HCSA COMMUNITY SERVICES
(formerly known as HIGHPOINT COMMUNITY SERVICES ASSOCIATION)

UNIQUE ENTITY NUMBER: S97SS0023J

# REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016


LO HOCK LING & CO

*Chartered Accountants Singapore*

盧鶴齡會計公司

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www.lohocklingco.com.sg

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## HCSA COMMUNITY SERVICES
(formerly known as HIGHPOINT COMMUNITY SERVICES ASSOCIATION)

### CORPORATE INFORMATION 2016

1. **CHARITY REGISTRATION NUMBER**

   001299

2. **INSTITUTION OF A PUBLIC CHARACTER (IPC) NUMBER**

   IPC 000212

3. **UNIQUE ENTITY NUMBER (UEN)**

   S97SS0023J

4. **REGISTERED ADDRESS**

   No. 1 Lorong 23, Geylang, Singapore 388352

5. **BOARD MEMBERS**

| Name | Designation |
|---|---|
| Vincent Lim Kee Ang | President |
| Dominique Choy Sok Fun | Vice President |
| Tony Lim King Leong | Treasurer |
| Pastor George Dixon Butron | Assistant Treasurer |
| Eng Heng Long | Secretary |
| Arumugam Meganathan | Assistant Secretary |
| Patrick Han Chi Kwang Daniel | Board Member |
| Tina Lim Seok Tin Priscilla June | Board Member |
| Sylvia Lee | Board Member |

6. **BANKERS**

   OCBC Bank Ltd

7. **AUDITORS**

   Lo Hock Ling & Co.
   Chartered Accountants Singapore

**HCSA COMMUNITY SERVICES**
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( Registered under the Societies Act )

## STATEMENT BY MANAGEMENT COMMITTEE

In our opinion, the accompanying financial statements set out on pages 7 to 25 which comprise the statement of financial position as at 31 December 2016, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, are properly drawn up in accordance with the provisions of the Charities Act, Cap. 37, Societies Act, Cap. 311 and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of HCSA Community Services (the "Association") as at 31 December 2016 and the financial performance, changes in funds and cash flows of the Association for the year ended on that date.

On Behalf of the Management Commitee

Vincent Lim Kee Ang
President

Tony Lim King Leong
Treasurer

Singapore, 11 May 2017

LO HOCK LING & CO
Chartered Accountants Singapore
盧鶴齡會計公司

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**HCSA COMMUNITY SERVICES**
(formerly known as HIGHPOINT COMMUNITY SERVICES ASSOCIATION)

( Registered under the Societies Act )

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HCSA Community Services (the "Association") set out on pages 7 to 25, which comprise the following:

- statement of financial position (balance sheet) as at 31 December 2016;
- statement of comprehensive income for the year then ended;
- statement of changes in funds for the year then ended;
- 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 Societies Act, Cap. 311 (the "Societies Act") and the Charities Act, Cap. 37, (the "Charities Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Association as at 31 December 2016 and of the financial performance, changes in funds and cash flows of the Association for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the Accounting and Corporate Regulatory Authority *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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other Information. The other information comprises the information included in Corporate Information 2016 and Statement by Management Committee set out on pages 1 to 2 and the 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 and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

101A Upper Cross Street #11-22, People's Park Centre,
Singapore 058358 Tel: (65) 65356111 Fax: (65) 65336960
enquiry@lohocklingco.com.sg www.lohocklingco.com.sg

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**HCSA COMMUNITY SERVICES**
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**Continued**

**Responsibilities of Management and Management Committee for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Societies Act, the Charities Act and FRSs, 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, management is responsible for assessing the Association'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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Management Committee's responsibilities include overseeing the Association's financial reporting process.

**Auditors' 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 judgement 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 for 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 Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**HCSA COMMUNITY SERVICES**
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**Continued**

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

- Conclude on the appropriateness of management'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 Association'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 Association 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 Management Committee 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,

(a) the accounting and other records required by the regulations enacted under the Societies Act and Charities Act to be kept by the Association have been properly kept in accordance with those regulations; and

(b) the fund-raising appeals held during the year has been carried out in accordance with regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund raising appeal.

