

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)
(Unique Entity No. T04SS0148G)

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2015

VERITY PARTNERS
Chartered Accountants of Singapore

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)
(Unique Entity No. T04SS0148G)

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CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)
(Unique Entity No. T04SS0148G)

STATEMENT BY MANAGEMENT COMMITTEE

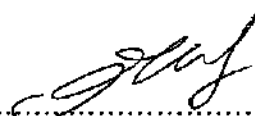
We, **LIM HANG CHUNG** and **CHIA TIAN WENG**, being two of the committee members of the Cheng Hong Welfare Service Society, do hereby state that, in the opinion of the Management Committee:

- (a) the financial statements set out on pages 4 to 21 are properly drawn up in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Society as at 31 December 2015 and the financial performance, changes in funds and cash flows of the Society for the financial year ended on that date;
- (b) the accounting and other records required by the regulations enacted under the Societies Act, Cap. 311 to be kept by the Society have been properly kept in accordance with those regulations;
- (c) the use of the donation moneys was in accordance with the objectives of the Society as required under Regulation 16 of the Charities (Institutions of a Public Character) Regulations;
- (d) the Society has complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations; and
- (e) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Management Committee has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Management Committee


.....
LIM HANG CHUNG
Chairman


.....
CHIA TIAN WENG
Honorary Treasurer

DATED: 29 JUN 2016



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHENG HONG WELFARE SERVICE SOCIETY
(Unique Entity No. T04SS0148G)**

Report on the Financial Statements

We have audited the financial statements of CHENG HONG WELFARE SERVICE SOCIETY (the "Society") which comprise the statement of financial position as at 31 December 2015, and statement of income and expenditure, statement of changes in funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 21.

Management Committee's Responsibility for the Financial Statements

The Society's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards, 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.

Auditor's 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgements, 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 auditor considers 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 management, 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 AUDITOR'S REPORT TO THE MEMBERS OF
CHENG HONG WELFARE SERVICE SOCIETY
(Unique Entity No. T04SS0148G)**

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Society as at 31 December 2015 and the financial performance, changes in funds and cash flows of the Society for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Charity have been properly kept in accordance with the provisions of the Act.

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

- (a) The use of donation moneys was not in accordance with the objectives of the Society as required under Regulation 16 of the Charities (Institutions of a Public Charter) Regulations; and
- (b) The Society has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



VERITY PARTNERS
Public Accountants and
Chartered Accountants
Singapore

DATED: 29 JUNE 2016

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 S\$	2014 S\$
ASSETS			
Non-current asset			
Property, plant and equipment	5	205,891	93,811
Current assets			
Sundry receivables and deposits	6	16,203	7,525
Cash and cash equivalents	7	2,436,503	1,515,528
		2,452,706	1,523,053
TOTAL ASSETS		2,658,597	1,616,864
FUNDS AND LIABILITY			
Funds			
Accumulated fund	8	2,045,673	1,561,850
Community healthcare fund	9	81,180	-
Eldercare services and welfare fund	10	-	-
		2,126,853	1,561,850
Current liability			
Other payables and accruals	11	531,744	55,014
TOTAL FUND AND LIABILITY		2,658,597	1,616,864

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

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		S\$	S\$
<u>INCOME</u>			
Income - Donations (Tax Exempt)		782,850	880,270
Income - Donations		116,180	102,047
Bank interest		9,669	7,477
Government grants		66,965	26,247
Sundry income		-	2,904
		<u>975,664</u>	<u>1,018,945</u>
<u>EXPENDITURE</u>			
Accounting fee		-	(3,600)
Activity and program expenses		(130,038)	(109,020)
Administrative and clerical expenses		(4,800)	(4,800)
Audit fee		(14,445)	(9,951)
Bank charges		(244)	(58)
Bursary and scholarship		(16,750)	-
Depreciation	5	(4,222)	(1,692)
External contributions		(17,325)	(22,376)
Food ration programme		-	(13,850)
General expenses		(8,574)	(6,790)
Insurance		(437)	(565)
Assets expensed off		(7,722)	(221)
Printing and stationery		(13,506)	(11,292)
Professional fees		(31,850)	-
Staff costs	12	(194,705)	(172,799)
Subscriptions		(293)	(125)
Telephone charges		(1,993)	(198)
		<u>(446,904)</u>	<u>(357,337)</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>528,760</u>	<u>661,608</u>

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

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 S\$	2014 S\$
SURPLUS/(DEFICIT) FOR THE YEAR		<u>528,760</u>	<u>661,608</u>
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED			
SUBSEQUENTLY TO PROFIT OR LOSS			
Net movement in Community Healthcare Fund	9	81,180	(238,299)
Net movement in Eldercare Services and Welfare Fund	10	<u>(44,937)</u>	<u>(95,325)</u>
		<u>36,243</u>	<u>(333,624)</u>
TOTAL COMPREHENSIVE INCOME		<u><u>565,003</u></u>	<u><u>327,984</u></u>

