46,150,788</u>	<u>51,320,131</u>
Investment assets in Singapore	20,466,132	20,355,337
Investment assets outside Singapore	25,684,656	30,964,794
	<u>46,150,788</u>	<u>51,320,131</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

16. Investments in financial assets (Continued)

The market value of the investment assets at the end of the reporting period was S\$29,591,560 and S\$15,170,613 for bonds and equity shares, respectively (2022: S\$29,757,115 and S\$17,745,153).

	<u>2023</u> S\$	<u>2022</u> S\$
<i><u>Movement in investments during the year</u></i>		
At beginning of the year	51,320,131	42,822,205
Additions	133,346,578	103,220,587
Disposals*	(137,125,162)	(94,722,661)
Impairment loss for the year	(1,390,759)	-
At end of the year	<u>46,150,788</u>	<u>51,320,131</u>
<i>Reconciled to the statement of cash flows as follows:</i>		
Proceeds from disposal of investment assets	134,013,473	95,039,062
Gain on disposal of investment assets	<u>3,111,689</u>	<u>(316,401)</u>
Net disposals*	<u>137,125,162</u>	<u>94,722,661</u>

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

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

17. Trade and other receivables

	<u>2023</u> S\$	<u>2022</u> S\$
Programme fees receivables	636,577	535,282
Interest income receivables	326,006	227,123
Deposits for utilities and premises	175,225	171,483
Prepayments	130,992	106,431
Rental fees receivables	-	1,713
Other receivables	2,958,496	4,094,850
	<u>4,227,296</u>	<u>5,136,882</u>

Other receivables mainly relate to government grant receivables.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

18. Cash and cash equivalents

	<u>2023</u> S\$	<u>2022</u> S\$
Cash at bank and on hand	8,814,485	7,767,484
Fixed deposits	15,521,816	18,639,609
Cash and cash equivalents as per statement of financial position	<u>24,336,301</u>	<u>26,407,093</u>
Less: Medifund monies - restricted (Note 19)	(1,295,933)	(1,268,760)
Cash and cash equivalents as per statement of cash flows	<u>23,040,368</u>	<u>25,138,333</u>

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

Fixed deposits are made for varying periods of between 3 and 12 months (2022: 3 and 12 months) depending on the cash requirements of the Fund. Fixed deposits earn interest at deposit rates ranging between 0.03% to 3.80% (2022: 0.02% and 1.40%) per annum. Included in fixed deposits of the Organisation are restricted amounts of S\$270,515 (2022: S\$270,515) which is pledged to a bank as security for the credit card and bank guarantee.

19. Trade and other payables

	<u>2023</u> S\$	<u>2022</u> S\$
Trade payables	2,168,350	2,274,196
Accruals	949,496	1,060,812
Amount due to related parties (non-trade)	94,487	160,126
Deposits collected from third parties	568,624	405,644
Medifund account (Note 18)	1,295,933	1,268,760
Unearned revenue	15,608	142,703
Other payables	392,729	355,130
Provision for unutilised leave	790,102	844,334
	<u>6,275,329</u>	<u>6,511,705</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.

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2023

20. Asset amortisation funds

	<u>2023</u> S\$	<u>2022</u> S\$
At 1 April	48,416,584	51,264,922
Deficit for the year	(3,579,735)	(3,598,106)
Transfer between funds:		
Transfer from restricted funds (Note 21)	209,531	716,508
Transfer from unrestricted funds (Note 22)	402,807	33,260
	<u>612,338</u>	<u>749,768</u>
At 31 March	<u>45,449,187</u>	<u>48,416,584</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

21. Restricted funds

	(a)										(b), (c), (d)	(e)			
	Property Reserve														
	<u>Jade Circle construction project</u>	<u>S\$</u>	<u>Charity Bike 'n' Blade</u>	<u>S\$</u>	<u>Equipment reserve</u>	<u>S\$</u>	<u>Furniture, fittings and equipment reserve</u>	<u>S\$</u>	<u>Programme reserve</u>	<u>S\$</u>			<u>Centre / Corps reserve</u>	<u>S\$</u>	<u>Education reserve</u>
At 1 April 2021	4,076,188		295,794		-		-	15,000		654,613		-		5,041,595	
(Deficit)/surplus for the year	(613,411)		-	716,508	-	-	-	(863,933)		-		10,000		(750,836)	
Transfer between funds:															
Transfers between restricted funds	(3,462,777)		-	-	-	2,071,984	-	2,045,406		(654,613)		-		-	
Transfer to unrestricted funds (Note 22)	-		-	-	-	-	-	960,965		-		-		960,965	
Transfer to asset amortisation funds (Note 20)	-		-	(716,508)	-	-	-	-		-		-		(716,508)	
	(3,462,777)		-	(716,508)	-	2,071,984	-	3,006,371		(654,613)		-		244,457	
At 31 March 2022	-		295,794	-	-	2,071,984	-	2,157,438		-		10,000		4,535,216	
Deficit for the year	-		(81,936)	-	-	(100,796)	-	(1,425,275)		-		(2,748)		(1,610,755)	
Transfer between funds:															
Transfers from unrestricted funds (Note 22)	-		-	-	-	-	-	1,291,477		-		-		1,291,477	
Transfer to asset amortisation funds (Note 20)	-		-	-	-	(125,371)	-	(84,160)		-		-		(209,531)	
	-		-	-	-	(125,371)	-	1,207,317		-		-		1,081,946	
At 31 March 2023	-		213,858	-	-	1,845,817	-	1,939,480		-		7,252		4,006,407	

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

21. Restricted funds (Continued)

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

Peacehaven Nursing Home is a beneficiary of the annual Charity Bike 'n' Blade fundraising event. During the financial year, the nursing home has renovate the toilet and kitchen by utilised the fund.