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

(i) the use of the donation monies was not in accordance with the objectives of the Association as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**HCSA COMMUNITY SERVICES**
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( Registered under the Societies Act )

**Continued**

**Report on Other Legal and Regulatory Requirements (Continued)**

(ii) the Association has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

LO HOCK LING & CO.
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS SINGAPORE

Singapore, 11 May 2017

## HCSA COMMUNITY SERVICES
(formerly known as HIGHPOINT COMMUNITY SERVICES ASSOCIATION)

( Registered under the Societies Act )

### Statement of Financial Position as at 31 December 2016

| | Notes | 2016 | 2015 |
|---|---|---|---|
| | | $ | $ |
| ASSETS | | | |
| Non-Current Asset | | | |
| Property, plant and equipment | 3 | 574,900 | 350,376 |
| | | 574,900 | 350,376 |
| Current Assets | | | |
| Trade and other receivables | 4 | 453,779 | 631,341 |
| Fixed deposits with bank | 5 | 1,460,000 | 544,114 |
| Cash and bank balances | | 2,007,700 | 2,553,820 |
| | | 3,921,479 | 3,729,275 |
| Total Assets | | 4,496,379 | 4,079,651 |
| FUNDS AND LIABILITIES | | | |
| Funds | | | |
| Accumulated funds | | 3,787,137 | 3,532,112 |
| Total Funds | | 3,787,137 | 3,532,112 |
| Current Liabilities | | | |
| Other payables | 6 | 709,242 | 547,539 |
| | | 709,242 | 547,539 |
| Total Funds and Liabilities | | 4,496,379 | 4,079,651 |

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

# HCSA COMMUNITY SERVICES
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( Registered under the Societies Act )

## Statement of Financial Activities
for the year ended 31 December 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | $ | $ |
| **INCOMING RESOURCES FROM GENERATED FUNDS** | | | |
| **Voluntary Income** | | | |
| Amortisation relating to donated motor vehicle | | 23,131 | 23,131 |
| Donations | | | |
| - non tax deductible | | 51,690 | 48,178 |
| - tax deductible | | 281,765 | 250,392 |
| Government grants | 7 | 777,872 | 1,471,889 |
| MSF subvention | | | |
| - per capita grant | | 302,042 | 282,489 |
| - rental | | 73,856 | 102,087 |
| Residential maintenance | | 3,210 | 45,723 |
| Residential rental | | 41,143 | 42,529 |
| | | 1,554,709 | 2,266,418 |
| **Activities for Generating Funds** | | | |
| Income from fund raising events | 8 | 1,675,096 | 1,385,594 |
| Hi-Thrift sales | | 21,753 | 69,459 |
| Removal sales | | 67,019 | 172,485 |
| Rental income / utility recoveries | | 696,184 | 798,190 |
| | | 2,460,052 | 2,425,728 |
| **Investment Income** | | | |
| Interest income | | 709 | 1,389 |
| **Other Incoming Resources** | | | |
| Allowance for doubtful debt written back | | 45,579 | - |
| Gain on disposal of property, plant and equipment | | 34,354 | - |
| Other income | | 107,020 | 95,583 |
| | | 186,953 | 95,583 |
| TOTAL INCOMING RESOURCES | | 4,202,423 | 4,789,118 |

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

## HCSA COMMUNITY SERVICES
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( Registered under the Societies Act )

Statement of Financial Activities
for the year ended 31 December 2016 (continued)

