

## **GLADIOLUS PLACE**

(A division of Presbyterian Community Services,  
UEN. S75SS0022H)

### **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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## **Fiducia LLP**

(UEN: T10LL0955L)

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**STATEMENT BY MANAGEMENT COMMITTEE**

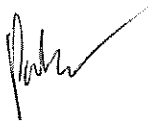
In the opinion of the Management Committee,

- a) the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of **Gladiolus Place** (the "Division"), a division of Presbyterian Community Services, as at 31 March 2019, and the results, changes in funds and cash flows of the Division for the financial year then ended; and
- b) at the date of this statement, there are reasonable grounds to believe that the Division will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, authorised the issue of these financial statements on **15 OCT 2019**

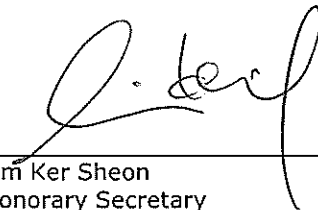
Patricia Lum Wai Ling	Chairperson
Tan Pong Meng	Vice Chairperson
Lim Ker Sheon	Honorary Secretary
Jimmy Tay Soon Hua	Honorary Treasurer
David Lim Chee Kwang	Committee Member
Hazel Lau Bee Choo	Committee Member
Shaun Ho Kin Loon	Committee Member
Lye Mui Fong	Committee Member
Michelle Tan Swee Ping	Ex-Officio / Head of Home
Abel Lee Sue Yeong	Adviser

On behalf of the Management Committee,



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Patricia Lum Wai Ling  
Chairperson



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Lim Ker Sheon  
Honorary Secretary

Singapore, **15 OCT 2019**

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Independent auditor's report to the members of:

### **GLADIOLUS PLACE**

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## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the accompanying financial statements of **Gladiolus Place** (the "Division") which comprise the statement of financial position as at 31 March 2019, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Division for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Gladiolus Place is a division of Presbyterian Community Services (the "Society") and is not a separately registered entity. The accompanying financial statements have been prepared from the records of the Division and reflect only transactions recorded therein.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Charities Accounting Standard in Singapore ("CAS") so as to present fairly, in all material respects, the state of affairs of the Division as at 31 March 2019 and the results, changes in funds and cash flows of the Division for the financial 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Division 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. 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 Statement by the Management Committee 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.

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(CONT'D)

Independent auditor's report to the members of:

### **GLADIOLUS PLACE**

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### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and CAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Division'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 Division or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Division'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 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 Division'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 auditor's report to the members of:

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#### **Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

- 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 Division'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 Division 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 those charged with governance 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 to be kept by the Division have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) the fund raising appeals held during the financial year ended 31 March 2019 have 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.

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Independent auditor's report to the members of:

### **GLADIOLUS PLACE**

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#### **Report on Other Legal and Regulatory Requirements (Cont'd)**

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

- (a) the Division has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Division has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



**Fiducia LLP**  
Public Accountants and  
Chartered Accountants

Singapore, 15 OCT 2019

Partner-in-charge: Soo Hon Weng  
PAB No.: 01089

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	Note	Unrestricted fund General fund S\$	Restricted fund MSF fund S\$	Total funds S\$
<b>2019</b>				
<b>INCOME</b>				
Income from generated funds				
- Voluntary income	5	298,311	0	298,311
- Activities for generating funds	5	98,474	0	98,474
Income from charitable activities	5	16,475	511,150	527,625
Other income	5	1,276	19,261	20,537
<b>Total income</b>		<u>414,536</u>	<u>530,411</u>	<u>944,947</u>
<b>LESS: EXPENDITURE</b>				
Cost of generating funds	6	19,108	0	19,108
Cost of charitable activities	6	0	1,082,278	1,082,278
Governance costs	6	0	7,313	7,313
Other expenditure	6	263	0	263
<b>Total expenditure</b>		<u>19,371</u>	<u>1,089,591</u>	<u>1,108,962</u>
<b>NET INCOME / (EXPENDITURE) FOR FINANCIAL YEAR</b>		395,165	(559,180)	(164,015)
<b>TOTAL FUNDS BROUGHT FORWARD</b>		1,370,600	(1,067,561)	303,039
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>1,765,765</u>	<u>(1,626,741)</u>	<u>139,024</u>

