

CHENG HONG WELFARE SERVICE SOCIETY
[(a Charitable Society registered with Registrar of Societies (ROS No.:182/2004)
and Commissioner of Charities(Reg.No.:1789)]

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

CHENG HONG WELFARE SERVICE SOCIETY
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and Commissioner of Charities(Reg.No.:1789)]

**ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

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CHENG HONG WELFARE SERVICE SOCIETY

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GENERAL INFORMATION

Registered Office

30 Arumugam Road
Singapore 409966

Management Committee

Name

Position

Mr. Lim Hang Chung
Mr. Lim Hean Tee
Mr. Tay Kim Kok
Mr. Lim Yock Eng
Mr. Tang Weng Kui
Mr. Seah.Hiang Soon
Mr. Tan Yew Siah
Mr. Koh Meng Heng
Mr. Tan Siak Kuan
Mr. Lee Buck Seng
Mr. Goh Khim Kiat

Chairman
Vice-Chairman
Honorary-Secretary
Assistant-Secretary
Honorary-Treasurer
Assistant-Treasurer
Member
Member
Member
Member
Member

Auditors

K. C. Lau & Co.
Certified Public Accountants
Singapore

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STATEMENT BY COMMITTEE MEMBERS

In the opinion of the Committee Members, the financial statements as set out on page 5 to page 13 , are properly drawn up so as to give a true and fair view of the state of affairs of **CHENG HONG WELFARE SERVICE SOCIETY** as at 31 December 2008 and of the results, changes in accumulated fund and cash flows for the year ended on that date.

On behalf of the Committee Members

Lim Hang Chung
Chairman

Teng Weng Kui
Treasurer

INDEPENDENT AUDITORS' REPORT TO**THE MEMBERS OF*****K. C. Lau & Co***

*Certified Public Accountants, Singapore
Chartered Tax Advisers, United Kingdom.*

Registration No. 00234

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Goldhill Centre
Singapore 307640
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CHENG HONG WELFARE SERVICE SOCIETY

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We have audited the accompanying balance sheet of CHENG HONG WELFARE SERVICE SOCIETY as at 31 December 2008, and income and expenditure statement for the period from 01 January 2008 to 31 December 2008, the statement of changes in accumulated fund and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 5 to 13.

Committee Members' Responsibility for the Financial Statements

The Committee Members are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of Societies Act and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by committee members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO
THE MEMBERS OF**

CHENG HONG WELFARE SERVICE SOCIETY

[(a Charitable Society registered with Registrar of Societies (ROS No.:182/2004)
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(CONTINUED)

Opinion

In our opinion,

- (a) the financial statements of the Society are properly drawn up in accordance with the provisions of Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 December 2008, and the results, changes in accumulated fund and cash flows of the Society for the financial year ended on that date; and
- (b) the accounting and other records required by the regulations enacted under the Societies Act to be kept by the Societies have been properly kept in accordance with the provisions of the Act.

K. C. Lau & Co
Public Accountants And
Certified Public Accountants
Singapore

CHENG HONG WELFARE SERVICE SOCIETY
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BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	<u>2008</u> S\$	<u>2007</u> S\$
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	3	<u>1,290</u>	<u>46,373</u>
CURRENT ASSETS			
Stocks of medicine		7,634	7,359
Sundry receivables and deposits		1,289	1,039
Cash and cash equivalents	4	<u>287,409</u>	<u>113,587</u>
		<u>296,332</u>	<u>121,985</u>
Total assets		<u><u>297,622</u></u>	<u><u>168,358</u></u>
FUNDS AND LIABILITIES			
FUNDS			
Accumulated fund		287,010	143,480
CURRENT LIABILITIES			
Sundry payables and accruals	5	10,612	24,878
TOTAL FUNDS AND LIABILITIES		<u><u>297,622</u></u>	<u><u>168,358</u></u>