| | Notes | 2016 | 2015 |
|---|---|---|---|
| | | $ | $ |
| RESOURCES EXPENDED | | | |
| Costs of Activities for Generating Funds | | | |
| Advertising | | 46,495 | 86 |
| Appreciation and training for volunteers | | 138 | 33 |
| Bad debts written off | | 2,249 | 560 |
| Bank charges | | 2 | 1,449 |
| Clinical and therapy expenses | | 1,219 | - |
| Depreciation on property, plant and equipment | 3 | 5,001 | 3,979 |
| Disposal | | 607 | 5,705 |
| Employee benefits expense | 9 | 324,934 | 315,399 |
| Food and refreshment | | 1,976 | 6,281 |
| Fund raising expenses | 8 | 164,155 | 151,895 |
| General expenses | | 13,002 | 3,817 |
| Insurance | | 3,038 | 6,558 |
| Lease of premises | | 334,931 | 378,618 |
| Materials | | 4,328 | 9,830 |
| Printing, stationery and postage | | 11,358 | 3,016 |
| Repairs and maintenance | | 36,576 | 28,785 |
| Retreats and special events | | 3,774 | 2,190 |
| Sanitary | | 24 | 121 |
| SDF levy | | 545 | 653 |
| Security alarm system and maintenance | | - | 1,926 |
| Staff benefits | | 2,627 | 2,975 |
| Teaching ministry | | 1,100 | 3,195 |
| Telecommunication | | 4,494 | 3,535 |
| Transport | | 2,999 | 1,035 |
| Utilities | | 120,147 | 156,061 |
| Vehicle expenses | | 19,557 | 19,681 |
| Wages | | 3,351 | 59,670 |
| | | 1,108,627 | 1,167,053 |

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

## HCSA COMMUNITY SERVICES
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### Statement of Financial Activities
### for the year ended 31 December 2016 (continued)

| | Notes | 2016 | 2015 |
|---|---|---|---|
| | | $ | $ |
| RESOURCES EXPENDED (continued) | | | |
| Program Costs | | | |
| Advertising | | 1,098 | 2,492 |
| Allowance for doubtful debts - trade | | - | 58,232 |
| Appreciation and training for volunteers | | 590 | 2,876 |
| Bank charges | | 1,985 | 2,165 |
| Clinical and therapy expenses | | 44,785 | 24,686 |
| Community outreach and special events | | 10,818 | 29,589 |
| Depreciation on property, plant and equipment | 3 | 231,913 | 216,675 |
| Disposal | | 2,325 | 970 |
| Employee benefits expense | 9 | 1,540,882 | 1,252,773 |
| Food and refreshment | | 62,666 | 71,676 |
| Foreign worker levy | | 29,526 | 24,911 |
| General expenses | | 16,889 | 5,414 |
| Insurance | | 18,529 | 17,145 |
| Lease of premises | | 297,356 | 249,928 |
| Printing, stationery and postage | | 20,117 | 14,352 |
| Property, plant and equipment written off | | 19,942 | 6,908 |
| Repairs and maintenance | | 105,808 | 52,154 |
| Resident/intern allowance | | 37,578 | 18,829 |
| Sanitary | | 9,831 | 8,958 |
| SDF levy | | 2,846 | 2,045 |
| Security fees | | 40,702 | 57,674 |
| Staff benefits | | 48,266 | 10,133 |
| Teaching ministry | | 49,938 | 19,204 |
| Telecommunication | | 37,205 | 27,718 |
| Transport | | 22,743 | 22,162 |
| Utilities | | 69,229 | 73,795 |
| Vehicle expenses | | 19,159 | 21,614 |
| Wages | | 51,714 | 42,939 |
| | | 2,794,440 | 2,338,017 |
| Governance Costs | | | |
| Audit fees | | 10,605 | 8,266 |
| Professional fees | | 33,726 | 5,564 |
| | | 44,331 | 13,830 |
| TOTAL RESOURCES EXPENDED | | 3,947,398 | 3,518,900 |
| Surplus for the year | | 255,025 | 1,270,218 |

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

## Statement of Changes in Funds
for the year ended 31 December 2016

| | Accumulated fund |
|---|---|
| | $ |
| Balance as at 1 January 2015 | 2,261,894 |
| Surplus for the year | 1,270,218 |
| Balance as at 31 December 2015 | 3,532,112 |
| Surplus for the year | 255,025 |
| Balance as at 31 December 2016 | 3,787,137 |