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	Note	Unrestricted fund	Restricted funds		Total funds S\$
		General fund S\$	Cyclical maintenance fund S\$	MSF fund S\$	
<b>2018</b>					
<b>INCOME</b>					
Income from generated funds					
- Voluntary income	5	100,068	0	0	100,068
- Activities for generating funds	5	7,899	0	0	7,899
Income from charitable activities	5	20,540	0	541,879	562,419
Other income	5	3,959	0	0	3,959
<b>Total income</b>		<u>132,466</u>	<u>0</u>	<u>541,879</u>	<u>674,345</u>
<b>LESS: EXPENDITURE</b>					
Cost of generating funds	6	1,580	0	0	1,580
Cost of charitable activities	6	0	105,315	1,151,322	1,256,637
Governance costs	6	0	0	4,100	4,100
Other expenditure	6	280	0	0	280
<b>Total expenditure</b>		<u>1,860</u>	<u>105,315</u>	<u>1,155,422</u>	<u>1,262,597</u>
<b>NET INCOME / (EXPENDITURE) FOR FINANCIAL YEAR</b>		130,606	(105,315)	(613,543)	(588,252)
<b>TOTAL FUNDS BROUGHT FORWARD</b>		<u>1,239,994</u>	<u>105,315</u>	<u>(454,018)</u>	<u>891,291</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>1,370,600</u>	<u>0</u>	<u>(1,067,561)</u>	<u>303,039</u>

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



**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019**

	Note	2019 S\$	2018 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	65,464	107,114
Fixed deposit	9	0	303,279
Fees and other receivables	10	<u>96,271</u>	<u>79,904</u>
		161,735	490,297
<b>Non-current asset</b>			
Property, plant and equipment	11	<u>23,273</u>	<u>37,083</u>
<b>Total assets</b>		<u>185,008</u>	<u>527,380</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	12	<u>45,984</u>	<u>224,341</u>
<b>Total liabilities</b>		<u>45,984</u>	<u>224,341</u>
<b>NET ASSETS</b>		<u>139,024</u>	<u>303,039</u>
<b>FUNDS</b>			
<b>Unrestricted fund</b>			
General fund		<u>1,765,765</u>	<u>1,370,600</u>
<b>Restricted funds</b>			
Cyclical maintenance fund		0	0
MSF fund		<u>(1,626,741)</u>	<u>(1,067,561)</u>
		<u>(1,626,741)</u>	<u>(1,067,561)</u>
<b>Total funds</b>	13	<u>139,024</u>	<u>303,039</u>

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

**STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	Balance at beginning of financial year S\$	Net income / (expenditure) for the financial year S\$	Balance at end of financial year S\$
<b>2019</b>			
<b>Unrestricted fund</b>			
General fund	1,370,600	395,165	1,765,765
<b>Restricted fund</b>			
MSF fund	<u>(1,067,561)</u>	<u>(559,180)</u>	<u>(1,626,741)</u>
<b>TOTAL FUNDS</b>	<u>303,039</u>	<u>(164,015)</u>	<u>139,024</u>
	Balance at beginning of financial year S\$	Net income / (expenditure) for the financial year S\$	Balance at end of financial year S\$
<b>2018</b>			
<b>Unrestricted fund</b>			
General fund	<u>1,239,994</u>	<u>130,606</u>	<u>1,370,600</u>
<b>Restricted funds</b>			
Cyclical maintenance fund	105,315	(105,315)	0
MSF fund	<u>(454,018)</u>	<u>(613,543)</u>	<u>(1,067,561)</u>
	<u>(348,703)</u>	<u>(718,858)</u>	<u>(1,067,561)</u>
<b>TOTAL FUNDS</b>	<u>891,291</u>	<u>(588,252)</u>	<u>303,039</u>

