Audited Financial Statements

Catholic Welfare Services, Singapore

(UEN: S61SS0167J)

For the year ended 31 March 2020

Catholic Welfare Services, Singapore
(UEN: S61SS0167J)

General Information

Patron	:	Most Rev. William Goh D.D., S.T.L.

Board of Governors

From October 2019

Chairman	:	Dr. Michael Thio Yauw Beng
Vice Chairman	:	Mr. Eugene Tan Kheng Boon
Honorary Secretary	:	Sr. Marilyn Lim Sock Cheng, FDCC
Honorary Treasurer	:	Ms. Elaine Lim Wei Ling @ Lin Weiling Elaine
Assistant Treasurer	:	Ms. Irene Yeo Ai Ling (Mrs. Irene Loi)
Members	:	Mr. Michael Sim Juat Quee
	:	Mr. Ng Jui Kheng
	:	Mr. Thomas Tan Aik Hong
	:	Ms. Cecilia Ee Beng Neo
	:	Ms. Florence Tan Mon Ching
	:	Ms. Lynette Chew Mei Lin

From September 2017 to September 2019

Chairman	:	Mr. Thomas Tan Aik Hong
Vice Chairman	:	Mr. Michael Sim Juat Quee
Honorary Secretary	:	Dr. Michael Thio Yauw Beng
Honorary Treasurer	:	Ms. Elaine Lim Wei Ling @ Lin Weiling Elaine
Assistant Treasurer	:	Ms. Irene Yeo Ai Ling (Mrs. Irene Loi)
Members	:	Sr. Joan Lopez RGS
	:	Ms. Florence Tan Mon Ching
	:	Mr. Eugene Tan Kheng Boon
	:	Mr. Joseph Cheong Cheng Bock
	:	Sr. Marilyn Lim Sock Cheng, FDCC
	:	Ms. Cecilia Ee Beng Neo

The term for Board of Governors is two years.

Independent Auditor

HLB Atrede LLP

General Information – continued

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Statement by Board of Governors

We, Michael Thio Yauw Beng and Elaine Lim Wei Ling @ Lin Weiling Elaine, being two board members of the Board of Catholic Welfare Services, Singapore, do hereby state that, in the opinion of the Board of Governors,

(a) the accompanying financial statements are drawn up in accordance with the Societies Act, Chapter 311 (the "Societies Act") and the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs), so as to present fairly, in all material respects, the state of affairs of Catholic Welfare Services, Singapore ("CWS") as at 31 March 2020 and the results, changes in funds and cash flows of the CWS for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the CWS will be able to pay its debts as and when they fall due.

For and on behalf of the
Board of Governors,

Dr. Michael Thio Yauw Beng Chairman	Ms. Elaine Lim Wei Ling @ Lin Weiling Elaine Honorary Treasurer

Singapore
09 October 2020

Independent Auditor's Report
to the members of Catholic Welfare Services, Singapore
(UEN: S61SS0167J)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Catholic Welfare Services, Singapore (the CWS), which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the Societies Act), the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the CWS as at 31 March 2020 and the results, changes in fund and cash flows of the CWS for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the CWS 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.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter (continued)

Key Audit Matter	How the matter was addressed in our audit
Property, plant and equipment acquired through government grants and donations from the public Property, plant and equipment ("PPE") are the major assets of CWS which consist of 26% of total assets as at 31 March 2020. We considered this as a key audit matter due to the PPE with net carrying amount of $35,191,914 (2019: $40,110,820) were acquired through government grants and donations from the public. The management determined the economic useful lives of the PPE based on their expected years of usage. Depreciation is charged on a straight line basis over the assets' useful lives. Any changes in this assumption could impact the economic useful lives of the asset, therefore, future depreciation charge could be revised.	In responding to this area of focus, we performed the following procedures: ▪ Obtained an understanding of CWS's internal control policy over capitalisation of tangible assets; ▪ Verified CWS's payment protocol to ensure that the capital expenditure is authorised by the Board of Govenors; ▪ Verified the supporting documents such as purchase agreements, quotations and supplier invoices to ascertain the accuracy of the cost of the PPE bought during the year; ▪ Reviewed the letter of offer from Ministry of Health and Community Silver Trust Fund for the funded PPE to ensure the expenditure claims were eligible; ▪ Ensured that the funding received relates to the purchase of funded PPE and is capitalised as deferred capital grants and amortised over the assets' useful lives; and ▪ Reviewed the reasonableness of depreciation and useful lives of the PPE to ensure it is consistent with the CWS's policy and in accordance with Financial Reporting Standard 16 Property, plant and equipment. We have also assessed and validated the adequency and appropriateness of the disclosures made in the financial statements.