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

CHENG HONG WELFARE SERVICE SOCIETY
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INCOME AND EXPENDITURE STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Notes	<u>2008</u> S\$	<u>2007</u> S\$
INCOME			
Donations - tax exempt		316,506	171,169
LESS:-EXPENDITURE			
Activity and program expenses		12,112	2,415
Accounting fee		1,800	1,800
Administrative and clerical expenses		2,920	3,989
Audit Fee		2,500	2,500
Bursary and scholarship		3,100	3,400
Bank charges		80	138
Depreciation		45,083	45,084
Elderly programme		15,734	18,790
Food ration programme		25,400	-
Financial assistant		600	-
Transport		-	200
		<u>109,329</u>	<u>78,316</u>
SURPLUS FOR THE YEAR		207,177	92,853
DEFICIT FROM MEDICAL SERVICE CENTRE (APX 1)		<u>(63,647)</u>	<u>(61,967)</u>
		<u>143,530</u>	<u>30,885</u>

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

CHENG HONG WELFARE SERVICE SOCIETY
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STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Notes	<u>2008</u> S\$	<u>2007</u> S\$
Accumulated fund			
Balance at the beginning of the financial year		143,480	22,137
Surplus for the financial year		143,530	30,885
Fund transferred from building capital fund to accumulated fund		-	90,458
Balance at the end of the financial year		<u>287,010</u>	<u>143,480</u>

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

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CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	<u>2008</u>	<u>2007</u>
	S\$	S\$
Cash flows from operating activities		
Operating surplus for the year	143,530	30,885
Adjustment for:		
Depreciation	45,084	45,084
Operating cash inflow before working capital change	<u>188,614</u>	<u>75,969</u>
Changes in operating assets and liabilities		
Stocks of medicine	(275)	4,311
Sundry receivables and deposits	(250)	(100)
Amount due to a related party	-	-
Sundry payables and accruals	<u>(14,266)</u>	<u>(2,839)</u>
Net cash inflow from operating activities	<u>173,822</u>	<u>77,341</u>
Cash flows from investing activities		
Purchase of fixed assets	-	(998)
Net cash (outflow) from investing activities	<u>-</u>	<u>(998)</u>
Net increaseing cash and cash equivalents	173,822	76,342
Cash and cash equivalents at beginning of financial year	<u>113,587</u>	<u>37,245</u>
Cash and cash equivalents at end of financial year	<u><u>287,409</u></u>	<u><u>113,587</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS
 For the financial year ended 31 December 2008

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

1. GENERAL

The principal objects of the Society are to help all people and relieve the poor, the disadvantaged, the needy and distressed, without discrimination as to race, language or religion.

The Society operates in Singapore and there have been no significant changes in the nature of these principal activities during the financial year.

The registered office and address of the organization is situated at 30 Arumugam Road Singapore 409966.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including interpretation promulgated by the Council on Corporate Disclosure and Governance. The financial statements have been prepared under the historical cost convention and expressed in Singapore Dollars.

The accounting policies have been consistently applied by the Society and are consistent with those used in the previous financial year.

(b) Plant and equipment

All items of plant and equipment are initially recorded at cost. Cost of an asset comprises its purchase price and any direct attributable costs of bringing the assets to working condition for its intend use. Subsequent to recognition, plant and equipment are states at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Equipment	5 years
Furniture & fittings	5 years
Renovation	10 years

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Fully depreciated plant and equipment are retained in financial statements until they are no longer in use and no further charge for depreciation is made in respect of this asset.

An item 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 asset is included in the income and expenditure statement in the year the asset is derecognised.

(c) Impairment of assets

Assets including plant and equipment and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is higher of an asset's fair value less costs to sell and its value in use.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income and expenditure statement. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

(d) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income and expenditure statement.

(e) Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents consist of cash in hand and current accounts with banks. Cash and cash equivalents are carried in the balance sheet at cost.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Other payables

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

(g) Provisions

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(h) Income recognition

Donations received are recognised in the financial statements as and when they are received.

(i) Stocks of medicine

Stocks represent finished goods which are stated at the lower of cost (on first in, first out basis) and net realisable value. Net realisable value is the price at which the stocks can be realised in the normal course of business after allowing for the cost of realisation.