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

**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	Note	2019 S\$	2018 S\$
<b>Cash flows from operating activities</b>			
Net expenditure		(164,015)	(588,252)
Adjustment for:			
- Allowance for impairment of fees receivables	10	0	801
- Depreciation of property, plant and equipment	11	16,610	131,689
- Gain on disposal of property, plant and equipment		(5,300)	0
- Impairment loss on fees receivables	6	652	0
- Interest income		(59)	(3,398)
- Reversal of allowance for impairment of fees receivables	10	(43,465)	0
Operating cash flow before changes in working capital		(195,577)	(459,160)
Changes in working capital			
- Fees and other receivables		26,446	53,836
- Other payables		(178,357)	172,082
Net cash used in operations		(347,488)	(233,242)
- Interest received		59	119
<b>Net cash used in operating activities</b>		<b>(347,429)</b>	<b>(233,123)</b>
<b>Cash flows from investing activities</b>			
Interest received		0	3,279
Proceeds from disposal of property, plant and equipment		5,300	0
Purchases of property, plant and equipment	11	(2,800)	(5,944)
<b>Net cash generated from / (used in) investing activities</b>		<b>2,500</b>	<b>(2,665)</b>
<b>Cash flows from financing activities</b>			
Withdrawal of fixed deposit		303,279	0
Increase in fixed deposit		0	(3,279)
<b>Net cash generated from / (used in) financing activities</b>		<b>303,279</b>	<b>(3,279)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(41,650)</b>	<b>(239,067)</b>
Cash and cash equivalents at beginning of financial year		107,114	346,181
<b>Cash and cash equivalents at beginning of financial year</b>	8	<b>65,464</b>	<b>107,114</b>

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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

**1. General information**

Gladiolus Place (the "Division") is a division of Presbyterian Community Services (the "Society"), which is registered under the Societies Act, Chapter 311 on 23 July 1975 and registered as a charity under the Charities Act, Chapter 37 since 28 February 1985.

The Society's registered address is located at 89 Short Street, #08-08 Golden Wall Centre, Singapore 188216. The principal place of operation of the Division is located at 6A Mattar Road, Singapore 387715.

The Society has been accorded an Institution of a Public Character ('IPC') status for the period from 1 July 2017 to 30 June 2019 and subsequently renewed from 01 July 2019 to 31 December 2020.

The principal activities of the Division are to provide temporary refuge and education for teenage girls aged between 11 to 19 years who are struggling with issues such as teenage pregnancy, psychological, physical, sexual abuse, juvenile delinquency and lack of adequate family support.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with the Charities Accounting Standard ("CAS") issued by the Singapore Accounting Standard Council and the disclosure requirements of Societies Act, Chapter 311 and Charities Act and Regulations. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with CAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

These financial statements are presented in Singapore Dollar, which is the Division's functional and presentation currency.

**2.2 Income recognition**

Income is included in the statement of financial activities when the following three factors are met:

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

**2. Significant accounting policies (Cont'd)**

**2.2 Income recognition (Cont'd)**

2.2.1 Grants

Grants including those for the acquisition of property, plant and equipment are recognised as income when there is evidence of entitlement, which will normally exist when the grant is formally expressed in writing. Where entitlement is demonstrable and no conditions are attached, such promises are recognised as income once the criteria of certainty and measurement are met.

Grants from Ministry of Social and Family Development ("MSF") relating to home fees and other fees are calculated based on formula set by the government body. Based on the funding principles, any over or under funding will be adjusted against the current year's income.

2.2.2 Donations

The recognition of a promised donation is evidence of entitlement which normally exists when the donation is formally expressed in writing. Where the entitlement is demonstrable, and no conditions are attached, such promises are recognised as income once the criteria of certainty and measurability are met.

2.2.3 Home fees

Home fees are recognised over the period of stay.

2.2.4 Interest income

Interest income on bank current accounts and fixed deposits placed with banks are recognised on a time-proportion basis using the effective interest method.

2.2.5 Other income

Other income is recognised when received.