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Independent Auditor's Report
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Other Information

Management is responsible for the other information. The other information comprises the information included in the statement by Board of Governors and the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not 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.

Responsibilities of Management for the Financial Statements

The management committee 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 FRSs, and for such internal control as the management committee 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, the management committee is responsible for assessing the CWS'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 CWS or to cease operations, or has no realistic alternative but to do so.

The management committee are responsible for overseeing the CWS'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.

Independent Auditor's Report
to the members of Catholic Welfare Services, Singapore – continued
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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional 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 CWS's internal control.

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

- 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 CWS'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 CWS to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent Auditor's Report
to the members of Catholic Welfare Services, Singapore – continued
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Report on Other Legal and Regulatory Requirements

In our opinion,

(a) The accounting and other records to be kept by the CWS 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 reporting year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under Societies Act and proper accounts and other records have been kept by the Fund-raising appeal.

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

(a) The CWS has not used the donation money in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(b) The CWS has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

HLB Atrede LLP
Public Accountants and
Chartered Accountants

Singapore
09 October 2020

Catholic Welfare Services, Singapore
(UEN: S61SS0167J)

Statement of Financial Position as at 31 March 2020

	Note	2020 $	2019 $
Non-current assets			
Property, plant and equipment	4	35,503,501	40,448,932
Right-of-use assets	5	7,719,405	–
Investment properties	6	287,037	318,929
Investment securities	7	1,000,469	3,514,273
		44,510,412	44,282,134
Current assets			
Trade receivables	8	649,184	674,641
Other receivables	9	1,828,255	6,149,797
Fixed deposits	10	62,778,442	26,514,823
Cash and cash equivalents	11	26,963,340	34,643,065
		92,219,221	67,982,326
Current liabilities			
Other payables	12	4,296,660	4,819,675
Deferred capital grant	13	5,500,790	5,661,578
Lease liabilities	14	1,679,834	–
		11,477,284	10,481,253
Net current assets		80,741,937	57,501,073
Non-current liabilities			
Deferred capital grant	13	29,771,439	34,523,490
Lease liabilities	14	6,252,820	–
		36,024,259	34,523,490
Net assets		89,228,090	67,259,717
Funds			
Unrestricted funds			
General Funds		30,353,272	24,536,849
Project Funds	15	33,928,930	32,349,142
Restricted funds			
Care and Share Grant	16	(68,071)	(61,070)
Dr. Lim Boon Tiong Foundation Fund	17	1,340,075	–
Emmanuel 2nd Chance Education Fund	18	6,764,912	–
Community Silver Trust Fund	19	15,869,923	8,704,198
St. Theresa's Home Redevelopment Fund	20	85,000	85,208
St. Joseph's Home Redevelopment Fund	21	–	877,526
Lien Foundation Funds	22	477,058	492,476
Lien Foundation – Ang Chin Moh ("ACM") Foundation Joint Initiatives	23	173,077	41,484
Lee Foundation Fund	24	225,000	225,000
Other Capital Fund	25	78,914	8,904
		89,228,090	67,259,717

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

Catholic Welfare Services, Singapore
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Statement of Comprehensive Income for the financial year ended 31 March 2020

	2020	2019
	$	$
Income		
Charities Week campaign – Non-tax exempt	300,000	300,000
Donations – Non-tax exempt	2,093,598	580,463
– Tax exempt	1,821,402	1,645,756
Childcare registration fee	1,215	1,122
Childcare services rendered	184,531	150,610
Government Grants – Recurrent fund (Hospice)	209,508	347,031
– Recurrent fund (Nursing Home – Dementia)	377,532	240,879
– Recurrent fund (Nursing Home – Elderly)	12,873,371	11,410,687
– Recurrent fund (Respite Care)	6,114	15,727
– Rental subsidy	1,945,743	524,976
– Replacement ratio funding	4,214	351,973
– Recurrent operating income	2,077,209	1,200,000
– Return to Nursing Scheme	–	13,896
– Salary adjustment enhancement	1,256,317	1,502,074
– Transitional Care Facility (TCF)	34,839	98,532
– Childcare leave	1,992	2,262
– Childcare subsidy	86,010	62,090
– Special employment credit	104,482	105,610
– Temporary employment credit	–	4,365
– Wage credit scheme	100,755	120,612
– AIC Community Care Day	1,600	–
– Community Care Training Grant	4,000	–
– Intermediate and Long Term Care Senior Management Trainee Development Scheme	–	50,106
– Flu vaccination	–	5
– NH IT Enablement Programme	26,300	–
– Night Respite – Dusk to Dawn	4,228	–
– NS paid leave	3,519	3,443
Hydrotherapy services fee	1,336	–
Integrated framework fund	–	238,620
Interest income	1,281,399	885,480
Investment written off recovered	10,153	8,201
Night Respite services fee	20,576	–
Programme fees	57,660	68,560
Rental grant from Caritas Singapore Community Council	98,266	98,266
Rental income	13,317	18,700
Residents' medical and medicine	291,208	896,112
Residents' room and board	4,982,061	4,624,149
Registration fee walkathon	–	12,026
Sale of Funfair Tickets	28,038	–
Sundry income	35,641	74,397
Amortisation of deferred capital grant	5,378,710	5,742,390
Total income	35,716,844	31,399,120