- (b) The Jade Circle building project has completed in the previous financial year. The balance of the building funds amounting to S\$3,462,777 was re-allocated to fund the following Jade Circle's operations as specified by the donors.
- i) Equipment & Software for Jade Circle Residential & Arena reserve will be used for purchase of equipment for programme in Jade Circle Residential area and Jade Circle Arena area and to pay for the yearly subscription of software systems used in Jade Circle Arena.
 - ii) Staff Training in Dementia Care reserve will be used to pay the training cost for staff.
 - iii) Dementia Awareness Campaigns and Outreach Events reserve will be used to pay for campaigns and workshops for promoting Dementia Awareness.
 - iv) Training Centre Education Manager and Learning Management Systems reserve will be used for hiring the Education Manager to develop and expand curricula of training modules in dementia care and to pay the yearly subscription of aCAREdemy Learning Management Systems - the e-learning platform used by Peacehaven Training Centre
- (c) In the previous financial year, the Peacehaven received the Sayang Sayang Fund. It is a Community Impact Fund established by the Community Foundation of Singapore (CFS) that aims to provide appropriate support to alleviate the impact of the COVID-19 pandemic to the local community.
- (d) Programme reserve also comprise of surplus generated by Gracehaven Fostering Agency and Kids In Play. The use of the reserve is restricted to support the purpose of the respective programmes' stated objectives.
- (e) In the previous financial year, Gracehaven Children's Home received donation of S\$10,000 restricted for education purposes.

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2023

22. Unrestricted funds

	(a)	(b)	(b)	Furniture, fixtures and equipment replacement reserve S\$	Information technology (IT) Reserve S\$	Sub-total carried forward S\$
	<u>Unrestricted reserve S\$</u>	<u>Impairment loss reserve S\$</u>	<u>Property reserve S\$</u>	<u>Vehicle reserve S\$</u>	<u>Information technology (IT) Reserve S\$</u>	<u>Sub-total carried forward S\$</u>
At 1 April 2021	14,528,008	-	44,119,227	45,681	560,879	61,807,617
Surplus/(deficit) for the year	4,217,534	-	(1,128,881)	(2,090)	(54,759)	3,017,168
Transfer between funds:						
Transfer between unrestricted funds	(2,693,087)	-	2,085,646	-	19,920	(280,321)
Transfer from asset amortisation funds (Note 20)	286,493	-	-	(176,255)	(69,796)	40,442
Transfer (to)/from restricted funds (Note 21)	(1,140,053)	-	150,936	-	-	(989,117)
	(3,546,647)	-	2,236,582	-	(49,876)	(1,228,996)
At 31 March 2022	15,198,895	-	45,226,928	43,591	456,244	63,595,789
Surplus/(deficit) for the year	2,659,011	(1,390,759)	(6,282,990)	-	(142,611)	(5,160,914)
Transfer between funds:						
Transfer between unrestricted funds	(3,371,192)	-	2,991,551	-	19,380	(43,461)
Transfer to restricted funds (Note 21)	(1,086,046)	-	(204,633)	-	-	(1,290,679)
Transfer to asset amortisation funds (Note 20)	(74,986)	-	(174,410)	-	(109,262)	(358,658)
	(4,532,224)	-	2,612,508	-	(89,882)	(1,692,798)
At 31 March 2023	13,325,682	(1,390,759)	41,556,446	43,591	223,751	56,742,077

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the financial year ended 31 March 2023

22. Unrestricted funds (Continued)

	(c) Sub-total brought forward S\$	(c) Development fund S\$	(d) Programme reserve S\$	(e) Officer and staff benefit reserve S\$	(f) Centre/ Corps reserve S\$	Total S\$
At 1 April 2021	61,807,617	1,153,826	2,906,502	1,160,928	2,233,441	69,262,314
Surplus/(deficit) for the year	3,017,168	1,417,764	(716,682)	(159,019)	(10,135)	3,549,096
Transfer between funds:						
Transfer from unrestricted funds	(280,321)	(4,320)	533,964	177,612	(426,935)	-
Transfer from asset amortisation funds (Note 20)	40,442	-	(73,702)	-	-	(33,260)
Transfer from/(to) restricted funds (Note 21)	(989,117)	-	-	28,152	-	(960,965)
At 31 March 2022	(1,228,996)	(4,320)	460,262	205,764	(426,935)	(994,225)
(Deficit)/surplus for the year	63,595,789	2,567,270	2,650,082	1,207,673	1,796,371	71,817,185
Transfer between funds:	(5,160,914)	(15,048)	(326,645)	(189,802)	2,157	(5,690,252)
Transfer from unrestricted funds	(43,461)	(3,913)	(163,657)	208,243	2,788	-
Transfer to restricted funds (Note 21)	(1,290,679)	(798)	-	-	-	(1,291,477)
Transfer to asset amortisation funds (Note 20)	(358,658)	-	(44,149)	-	-	(402,807)
At 31 March 2023	(1,692,798)	(4,711)	(207,806)	208,243	2,788	(1,694,284)
	56,742,077	2,547,511	2,115,631	1,226,114	1,801,316	64,432,649