3. PLANT AND EQUIPMENT

Cost				
At 1 January 2008	13,768	23,416	188,233	225,417
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2008	<u>13,768</u>	<u>23,416</u>	<u>188,233</u>	<u>225,417</u>
Accumulated depreciation				
At 1 January 2008	11,015	18,135	149,894	179,044
Charges for the year	2,753	4,683	37,647	45,083
Disposals	-	-	-	-
At 31 December 2008	<u>13,768</u>	<u>22,818</u>	<u>187,541</u>	<u>224,127</u>
Depreciation for 2007	<u>2,753</u>	<u>4,683</u>	<u>37,647</u>	<u>45,083</u>
Net book value:				
At 1 January 2008	<u>2,753</u>	<u>5,281</u>	<u>38,339</u>	<u>46,373</u>
At 31 December 2008	<u>-</u>	<u>598</u>	<u>692</u>	<u>1,290</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

(Continued)

4. Sundry receivables and deposits

	<u>2008</u>	<u>2007</u>
	S\$	S\$
Deposit	1,039	1,039
Prepayment	250	250
	<u>1,289</u>	<u>1,289</u>

5. CASH AND CASH EQUIVALENTS

	<u>2008</u>	<u>2007</u>
	S\$	S\$
Cash on hand	500	500
Cash at bank	286,909	113,087
	<u>287,409</u>	<u>113,587</u>

6. SUNDRY PAYABLES AND ACCRUALS

	<u>2008</u>	<u>2007</u>
	S\$	S\$
Sundry creditors	-	17,517
Accrued operating expenses	10,612	7,361
	<u>10,612</u>	<u>24,878</u>

The amount due to sundry creditors is unsecured and non-interest bearing and there are no specific term of repayment.

7. FINANCIAL INSTRUMENT

The Society's overall policy with respect to managing risks associated with financial instruments is to minimise the potential adverse effects on the financial performance of the Society. The policies for managing specific risks are summarised below:

Credit risk

The Society's credit risk is primarily attributable to its cash, prepayments and deposits. The carrying amount of cash represents the Society's main exposure to credit risk in relation to financial assets. The credit risk on liquid fund is limited because the counterparty is a bank with high credit ratings assigned by international credit agencies.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

(Continued)

8. FINANCIAL INSTRUMENT (CONTINUED)

Credit risk (CONTINUED)

The Society's credit risk is primarily attributable to its cash, prepayments and deposits. The carrying amount of cash represents the Society's main exposure to credit risk in relation to financial assets. The credit risk on liquid fund is limited because the counterparty is a bank with high credit ratings assigned by international credit agencies.

Interest rate risk

The Society's interest received is exposed to financial market risk due to fluctuations in interest rates, which may affect the Society's interest income. The Society manages this exposure by regular monitoring of the interest rates.

9. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Executive Committee on 23 April 2009.

CHENG HONG WELFARE SERVICE SOCIETY
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INCOME AND EXPENDITURE STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008
MEDICAL SERVICE CENTRE

	<u>2008</u>	<u>2007</u>
	S\$	S\$
INCOME		
Donations	201,781	185,041
LESS:-DIRECT COST		
Medicine and supplies		
Opening stocks	7,359	11,670
Add:-purchases	72,522	61,537
Less:-closing stocks	(7,634)	(7,359)
	72,247	65,848
LESS:-OPERATING EXPENDITURE		
Administrative and clerical expenses	750	6,890
General expenses	1,788	-
Insurance	1,464	-
Manpower expenses	160,999	153,033
Medical compensation	58	-
Printing and stationery	3,910	-
Periodicals	125	-
Refreshment and entertainment	758	-
Rental fee	10,075	7,610
Repairment and maintenance	1,437	3,937
Telephone charges	920	1,017
Utilities	10,898	8,674
	193,182	181,160
(DEFICIT) FOR THE YEAR	(63,647)	(61,967)