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

## HCSA COMMUNITY SERVICES
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( Registered under the Societies Act )

### Statement of Cash Flows
for the year ended 31 December 2016

| | Notes | 2016 | 2015 |
|---|---|---|---|
| | | $ | $ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Surplus for the year | | 255,025 | 1,270,218 |
| Adjustments for: | | | |
| Depreciation on property, plant and equipment | 3 | 236,914 | 220,654 |
| Property, plant and equipment written off | | 19,942 | 6,908 |
| Gain on disposal of property, plant and equipment | | ( 34,354 ) | - |
| Interest income | | ( 709 ) | ( 1,389 ) |
| Operating surplus before working capital changes | | 476,818 | 1,496,391 |
| (Decrease)/increase in receivables | | 163,457 | ( 86,431 ) |
| Increase in payables | | 161,703 | 87,095 |
| Net cash from operating activities | | 801,978 | 1,497,055 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received | | 709 | 1,389 |
| Proceeds from disposal of property, plant and equipment | | 70,000 | - |
| (Increase)/decrease in fixed deposits with maturity over 3 months | | ( 915,886 ) | 63,886 |
| Purchase of property, plant and equipment | 3 | ( 502,921 ) | ( 33,967 ) |
| Net cash (used in)/ from investing activities | | ( 1,348,098 ) | 31,308 |
| Net (decrease)/increase in cash and cash equivalents | | ( 546,120 ) | 1,528,363 |
| Cash and cash equivalents at beginning of the year | | 2,553,820 | 1,025,457 |
| Cash and cash equivalents at end of the year | 10 | 2,007,700 | 2,553,820 |

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

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2016

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

1. GENERAL INFORMATION

(a) HCSA Community Services (the "Association") is registered with the Registrar of Societies in the Republic of Singapore. It is also a charity registered under the Charities Act, Cap. 37. Its registered office is located at No. 1 Lorong 23 Geylang, Singapore 388352.

(b) The principal activities of Association is to operate a halfway and three quarter way house to rehabilitate male ex-offenders, operates a residential treatment centre for abused teenage girls and provides community-based services to the needy, elderly and disadvantaged. The Association is also an Institution of Public Character ("IPC") under the Ministry of Social and Family Development.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Association presents its financial statements in Singapore dollars, which is also its functional currency. These financial statements are prepared in accordance with the historical cost convention and comply with Charities Act, Societies Act and Singapore Financial Reporting Standards (FRS), including related Interpretations promulgated by the Accounting Standards Council.

During the financial year, the Association adopted all the applicable new/revised FRSs which are effective on or before 1 January 2016. The adoption of these new/revised FRSs did not have any material effect on the Association's financial statements and did not result in substantial changes to the Association's accounting policies.

(b) Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Association's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

*(A) Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Depreciation on Property, Plant and Equipment*

The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment are disclosed in note 2(d). Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of property, plant and equipment and the depreciation charge for the year are disclosed in note 3 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant Accounting Estimates and Judgments (continued)

*(B) Critical judgments made in applying accounting policies*

In the process of applying the Association's accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

*(i) Impairment of Trade Receivables*

The impairment policy for bad and doubtful debts of the Association is based on the evaluation of collectability and ageing analysis of the accounts receivables and on management's judgment. At the balance sheet date, trade receivables amounting to $8,692 (2015: $69,971) were past due but regarded as not impaired. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each customer. If the financial condition of these customers were to deteriorate, resulting in an impairment of their ability to make payment, allowance for impairment will be required.

*(ii) Impairment of Non-Financial Assets*

The carrying amounts of the Association's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated based on the higher of the value in use and the asset's net selling price. Estimating the value in use requires the Association to make an estimate of the expected future cash flows from the continuing use of the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) FRS issued but not yet effective

The Association has not applied any new FRS that has been issued as at the balance sheet date but is not yet effective.

Except for the FRSs mentioned below which are relevant to the Association's financial statements, the Management Committee do not expect the adoption of the other new FRSs that have been issued but are not yet effective to have material impact on the financial statements in the period of initial application.

The Management Committee are currently assessing the impact of the following new FRSs that are relevant to the financial statements of the Association in the period of initial application:

| New FRSs relevant to the Association's financial statements: | Effective for annual periods beginning on or after |
|---|---|
| FRS 109 Financial Instruments | 1 January 2018 |
| FRS 116 Leases | 1 January 2019 |

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FRS issued but not yet effective (continued)

FRS 109 Financial Instruments

*FRS 109,* which replaces *FRS 39 Financial Instruments: Recognition and Measurement* when it becomes effective, introduces new requirements for classification and measurement of financial instruments, impairment of financial assets and general hedge accounting.