**2.3 Expenditure recognition**

All expenditure is recognised when and to the extent that a liability is incurred or increased without a commensurate increase in recognised assets or a reduction liabilities, or an asset is reduced without a commensurate decrease in recognised liabilities or increase in another asset.

2.3.1 Cost of generating funds

The cost of generating funds are those costs attributable to generating income for the Division, other than those costs incurred in undertaking charitable activities in furtherance of the Division's objects.

2.3.2 Cost of charitable activities

Expenditure on charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Division. Those costs, where not wholly attributable, are apportioned between the categories of charitable expenditure.

The total costs of each category of charitable expenditure therefore include an apportionment of support cost, where possible.

## **2. Significant accounting policies (Cont'd)**

### **2.3 Expenditure recognition (Cont'd)**

#### **2.3.3 Governance costs**

Governance costs include the costs of governance arrangements, which relate to the general running of the Division as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work. Expenditure on the governance of the Division will normally include both direct and related support costs which include internal and external audit, apportioned manpower costs and general costs in supporting the governance activities, legal advice for governing board members and cost associated with constitutional and statutory requirements.

#### **2.3.4 Other expenditure**

Other expenditure includes the payment of any expenditure that the Division has not been able to analyse within the main expenditure categories.

### **2.4 Property, plant and equipment**

#### **2.4.1 Measurement**

All property, plant and equipment are stated at cost less accumulated depreciation. All items of property, plant and equipment are initially recorded at cost. Fully depreciated assets still in use are retained in the financial statements.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- It is probable that future economic benefits associated with the item will flow to the Division; and
- The cost of the item can be measured reliably.

The cost of an item of property, plant and equipment comprises all of the following:

- (a) Its purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- (b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality; and
- (c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Division incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during the period.

Property, plant and equipment shall not be revalued and are not required to be assessed for impairment under CAS.

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**2. Significant accounting policies (Cont'd)**

**2.4 Property, plant and equipment (Cont'd)**

2.4.2 Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Furniture & fittings	5 years
Motor vehicle	5 years
Musical instruments	5 years
Office equipment	5 years
Renovations	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each reporting date and, where necessary, revised to reflect changes in expectation.

2.4.3 Disposal

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 derecognition of the asset is recognised in the statement of financial activities in the year the asset is derecognised.

**2.5 Receivables**

Receivables excluding prepayments are initially recognised at their transaction price, excluding transaction costs, if any. Transaction costs are recognised as expenditure 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.

Subsequent to initial recognition, 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.

An allowance is made for uncollectable amounts when there is objective evidence that the Division will not be able to collect the debt. Impairment loss is recognised in the statement of financial activities when identified.

**2.6 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, and deposits with financial institutions and are stated at cost.

**2.7 Payables**

Payables excluding accruals are normally settled on 30 to 60 days term. These are recognised at their transaction price, excluding transactions costs, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

**2. Significant accounting policies (Cont'd)**

**2.8 Employee compensation**

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Division pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Division has no further payment obligations once the contributions have been paid. The Division's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

**2.9 Operating leases**

The lease payments under an operating lease shall be recognised on a straight-line basis over the lease term even if the payments are not on such a basis, unless another systematic and rational basis is more representative of the time pattern of the lessee's benefit.

Incentives to sign an operating lease, in whatever form they may take, shall be spread by the lessee on a straight-line basis over the lease term.

**2.10 Fund accounting**

Monies received for specific purposes, including transfers from the general fund, are credited directly to the respective fund in the financial statements. These include restricted funds and unrestricted funds. Restricted funds are funds held by the Division that can only be applied for specific purposes. These funds are subject to specific trusts which may be declared by the donors with their authority or created through legal process but are still within the wider objects of the Division. Unrestricted funds are expendable at the discretion of the Management Committee and management in furtherance of the Division's objects. Designated fund is part of the unrestricted funds earmarked for a particular project. The designation is for administrative purpose only and does not restrict Management Committee and Management's discretion to apply the fund.

Income and expenditure relating to specific funds are accounted for directly in the funds to which they relate. Common expenses, if any, are allocated on a reasonable basis to the funds based on the method suitable to this common expense. Assets and liabilities of the specific funds are pooled in the balance sheet.