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

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Accumulated fund S\$	Community healthcare fund S\$	Eldercare and services welfare fund S\$	Total S\$
Balance at 1 January 2015	1,561,850	-	-	1,561,850
Total comprehensive income	528,760	81,180	(44,937)	565,003
Transfer of funds	(44,937)	-	44,937	-
Balance at 31 December 2015	<u>2,045,673</u>	<u>81,180</u>	<u>-</u>	<u>2,126,853</u>

	Accumulated fund S\$	Community healthcare fund S\$	Eldercare and services welfare fund S\$	Total S\$
Balance at 1 January 2014	1,204,048	-	29,818	1,233,866
Total comprehensive income	661,608	(238,299)	(95,325)	327,984
Transfer of funds	(303,806)	238,299	65,507	-
Balance at 31 December 2014	<u>1,561,850</u>	<u>-</u>	<u>-</u>	<u>1,561,850</u>

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

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 S\$	2014 S\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Total comprehensive income		565,003	327,984
Adjustments:			
Interest income		(9,669)	(7,477)
Depreciation	5	27,769	7,015
Operating cash flows before working capital changes		583,103	327,522
Sundry receivables and deposits		(8,678)	(3,267)
Other payables and accruals		476,730	11,557
Net cash from operating activities		1,051,155	335,812
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of fixed deposit		(597,965)	(98,619)
Purchase of property, plant and equipment	5	(139,849)	(95,822)
Net cash from/(used in) investing activities		(737,814)	(194,441)
Net increase/(decrease) in cash and cash equivalents		313,341	141,371
CASH AND CASH EQUIVALENTS			
Opening balance		800,806	659,435
Closing balance	7	1,114,147	800,806

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

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2015

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

1. GENERAL

The Management Committee reviewed the financial statements and authorised them for issue on 29 June 2016.

The Society is registered and domiciled in the Republic of Singapore. The registered office, which is also the principal place of business, is located at 30 Arumugam Road, Singapore 409966.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Society at the end of the reporting period during which the change occurred. /

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The new or revised FRS that are applicable in the current financial year are not relevant to the Company for adoption in the financial year ended 31 December 2015.

The Society has not applied any new or revised FRS or Interpretations of FRS (INT FRS) that have been issued as of the end of the reporting period but are not yet effective. The initial application of these standards and interpretations are not expected to have any material impact on the Society's financial statements. The Society has not considered the impact of any FRS or INT FRS issued after the end of the reporting period.

2.2 Functional and presentation currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates (functional currency). The financial statements are presented in Singapore Dollars (S\$), which is the Society's functional currency.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis so as to write-off the cost of the assets over their estimated useful lives, as follows:

	Number of years
Computer software	3
Office equipment	5
Furniture and fittings	5
Renovation	10 /

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(Registered under the Societies Act, Chapter 311)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment (continued)

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of the reporting period.

Subsequent expenditure relating to property, plant and equipment that have already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Society and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

2.4 Financial assets

Financial assets within the scope of FRS 39 are classified as loans and receivables. Loans and receivables include "trade and other receivables" and "cash and cash equivalents".

Financial assets are recognised on the statement of financial position when, and only when, the Society becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transactions costs. The Society determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of the reporting period.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Society assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses are recognised in profit or loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in accumulated fund is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Receivables

Trade and other receivables are measured at initial recognition at fair value and subsequently at amortised cost using the effective interest rate method less an allowance for any uncollectible amounts.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that the receivables are impaired. An allowance for impairment is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

The carrying amounts of current receivables are assumed to approximate their fair values at the end of the reporting period.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and unpledged fixed deposits.

2.7 Financial liabilities

The Society classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss; and (b) financial liabilities at amortised cost.

Financial liabilities are classified as financial liabilities at fair value through profit or loss if they are incurred for the purpose of short-term repurchasing (held for trading) or designated by management on initial recognition (designated under the fair value option). The Society does not have any financial liabilities classified at fair value through profit or loss at the end of the reporting period.

Financial liabilities are recognised on the statement of financial position when, and only when, the Society becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest rate method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised. Net gains or losses on derivatives include exchange differences.

CHENG HONG WELFARE SERVICE SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Payables

Payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

The carrying amounts of current payables are assumed to approximate their fair values at the end of the reporting period.

2.9 Income recognition

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

Income is recognised on receipt except for interest income which is recognised on a time proportion basis using the effective interest rate.