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Statement of Comprehensive Income for the financial year ended 31 March 2020 – continued

	2020 $	2019 $
Total income	35,716,844	31,399,120
Less: Expenditure (Note A)	(29,184,465)	(28,238,598)
Surplus for the year	6,532,379	3,160,522
Other comprehensive income:		
Item that maybe reclassified subsequently to income or expenditure		
Fair value loss on financial assets at fair value through other comprehensive income transfer to income and expenditure upon disposal of investment securities	–	91,580
Total comprehensive income for the year	6,532,379	3,252,102

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Statement of Comprehensive Income for the financial year ended 31 March 2020 – continued

	2020 $	2019 $
<u>Note A</u>		
Expenditure		
Administrative and Homes' operating expenses		
Affiliation fees	117	117
Allowance for expected credit losses on trade receivables	119,366	332,287
Auditor's remuneration	41,300	39,000
Bank charges	17,892	17,940
Central Provident Fund contribution	921,092	800,947
Childcare other expenses	15,056	14,913
Childcare toys and supplies	4,565	21,768
Cleaning and household expenses	137,939	122,264
Communication	42,098	42,507
Computer expenses	11,013	11,557
Computer software	239,781	198,944
Depreciation – property, plant and equipment	5,510,574	5,849,152
Depreciation – right-of-use assets	1,786,009	–
Food and provisions	577,218	923,173
Foreign worker levy	1,106,422	1,256,653
Funeral expenses	9,530	15,818
General insurance	72,245	66,722
GST expense	313,949	295,076
Hydrotherapy materials	1,050	–
Interest expenses on lease liabilities	462,028	–
Investment commission	–	5,000
Loss on disposal – investment in securities	–	526,957
Medical – consumables	327,788	395,028
– dietary	359,970	371,603
– subsidy/non-subsidy	352,241	319,730
– surgical supplies	279,620	205,746
Miscellaneous	43,139	43,666
Non-capitalised plant and equipment	100,074	101,000
Office equipment and supplies	18,899	19,084
Pastoral care	23,803	28,734
Plant and equipment written off	256	636
Postage	5,991	5,640
Printing and stationery	51,806	56,680
Professional fees	299,867	215,762
Property tax	651	22,717
Public relations	957	1,212
Recruitment expenses	72,180	73,975
Rental – building	98,266	623,242
– equipment	21,985	20,824
Repair and maintenance – building	994,615	960,024
– equipment	464,174	348,152
Residents' medical expenses	72,832	94,967
Subtotal c/f	14,978,358	14,449,217

Statement of Comprehensive Income for the financial year ended 31 March 2020 – continued

	2020 $	2019 $
Note A (continued)		
Expenditure (continued)		
Administrative and Homes' generating expenses – continued		
Subtotal b/f	14,978,358	14,449,217
Security services	167,684	135,510
Sisters' honorarium	280,173	280,173
Skill development levy	23,571	22,827
Specific assistance to residents	41,248	45,556
Specific project	–	22,203
Staff costs – allowances	423,776	321,814
– bonus	1,617,492	1,632,688
– medical	81,299	87,777
– salaries	8,918,240	8,638,901
– training	88,312	94,107
– uniform	45,527	40,036
– welfare	271,654	299,316
Transitional care facility	57,240	64,975
Transport and travelling expenses	21,727	17,320
Upkeep of vehicles and ambulances	68,718	69,546
Utilities	796,609	786,234
Volunteer recognition	5,123	5,844
	27,886,751	27,014,044