Funds received for specific purposes such as purchase of depreciable assets are taken to the relevant restricted fund account. This relevant fund will be reduced over the useful life of the asset in line with its depreciation. Depreciation is charged to the relevant designated funds where the asset is held.



## **2. Significant accounting policies (Cont'd)**

### **2.11 Contingencies**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Where the possibility of an outflow of resources is not remote, the Division shall disclose for each class of contingent liability at the reporting date, a brief description of the nature of the contingent liability and, where practicable:

- a) an estimate of its financial effect;
- b) an indication of the uncertainties relating to the amount or timing of any outflow; and
- c) the possibility of any reimbursement.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

## **3. Critical accounting estimates, assumptions and judgments**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **3.1 Critical accounting estimates and assumptions**

The Division makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **3.2 Critical judgements in applying the entity's accounting policies**

The key critical judgements in applying the entity's accounting policies concerning the future at the reporting 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.

#### **3.2.1 Government grants**

Government grants to meet operating expenses are recognised as income in the statement of financial activities on the accrual basis in the year these operating expenses were incurred and there is reasonable assurance that the Division will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Division if the conditions are not met.

**4. Tax deductible receipts**

Tax deductible receipts issued by the Division for donations received during the financial year, pursuant to its Institutions of a Public Character ("IPC") status, are recorded as follows:

	Note	2019 S\$	2018 S\$
Statement of financial activities:			
General fund			
- Voluntary income – tax exempt donations	5	181,765	59,882
- Donations- Charity dinner	7	<u>57,684</u>	<u>0</u>
Total tax exempt donations		<u>239,449</u>	<u>59,882</u>

**5. Income**

		Unrestricted fund	Restricted funds		Total funds
		General fund S\$	Cyclical maintenance fund S\$	MSF fund S\$	
<b>2019</b>	Note				S\$
<b>Income From generating fund</b>					
<i>Voluntary income:</i>					
Donations – tax exempt	4	181,765	0	0	181,765
Donations – non-tax exempt		<u>116,546</u>	<u>0</u>	<u>0</u>	<u>116,546</u>
		<u>298,311</u>	<u>0</u>	<u>0</u>	<u>298,311</u>
<b>Activities for generating income:</b>					
Fund-raising income	7	<u>98,474</u>	<u>0</u>	<u>0</u>	<u>98,474</u>
<b>Income From charitable activities</b>					
Home fees		16,475	0	0	16,475
Government grant		0	0	3,049	3,049
MSF rental grant		0	0	252,888	252,888
MSF grant		0	0	255,213	255,213
		<u>16,475</u>	<u>0</u>	<u>511,150</u>	<u>527,625</u>
<b>Other income</b>					
Interest income		59	0	0	59
Gain on disposal of property, plant and equipment		0	0	5,300	5,300
Employment credit		0	0	13,961	13,961
Other		<u>1,217</u>	<u>0</u>	<u>0</u>	<u>1,217</u>
		<u>1,276</u>	<u>0</u>	<u>19,261</u>	<u>20,537</u>

**5. Income (Cont'd)**

	Note	Unrestricted fund	Restricted funds		Total funds
		General fund S\$	Cyclical maintenance fund S\$	MSF fund S\$	
<b>2018</b>					S\$
<b>Income From generating fund</b>					
<i>Voluntary income:</i>					
Donations – tax exempt	4	59,882	0	0	59,882
Donations – non-tax exempt		40,186	0	0	40,186
		<u>100,068</u>	<u>0</u>	<u>0</u>	<u>100,068</u>
<i>Activities for generating income:</i>					
Fund-raising income	7	7,899	0	0	7,899
		<u>7,899</u>	<u>0</u>	<u>0</u>	<u>7,899</u>
<b>Income From charitable activities</b>					
Home fees		20,540	0	0	20,540
Government grant		0	0	1,681	1,681
MSF rental grant		0	0	252,888	252,888
MSF grant		0	0	287,310	287,310
		<u>20,540</u>	<u>0</u>	<u>541,879</u>	<u>562,419</u>
<b>Other income</b>					
Interest income		3,398	0	0	3,398
Other		561	0	0	561
		<u>3,959</u>	<u>0</u>	<u>0</u>	<u>3,959</u>