(a) Impairment loss reserve related to unrealised loss arising from revaluation of investment assets.

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

22. Unrestricted funds (Continued)

- (c) Development fund refers to funds that are set aside for establishing operations in Thailand, mission development and social justice development.
- (d) 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. During the financial year, an amount of S\$115,049 (2022: S\$547,790) relating to planned capital expenditure for Peacehaven was transferred to the Organisation's Property Reserve.

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\$1,395,008 (2022: S\$2,171,838) is included in the Programme Reserve. The unutilised grants expire as follows:

<u>Expiry date</u>	<u>S\$</u>
31 March 2024	958,408
31 March 2025	228,204
31 March 2026	208,396
	<u>1,395,008</u>

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

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

23. Significant related party transactions

a) Transactions with related parties

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

	<u>2023</u> S\$	<u>2022</u> S\$
<u>Transactions with The Salvation Army, Malaysia:</u>		
Officers' retreat contribution	-	2,880
Officers' medical contribution	960	-
Manpower cost	(10,157)	(26,005)
Rental fee	(576)	(3,456)
HQ support service	30,940	32,000
Travelling costs	-	(143)
<u>Transactions with The Salvation Army, Myanmar:</u>		
Officers' retreat contribution	-	480
Other sundry revenue	2,316	1,298
HQ support service	2,081	2,374
Project costs	(4,949)	-
Manpower cost	(2,808)	-
<u>Transactions with International Headquarters:</u>		
Management fees paid to the International Headquarters	<u>(25,468)</u>	<u>(28,636)</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>2023</u> S\$	<u>2022</u> S\$
Employees' salaries and bonuses	1,831,250	1,094,974
Central Provident Fund contributions	158,718	76,299
Other short-term benefits	55,806	46,217
	<u>2,045,774</u>	<u>1,217,490</u>
Number of key management in remuneration bands:		
< S\$100,000	21	15
S\$100,000 to S\$150,000	3	2
> S\$150,000	<u>3</u>	<u>1</u>

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

23. Significant related party transactions (Continued)

b) Compensation of key management personnel (Continued)

Key management personnel comprise members of the Territorial Governance Board and Territorial Management Board. 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.

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>2023</u> S\$	<u>2022</u> S\$
Not later than one year	853,079	757,842
Later than one year but not later than five years	661,183	1,396,362
Later than five years		72,000
	<u>1,514,262</u>	<u>2,226,204</u>

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

Rental income	<u>855,899</u>	<u>430,831</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>2023</u> S\$	<u>2022</u> S\$
Not later than one year	489,880	485,280
Later than one year but not later than five years	339,760	862,680
	<u>829,640</u>	<u>1,347,960</u>

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

Rental expense	<u>527,948</u>	<u>308,922</u>
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THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

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

27. Comparative information

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

The details of the reclassifications are summarised below.

	<u>As previously reported</u> S\$	<u>Reclassification</u> S\$	<u>As reclassified</u> S\$
<u>Statement of financial position</u>			
Fund and reserve balance			
Designated funds	56,618,290	(56,618,290)	-
Unrestricted funds	15,198,895	56,618,290	71,817,185
<u>Statement of financial activities</u>			
<u>Expenditure</u>			
Cost of generating funds			
Costs of generating voluntary income			
- Manpower costs	635,931	(214,349)	421,582
- Operating and administrative costs	450,287	(91,537)	358,750
- Support cost	-	99,932	99,932
Costs of generating income			
- Support cost	-	2,277,114	2,277,114

THE SALVATION ARMY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the financial year ended 31 March 2023

27. Comparative information (Continued)

	<u>As previously reported</u> S\$	<u>Reclassification</u> S\$	<u>As reclassified</u> S\$
<u>Statement of financial activities</u>			
<u>Expenditure</u>			
Costs of charitable activities			
Manpower costs			
- Community and Other Services	1,283,945	(611,080)	672,865
- Evangelical and Outreach Ministries	1,837,975	(993,660)	844,315
- Migrant Workers Ministry	-	407,050	407,050
Other costs			
- Operating and administrative costs	13,755,538	(145,118)	13,610,420
- Support cost	-	4,186,165	4,186,165
Governance costs			
Manpower costs	4,068,275	(3,889,310)	178,965
Operating and administrative costs	1,079,075	(1,025,207)	53,868