*FRS 116 Leases*

FRS 116, which replaces *FRS 17 Leases* and the related Interpretations when it becomes effective, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Lessor accounting requirements under FRS 116 are substantially the same as the current FRS 17. A lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

(d) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Any estimated costs of dismantling and removing the property, plant and equipment and reinstating the site to its original condition (reinstatement costs) are capitalised as part of the cost of the property, plant and equipment

Depreciation is calculated on the straight line basis so as to write off the cost, less the residual value, of the assets over their estimated useful lives. The annual rates of depreciation are as follows:

| | |
|---|---|
| Office furniture, equipment, computers and electrical appliances | 3 to 5 years |
| Motor vehicles | 5 years |
| Renovation | 3 to 5 years |

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

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognised in profit or loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Receivables with a short duration are not discounted.

When there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables, an impairment loss is recognised. The amount of the impairment loss is measured as the difference between the carrying value of the receivable and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the receivable is reduced directly or through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The amount of the reversal shall be recognised in profit or loss.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and bank deposits which are subject to insignificant risks of changes in value. Cash equivalents are stated at amounts at which they are convertible into cash.

(g) Other Payables

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

(h) Revenue Recognition

Provided there is evidence of entitlement, as expressed in writing, donations and income from fund raising events are recognised in profit or loss in the period of receipt or when they become receivable.

Interest and rental income are recognised on an accrual basis.

Revenue from sale of items is recognised upon delivery of the goods and acceptance by the customer.

A gift in kind is included in profit or loss based on an estimate of the fair value at the date of the receipt of the gift of a non-monetary asset or the grant of a right to a monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received.

Service income from removal services are recognised upon services being rendered.

Government grants are recognised when the conditions attaching to the grants have been complied with and the grants have been received.

(i) Fund Accounting

Monies received for specific purposes are credited directly to the respective fund accounts. Income and expenditure relating to specific funds are accounted for directly in the funds to which they relate. Assets and liabilities of the specific funds are pooled in the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Employee Benefits

Defined Contribution Plans

The Association makes contributions to the state provident fund (Central Provident Fund). Such contributions are recognised as compensation expense in the same period as the employment that gives rise to the contributions.

(k) Impairment of Non-Financial Assets

The carrying amounts of the Association's assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less cost of disposal and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

An impairment loss on a non-revalued asset is recognised in profit or loss. An impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(l) Leases

Operating Leases

Leases whereby the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases.

When the Association is the lessor, income arising from such operating lease is recognised on a straight line basis over the lease term.

When the Association is the lessee, operating lease payments are recognised as an expense on a straight line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Related Parties

A related party is defined as follows:

(A) A person or a close member of that person's family is related to the Association if that person:

(i) Has control or joint control over the Association;

(ii) Has significant influence over the Association; or

(iii) Is a member of the key management personnel of the Association or of a parent of the Association.

(B) An entity is related to the Association if any of the following conditions applies:

(i) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to each other).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.

## 3. PROPERTY, PLANT AND EQUIPMENT

| | Office furniture, equipment, computers and electrical appliances | Motor vehicles | Renovation | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Cost** | | | | |
| At 1 January 2015 | 318,642 | 330,316 | 900,389 | 1,549,347 |
| Additions | 20,247 | - | 13,720 | 33,967 |
| Written off | ( 38,726 ) | - | ( 84,461 ) | ( 123,187 ) |
| At 31 December 2015 and 1 January 2016 | 300,163 | 330,316 | 829,648 | 1,460,127 |
| Additions | 50,228 | 9,277 | 443,416 | 502,921 |
| Disposal/written off | ( 118,885 ) | ( 145,935 ) | ( 539,557 ) | ( 804,377 ) |
| At 31 December 2016 | 231,506 | 193,658 | 733,507 | 1,158,671 |
| **Accumulated depreciation** | | | | |
| At 1 January 2015 | 183,855 | 218,678 | 602,843 | 1,005,376 |
| Charged to cost of activities for generating funds | 1,429 | - | 2,550 | 3,979 |
| Charged to program costs | 49,082 | 31,566 | 136,027 | 216,675 |
| Charge for the year | 50,511 | 31,566 | 138,577 | 220,654 |
| Written off | ( 37,379 ) | - | ( 78,900 ) | ( 116,279 ) |
| At 31 December 2015 and 1 January 2016 | 196,987 | 250,244 | 662,520 | 1,109,751 |
| Charged to cost of activities for generating funds | 1,740 | 734 | 2,527 | 5,001 |
| Charged to program costs | 51,066 | 29,469 | 151,378 | 231,913 |
| Charge for the year | 52,806 | 30,203 | 153,905 | 236,914 |
| Disposal/written off | ( 111,260 ) | ( 124,394 ) | ( 527,240 ) | ( 762,894 ) |
| At 31 December 2016 | 138,533 | 156,053 | 289,185 | 583,771 |
| **Carrying amount** | | | | |
| At 31 December 2016 | 92,973 | 37,605 | 444,322 | 574,900 |
| At 31 December 2015 | 103,176 | 80,072 | 167,128 | 350,376 |