**6. Expenditure**

	Note	Unrestricted fund	Restricted funds		Total funds
		General fund S\$	Cyclical maintenance fund S\$	MSF fund S\$	
<b>2019</b>					
<b>Cost of generating funds</b>					
Fund-raising expenses		19,103	0	0	19,103
Donation expenses		5	0	0	5
		<u>19,108</u>	<u>0</u>	<u>0</u>	<u>19,108</u>
<b>Cost of charitable activities</b>					
CPF & SDF		0	0	86,745	86,745
Client welfare		0	0	17,665	17,665
Depreciation	11	0	0	16,610	16,610
General expenses		0	0	3,672	3,672
General insurance		0	0	2,176	2,176
Gifts and offerings		0	0	900	900
Impairment loss on fee receivables		0	0	652	652
License and subscription		0	0	528	528
Marketing		0	0	37,925	37,925
Fine and penalty		0	0	108	108
ECA expenses		0	0	270	270
Medical expenses		0	0	2,231	2,231
Postage		0	0	296	296
Printing and stationery		0	0	5,265	5,265
Provision for unutilised leave		0	0	7,748	7,748
Professional fee		0	0	25,332	25,332
Rental of premises		0	0	252,888	252,888
Rental of copier		0	0	4,699	4,699
Repairs and maintenance		0	0	40,409	40,409
Salaries and bonuses		0	0	510,439	510,439
Staff insurance		0	0	4,287	4,287
Staff recruitment		0	0	801	801
Staff training		0	0	6,534	6,534
Staff welfare		0	0	3,072	3,072
Telecommunication		0	0	8,117	8,117
Travelling and transport		0	0	3,985	3,985
Upkeep of motor vehicle		0	0	140	140
Water and electricity		0	0	38,784	38,784
		<u>0</u>	<u>0</u>	<u>1,082,278</u>	<u>1,082,278</u>
<b>Governance costs</b>					
Audit fee		0	0	7,313	7,313
<b>Other expenditure</b>					
Bank charges		263	0	0	263

**6. Expenditure (Cont'd)**

	Note	Unrestricted fund	Restricted funds		Total funds
		General fund S\$	Cyclical maintenance fund S\$	MSF fund S\$	
<b>2018</b>					
<b>Cost of generating funds</b>					
Fund-raising expenses		1,580	0	0	1,580
<b>Cost of charitable activities</b>					
CPF & SDF		0	0	95,876	95,876
Client welfare		0	0	20,711	20,711
Allowance for impairment on fee receivables	10	0	0	801	801
Depreciation	11	0	105,315	26,374	131,689
General expenses		0	0	152	152
General insurance		0	0	2,134	2,134
Gifts and offerings		0	0	135	135
License and subscription		0	0	624	624
Marketing		0	0	39,266	39,266
Medical expenses		0	0	2,046	2,046
Postage		0	0	94	94
Printing and stationery		0	0	5,209	5,209
Provision for unutilised leave		0	0	3,204	3,204
Professional fee		0	0	24,126	24,126
Recreational activity		0	0	4,511	4,511
Rental of premises		0	0	252,888	252,888
Rental of copier		0	0	5,568	5,568
Repairs and maintenance		0	0	54,136	54,136
Salaries and bonuses		0	0	548,574	548,574
Staff insurance		0	0	1,341	1,341
Staff recruitment		0	0	1,605	1,605
Staff training		0	0	9,482	9,482
Staff welfare		0	0	4,220	4,220
Telecommunication		0	0	7,870	7,870
Travelling and transport		0	0	4,572	4,572
Upkeep of motor vehicle		0	0	1,544	1,544
Water and electricity		0	0	34,259	34,259
		<u>0</u>	<u>105,315</u>	<u>1,151,322</u>	<u>1,256,637</u>
<b>Governance costs</b>					
Audit fee					
- current year		0	0	4,900	4,900
- prior year		0	0	(800)	(800)
		<u>0</u>	<u>0</u>	<u>4,100</u>	<u>4,100</u>
<b>Other expenditure</b>					
Bank charges		280	0	0	280