2.10 Employee benefits

As required by law, the Society makes contributions to the Central Provident Fund (CPF). CPF contributions are recognised as compensation expenses in the same period as employment that gives rise to the contributions. These expenses are charged to profit or loss as and when they arise and are disclosed as part of staff costs.

2.11 Government grants

Government grants are recognised when there is reasonable assurance that the Society will comply with conditions related to them and that the grants will be received.

Grants related to income are recognised in profit or loss over the periods necessary to match them with the related costs that they are intended to compensate. The timing of such recognition in profit or loss will depend on the fulfilment of any conditions or obligations attached to the grant.

Grants related to assets are either offset against the carrying amount of the relevant asset or presented as deferred income (liability) in the statement of financial position. The profit or loss will be affected by a reduced depreciation charge or by recognising deferred income in profit or loss systematically over the useful life of the related asset.

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. Higher of the cash-generating unit's fair value less cost to sell and value in use) of the asset is estimated to determine the amount of the impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation reserve.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.13 Taxation

The Society has been registered as a charity under the Charities Act and is exempt from income tax under Section 13(1) of the Income Tax Act, Chapter 134.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 judgements in applying the Society's accounting policies

The management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2015

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

3.2 Useful lives of property, plant and equipment

The management of the Society determines the estimated useful lives and related depreciation expense for the property, plant and equipment. The management of the Company estimates useful lives of the property, plant and equipment by reference to expected usage of the property, plant and equipment, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the market. The useful lives and related depreciation expense could change significantly as a result of the changes in these factors.

4. **PRINCIPAL ACTIVITIES**

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.

There has been no significant change in the nature of these activities during the financial year.

The Society operates seven medical centres at seven locations at Eunos, Arumugam, Chai Chee, Jurong, Kreta Ayer, Beach Road and Ubi.

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2015

5. **PROPERTY, PLANT AND EQUIPMENT**

	At 01.01.2015	Additions	Disposal	At 31.12.2015
Cost	S\$	S\$	S\$	S\$
Computer software	3,280	-	-	3,280
Office equipment	53,019	2,247	-	55,266
Furniture and fittings	82,707	21,028	-	103,735
Renovation	188,233	116,574	-	304,807
	<u>327,239</u>	<u>139,849</u>	-	<u>467,088</u>
Accumulated depreciation				
Computer software	180	1,092	-	1,272
Office equipment	16,422	8,187	-	24,609
Furniture and fittings	28,593	13,257	-	41,850
Renovation	188,233	5,233	-	193,466
	<u>233,428</u>	<u>27,769</u>	-	<u>261,197</u>
Carrying amount				
Computer software				2,008
Office equipment				30,657
Furniture and fittings				61,885
Renovation				<u>111,341</u>
				<u><u>205,891</u></u>

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2015

5. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Cost	At	Additions	Disposal	At
	01.01.2014			31.12.2014
	S\$	S\$	S\$	S\$
Computer software	-	3,280	-	3,280
Office equipment	14,718	38,301	-	53,019
Furniture and fittings	28,466	54,241	-	82,707
Renovation	188,233	-	-	188,233
	<u>231,417</u>	<u>95,822</u>	-	<u>327,239</u>
Accumulated depreciation				
Computer software	-	180	-	180
Office equipment	14,084	2,338	-	16,422
Furniture and fittings	24,096	4,497	-	28,593
Renovation	188,233	-	-	188,233
	<u>226,413</u>	<u>7,015</u>	-	<u>233,428</u>
Carrying amount				
Computer software				3,100
Office equipment				36,597
Furniture and fittings				54,114
Renovation				-
				<u>93,811</u>

Depreciation is recognised as follows:

	2015	2014
	S\$	S\$
Depreciation charged to :		
General fund	4,222	1,692
Community Healthcare Fund	13,536	2,772
Eldercare Services and Welfare Fund	10,011	2,551
	<u>27,769</u>	<u>7,015</u>

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2015

6. SUNDRY RECEIVABLES AND DEPOSITS

	2015	2014
	S\$	S\$
Deposits	4,070	2,739
Prepayments	6,955	3,536
Sundry receivables	5,178	1,250
	<u>16,203</u>	<u>7,525</u>

7. CASH AND CASH EQUIVALENTS

	2015	2014
	S\$	S\$
Cash in hand	1,443	4,649
Cash at bank	1,112,704	594,264
Fixed deposits	1,322,356	916,615
Cash and cash equivalents	<u>2,436,503</u>	<u>1,515,528</u>
Less : Fixed deposits (*)	(1,322,356)	(714,722)
	<u>1,114,147</u>	<u>800,806</u>

The effective interest rate of the fixed deposits ranged from 1.95% to 2.00% (2014: 0.60% to 0.75%) per annum at the end of the reporting period. The maturity period of the fixed deposits is 22 months (2014: 3 to 9 months) from the end of the reporting period.