## 4. TRADE AND OTHER RECEIVABLES

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Trade receivables | 14,647 | 160,651 |
| Allowance for doubtful debts | | |
| Balance brought forward | 58,232 | - |
| Current year's allowance | - | 58,232 |
| Allowance written back | ( 45,579 ) | - |
| Bad debts written off against allowance | ( 12,653 ) | - |
| Balance carried forward | - | 58,232 |
| | 14,647 | 102,419 |
| Non-trade receivables | 258,402 | 326,056 |
| Deposits | 161,660 | 173,220 |
| Prepayments | 19,070 | 29,646 |
| | 453,779 | 631,341 |

Trade receivables are non-interest bearing and is generally on 30 day's (2015: 30 day's) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Non-trade receivables and deposits are unsecured, non-interest bearing and expected to be repayable on demand.

## 5. FIXED DEPOSITS WITH BANK

Fixed deposits have maturity terms between 6 and 24 months and bear interest at rates ranging from 0.15% to 0.55% (2015: 0.10% to 0.55%) per annum.

## 6. OTHER PAYABLES

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Accruals | 258,712 | 173,079 |
| Deposits received | 191,452 | 168,072 |
| Sundry payables | 2,549 | 5,706 |
| Unearned income | 225,763 | 146,785 |
| Donated motor vehicle | 30,766 | 53,897 |
| | 709,242 | 547,539 |

Other payables are unsecured, non-interest bearing and are normally settled within 90 days or on demand.

## 7. GOVERNMENT GRANTS

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Care and Share Matching Grant | 600,000 | 1,303,639 |
| Yellow Ribbon Fund | 160,440 | 165,600 |
| Other grants | 17,432 | 2,650 |
| | 777,872 | 1,471,889 |

## 8. FUND RAISING ACTIVITIES

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Income from fund raising events comprises donations received classified as: | | |
| - non tax deductible | 518,813 | 352,576 |
| - tax deductible | 1,156,283 | 1,033,018 |
| | 1,675,096 | 1,385,594 |
| Fund raising expenses | 164,155 | 151,895 |

The non tax deductible donations include donations received from the President's Challenge amounting to $220,000 (2015: $190,000).

Total expenses incurred on public fund-raising appeals in the financial year did not exceed 30% of total donations collected through the public appeals in the same year. Association had complied with the requirements of the 30/70 fund-raising rule set out in Regulation 15 of the Charities (Institutions of A Public Character) Regulations.

## 9. EMPLOYEE BENEFITS EXPENSE

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Cost of Activities for Generating Funds | | |
| Salaries and related costs | 278,781 | 266,008 |
| Employer's contributions to Central Provident Fund | 46,153 | 49,391 |
| | 324,934 | 315,399 |
| Program Costs | | |
| Salaries and related costs | 1,366,115 | 1,117,760 |
| Employer's contributions to Central Provident Fund | 174,767 | 135,013 |
| | 1,540,882 | 1,252,773 |
| | 1,865,816 | 1,568,172 |

## 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances as shown on the statement of financial position.

## 11. TAXATION

As a registered charity under the Charities Act, Cap. 37, the Association is exempt from income tax under Section 13(1)(zm) of the Income Tax Act, Cap. 134.

## 12. COMMITMENTS

### (i) Capital commitment

As at 31 December 2016, the Association has capital commitment amounting to $23,000 (2015: nil) in respect of contracted expenditure for a renovation which has not been provided for in the financial statements.