**7. Fund raising**

	Note	2019 S\$	2018 S\$
Income from fund-raising event			
Donation – Tax exempt	4	57,684	0
Donation – Non tax exempt		40,790	7,899
		98,474	7,899
Cost of fund raising expenses			
Dinner tables		17,205	0
Rental of barcode management system / coin processing		0	661
Courier services		0	131
Audit fee		0	348
Printing expenses		461	
Photography		1,350	0
Others		87	440
		19,103	1,580
Net Proceeds		79,371	6,319
Percentage of fund raising expenses over income from fund raising event		19%	20%

**8. Cash and cash equivalents**

	2019 S\$	2018 S\$
Cash on hand	1,815	530
Cash at bank	63,649	106,584
	65,464	107,114

**9. Fixed deposit**

For the previous financial year, fixed deposit had maturity within 4 months from the reporting date and had earned interests at a rate of 1.00% per annum.

**10. Fees and other receivables**

	2019 S\$	2018 S\$
Fees receivables	800	45,248
Less: Allowance for impairment	0	(43,465)
	800	1,783
Other receivables	21,074	0
Amounts due from other divisions of Presbyterian Community Services	0	5,600
Deposits	69,322	67,322
GST receivables	5,075	5,199
	96,271	79,904

**10. Fees and other receivables (Cont'd)**

The movement in allowance for doubtful debts is as follows:

	Note	2019 S\$	2018 S\$
At beginning of the financial year		43,465	42,664
Reversal		(43,465)	0
Allowance made during the financial year	6	0	801
At end of the financial year		0	43,465

Amounts due from other divisions of Presbyterian Community Services, are related to expenses paid on behalf of other divisions. The amounts are unsecured, interest-free and repayable on demand.

**11. Property, plant and equipment**

	Beginning of financial year S\$	Additions S\$	Disposal S\$	End of financial year S\$
<b>2019</b>				
<b>Cost</b>				
Furniture and fittings	23,905	0	0	23,905
Motor vehicle	50,752	0	(50,752)	0
Musical instruments	4,114	0	0	4,114
Office equipment	140,807	0	0	140,807
Renovations	628,180	2,800	0	630,980
	847,758	2,800	(50,752)	799,806
<b>Accumulated depreciation</b>				
Furniture and fittings	16,899	1,999	0	18,898
Motor vehicle	50,752	0	(50,752)	0
Musical instruments	4,114	0	0	4,114
Office equipment	119,416	8,163	0	127,579
Renovations	619,494	6,448	0	625,942
	810,675	16,610	(50,752)	776,533
<b>Carrying amount</b>				
Furniture and fittings	7,006			5,007
Motor vehicle	0			0
Musical instruments	0			0
Office equipment	21,391			13,228
Renovations	8,686			5,038
	37,083			23,273

**11. Property, plant and equipment (Cont'd)**

	Beginning of financial year S\$	Additions S\$	Written off S\$	End of financial year S\$
<b>2018</b>				
<b>Cost</b>				
Furniture and fittings	20,679	3,786	(560)	23,905
Motor vehicle	50,752	0	0	50,752
Musical instruments	4,114	0	0	4,114
Office equipment	138,649	2,158	0	140,807
Renovations	628,180	0	0	628,180
	<u>842,374</u>	<u>5,944</u>	<u>(560)</u>	<u>847,758</u>
	Beginning of financial year S\$	Depreciation S\$	Written off S\$	End of financial year S\$
<b>Accumulated depreciation</b>				
Furniture and fittings	16,068	1,391	(560)	16,899
Motor vehicle	50,752	0	0	50,752
Musical instruments	4,114	0	0	4,114
Office equipment	109,965	9,451	0	119,416
Renovations	498,647	120,847	0	619,494
	<u>679,546</u>	<u>131,689</u>	<u>(560)</u>	<u>810,675</u>
	Beginning of financial year S\$			End of financial year S\$
<b>Carrying amount</b>				
Furniture and fittings	4,611			7,006
Motor vehicle	0			0
Musical instruments	0			0
Office equipment	28,684			21,391
Renovations	129,533			8,686
	<u>162,828</u>			<u>37,083</u>

The Division is situated on state land held by Singapore Land Authority and the current tenancy agreement is for 3 years from 1 December 2018 to 30 November 2021.