*Fixed deposits with maturity periods of more than 3 months from the end of the reporting period.

8. RESERVES POLICY

The reserves position of the Society at the end of the reporting period:

	2015	2014	Increase/ (Decrease)
	S\$	S\$	%
Unrestricted funds	<u>2,045,673</u>	<u>1,561,850</u>	<u>30.98</u>
Ratio of reserves to annual operating expenditure	<u>1 : 0.51</u>	<u>1 : 0.53</u>	

CHENG HONG WELFARE SERVICE SOCIETY
(Registered under the Societies Act, Chapter 311)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2015

8. RESERVES POLICY (CONTINUED)

The reserves that the Society set aside provide financial stability and the means for the development of its principal activities. The Society intends to maintain its reserves at a level which is at least equivalent to one year's expenses to ensure the continued running and smooth operation of the Society. The intended use of the reserves is for the operational needs of the Society. The Society's overall goals remain unchanged from 2014.

The Management Committee will review the amount of reserves that are required to ensure that they are adequate to fulfil the Society's continuing obligations.

9. COMMUNITY HEALTHCARE FUND

	2015 S\$	2014 S\$
Opening balance	-	-
Donations	469,935	117,579
Utilisations	(388,755)	(355,878)
	81,180	(238,299)
Funds transferred from general fund	-	238,299
Closing balance	81,180	-

The purpose of this fund is to build a healthier community, make healthcare services accessible and affordable to the needy and disadvantaged and to fund healthcare programmes that are catered to the community. The fund also funds the operations of the medical centres and traditional chinese medicine (TCM) clinics.

10. ELDERCARE SERVICES AND WELFARE FUND

	2015 S\$	2014 S\$
Opening balance	-	29,818
Donations	168,589	18,549
Utilisations	(213,526)	(113,874)
	(44,937)	(95,325)
Funds transferred from general fund	44,937	65,507
Closing balance	-	-

The purpose of this fund is to support programmes that helps elderly to live well, age gracefully and die with dignity, fund afterlife memorial services for the needy elderly and support a wellness centre and volunteer programme to provide care and services to elderly who are registered with the programme.

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11. OTHER PAYABLES AND ACCRUALS

	2015	2014
	S\$	S\$
Accruals	22,652	35,264
Sundry payables	43,658	19,750
Deferred income	465,434	-
	<u>531,744</u>	<u>55,014</u>

Deferred income of S\$465,434 pertains to unutilised Care & Share Movement Grant funding received during the financial year. This amount relates to incomplete projects approved under the Care & Share Movement Grant, which will subsequently be reversed when the project expenditures are incurred.

12. STAFF COSTS

	2015	2014
	S\$	S\$
General operation:		
Salaries and bonuses	161,921	145,515
CPF contributions	20,672	18,421
Other staff costs	12,112	8,863
	<u>194,705</u>	<u>172,799</u>

	2015	2014
	S\$	S\$
Community Healthcare Fund:		
Salaries and bonuses	185,595	170,056
CPF contributions	20,313	15,420
Other staff costs	2,810	1,535
	<u>208,718</u>	<u>187,011</u>

	2015	2014
	S\$	S\$
Eldercare Services and Welfare Fund:		
Salaries and bonuses	44,975	6,918
CPF contributions	7,348	1,113
Other staff costs	257	17
	<u>52,580</u>	<u>8,048</u>

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13. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2015	2014
	S\$	S\$
Donations received from a related party	75,601	67,189
Events expenses charged by a related party	4,498	12,175
Fittings cost charged by a related party	4,442	16,930
Printing expenses charged by related parties	44,255	40,213

14. FINANCIAL INSTRUMENTS

Categories of financial instruments

The financial instruments as at the end of the reporting period were:

	2015	2014
	S\$	S\$
Financial assets, loans and receivables	2,445,751	1,519,517
Financial liabilities, at amortised cost	66,310	55,014

Financial risk management

The main risks arising from the Society's financial instruments are liquidity risk and credit risk. The policies for managing each of these risks are summarised as follows:

14.1 Liquidity risk

Liquidity risk is the risk the Society is unable to meet its cash flow obligations as and when they fall due.

The Society monitors and maintains a level of bank balances deemed adequate by the Management Committee to finance the Society's operations and mitigate the effects of fluctuations in cash flows.

14.2 Credit risk

Credit risk is the potential loss arising from any failure by the customers or debtors to fulfil their obligations as and when these obligations fall due.

As the Society does not hold any collateral, the carrying amounts of the financial assets represent the Society's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Credit risk on bank deposits is limited as these balances are placed with a financial institution which is regulated.