### (ii) Operating lease commitment

The Association leases premises from non-related parties under non-cancellable operating lease agreements.

These leases have an average tenure of between 2 to 3 years, varying terms and provide renewal options.

As at 31 December 2016, the Association has lease commitments under non-cancellable operating leases where the Association is the lessee:

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Payable within 1 year | 632,357 | 632,357 |
| Payable after 1 year but not later than 5 years | 814,956 | 110,279 |
| | 1,447,313 | 742,636 |

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

As at 31 December 2016, the Association has lease commitments under non-cancellable operating leases where the Association is the lessor:

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Receivable within 1 year | 204,360 | 649,968 |
| Receivable after 1 year but not later than 5 years | 96,600 | 108,328 |
| | 300,960 | 758,296 |

The above operating leases do not provide for contingent rents.

## 13. RELATED PARTIES

The Association is governed by the Management Committee. The Executive Director and management personnel are responsible for policy making, organising and supervising the daily activities of the Association.

The Association has in place a conflict of interest policy which sets out documented procedures requiring Management Committee members and staff in management positions to declare actual or potential conflicts of interests to the Management Committee, and to abstain from voting or participating in decision making in the matter.

13. RELATED PARTIES (continued)

*Key management personnel compensation*

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Short-term employee benefits: | | |
| Salaries and related costs | 460,012 | 454,164 |
| Employer's contribution to Central Provident Fund | 65,424 | 56,129 |
| | 525,436 | 510,293 |

Key management personnel are employees holding management position in the Association.

The President and members of the Management Committee are volunteers and do not receive any monetary remuneration for their service.

14. FINANCIAL RISKS MANAGEMENT

The Association is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, liquidity risk and interest rate risk. The management reviews and agrees on policies for managing each of these risks and they are summarised below:

(i) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other counterparties to settle their financial and contractual obligations to the Association as and when they fall due.

The Association's exposure to credit risk arises primarily from trade and other receivables. Credit evaluations are performed on all tenants. Tenants are required to place security deposits with the Association at the commencement of each tenancy term.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

*Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Association.

*Financial assets that are past due but not impaired*

The Association has trade receivables that are past due but not impaired. These trade receivables are unsecured and the analysis of their aging at balance sheet date is as follows:

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Trade receivables past due: | | |
| 1 to 30 days | 8,327 | 29,479 |
| 31 to 60 days | 306 | 39,735 |
| More than 60 days | 59 | 757 |
| | 8,692 | 69,971 |

14. FINANCIAL RISKS MANAGEMENT (continued)

(i) Credit risk (continued)

*Financial assets that are impaired*

There are no financial assets that are impaired as at the balance sheet date.

(ii) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting financial obligations due to shortage of funds.

The Association manages its operating cash flows and the availability of funding so as to ensure that a sufficient level of cash and cash equivalents is maintained to meet its working capital requirement.

All financial liabilities of the Association are repayable on demand or mature within one year.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Association's financial instruments will fluctuate because of changes in market interest rates.

The Association does not have any interest-bearing financial liabilities. Its only exposure to changes in interest rates relates to interest-earning bank deposits. The management monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

The interest rates and terms of maturity of financial assets of the Association are disclosed in note 5 to the financial statements.

15. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of cash and cash equivalents, receivables and payables approximate their fair values due to their short term nature.

*Financial Instruments by Category*

The aggregate carrying amounts of financial instruments classified as loans and receivables and financial liabilities at amortised cost are as follows:

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Loans and receivables | 3,902,409 | 3,699,629 |
| Financial liabilities at amortised cost | 452,713 | 346,857 |

16. RESERVE POLICY

The Association will work towards having a reserve of $3 million, which is equivalent to one year of its current budgeted operating expenses.

The management committee of the Association will review its reserve requirement annually.

Designated funds are only used for its specific purposes for which the funds were set up.

The Association is not subject to externally imposed reserve management requirements.

There were no changes to the Association's approach to reserve management since the previous financial year.

17. CHANGE OF NAME

The Association changed its name to HCSA Community Services and is now known by its new name with effect from 20 July 2016.

18. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association for the year ended 31 December 2016 were authorised for issue by HCSA Community Services management committee on 11 May 2017.