**12. Other payables**

	2019 S\$	2018 S\$
Accruals	21,910	5,304
Amount due to Presbyterian Community Services	12,387	212,567
Client deposit received	0	2,700
Other payables	736	566
Provision for unutilised leave	10,951	3,204
	<u>45,984</u>	<u>224,341</u>

Amount due to Presbyterian Community Services (the "Society") are related to expenses paid on behalf by Society. It is unsecured, interest-free and repayable on demand.



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**13. Funds**

**13.1 Unrestricted fund**

General fund

The accumulated general fund represents the accumulated income of the Division. It is unrestricted and is for the purpose of meeting the expenditure in accordance with the objectives of the Division.

**13.2 Restricted funds**

Cyclical maintenance fund

The cyclical maintenance fund represents the funding from MSF for renovations and acquisitions of furniture, fittings and equipment. The grant was given on March 2013 for a five-year time frame during which the Division must operate based on guidelines, rules and regulations prescribed by the Ministry.

MSF fund

The MSF fund represents the funding for the residents on a per capita basis and reimbursement of the rental expenses.

**14. Income tax**

Gladiolus Place is a division of Presbyterian Community Services (the "Society"). The Society is registered as a charity under the Charities Act since 28 February 1985. Consequently, the income of the Society is exempted from tax under the provisions of Section 13 of the Income Tax Act, Chapter 134.

**15. Key management personnel remuneration and benefits**

The key management personnel are those person having authority and responsibility for planning, directing and controlling the activities of the Division. The key management personnel for the reporting period is the Head of the Division.

The annual remuneration of key management personnel is as follows:

	2019 S\$	2018 S\$
Salaries and other short-term employee benefits	72,992	74,744
Post-employment benefits – Contributions to CPF	10,755	10,435
	<u>83,747</u>	<u>85,179</u>

In 2019 and 2018, there are no key management personnel or Management Committee who received an annual remuneration more than \$100,000.

**16. Operating lease commitments**

As at the reporting date, the Division has commitments for future minimum lease payments under non-cancellable operating leases in respect of leasing of premises and equipment as follows:

	2019 S\$	2018 S\$
Not later than one year	257,280	172,984
Later than one year but not later than five years	432,767	15,679
	690,047	188,663

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.

**17. Reserve policy and position**

The Division's reserve position for financial years ended 31 March 2019 and 31 March 2018 are as follows:

		2019	2018	Increase/ (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	General funds	1,766	1,371	28.81
B	Restricted or Designated Funds			
	Designated Funds	0	0	0
	Restricted Funds	(1,627)	(1,068)	52.34
C	Total Funds	139	303	(54.13)
D	Total Annual Operating Expenditure	1,109	1,263	(12.19)
E	Ratio of Funds to Annual Operating Expenditure (C/D)	0.13	0.24	

Reference:

C. Total Funds include unrestricted and restricted / designated funds.

D. Total Annual Operating Expenditure includes expenses related to Cost of Generating Funds, Cost of Charitable Activities and Governance and Other Administrative expenses.

The Division's reserve policy is as follows:

The Division aims to build up its reserves equivalent to 6 months of operating expenses based on preceding year's actual operating expenditures.

**18. Management of conflict of interest**

Management Committee members are required to disclose any interest that they may have, whether directly or indirectly, that the Division may enter into or in any organisations that the Division has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Division's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Management Committee member may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

**19. Authorisation of financial statements**

The financial statements were authorised for issue in accordance with a resolution of the Management Committee on **15 OCT 2019**