Programmes and Donations		
CWS/BT YouthReach	150,000	150,000
Emergency relief & Samaritan aid	68,199	74,837
Food Relief Programme	85,687	91,223
Gift of Love Home	–	1,589
Hearts@work	278,785	266,212
Hub activities	1,021	2,058
Night mission	50,618	24,347
Scholarship aid	34,800	34,020
Social Services Programmes	399,337	399,439
St. Vincent Home	60,850	61,246
	1,129,297	1,104,971

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Statement of Comprehensive Income for the financial year ended 31 March 2020 – continued

	2020 $	2019 $
<u>**Note A (continued)**</u>		
Expenditure (continued)		
Welfare and educational grants		
Relief and welfare work	46,100	5,120
	46,100	5,120
Special projects and events		
Christmas Party	4,982	6,484
Contributions to special events	40,318	58,874
Funfare event expenditure	30,993	–
Hoa Nam Building expenditure	46,024	49,105
	122,317	114,463
Total expenditure	29,184,465	28,238,598

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

Catholic Welfare Services, Singapore
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Statement of Changes in Funds for the financial year ended 31 March 2020

	Unrestricted Funds		Restricted Funds											
	General Funds $	Project Funds $	Care and Share Grant $	Dr. Lim Boon Tiong Foundation Fund $	Emmanuel 2nd Chance Education Fund $	Community Silver Trust Fund $	St. Theresa's Home Redevelopment Fund	St. Joseph's Home Redevelopment Fund $	Lien Foundation Funds $	Lien Foundation - ACM Foundation Joint Initiatives $	Lee Foundation Fund $	Other Capital Fund $	Fair value reserve $	Total $
Balance at 1 April 2018	22,542,327	30,634,307	(39,838)	–	–	1,468,416	85,161	315,509	494,133	191,516	225,000	15,004	(91,580)	55,839,955
Total comprehensive income for the year	3,160,522	–	–	–	–	–	–	–	–	–	–	–	91,580	3,252,102
Transfer from/(to)	(1,166,000)	1,166,000	–	–	–	(682,463)	–	682,463	–	–	–	–	–	–
Net income/ (expenditure) for the year	–	548,835	(21,232)	–	–	7,918,245	47	(120,446)	(1,657)	(150,032)	–	(6,100)	–	8,167,660
Balance at 31 March 2019	24,536,849	32,349,142	(61,070)	–	–	8,704,198	85,208	877,526	492,476	41,484	225,000	8,904	–	67,259,717
Total comprehensive income for the year	6,532,379	–	–	–	–	–	–	–	–	–	–	–	–	6,532,379
Transfer from/(to)	(715,956)	1,580,000	–	–	–	–	–	(864,044)	–	–	–	–	–	–
Net income/ (expenditure) for the year	–	(212)	(7,001)	1,340,075	6,764,912	7,165,725	(208)	(13,482)	(15,418)	131,593	–	70,010	–	15,435,994
Balance at 31 March 2020	30,353,272	33,928,930	*(68,071)	1,340,075	6,764,912	15,869,923	85,000	–	477,058	173,077	225,000	78,914	–	89,228,090

* This represent amount to be reimbursed from National Council of Social Service.

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

Catholic Welfare Services, Singapore
(UEN: S61SS0167J)

Statement of Cash Flows for the financial year ended 31 March 2020

	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	6,532,379	3,160,522
Adjustments for:		
Allowance for expected credit losses on trade receivables	119,366	332,287
Depreciation – property, plant and equipment	5,510,574	5,849,152
Depreciation – right-of-use assets	1,786,009	–
Depreciation – investment properties	31,892	31,894
Loss on disposal of investment securities	–	526,957
Plant and equipment written off	256	636
Interest income	(1,281,399)	(885,480)
Interest expenses on lease liabilities	462,028	–
Amortisation of deferred capital grants	(5,378,710)	(5,742,390)
Integrated framework	–	(238,620)
Operating cash flows before working capital changes	7,782,395	3,034,958
Decrease/(increase) in trade and other receivables	4,475,821	(1,290,369)
Decrease in other payables	(523,015)	(3,002,795)
Decrease in Lien Foundation Funds	(15,418)	(1,657)
Increase/(decrease) in Lien Foundation - ACM Foundation Joint Initiatives	131,593	(150,032)
Cash generated from/(used in) operations	11,851,376	(1,409,895)
Funds derived from donations, self-help project and loan repayments	268,967	898,124
Funds utilised for expenditure including donations, loans and scholarships given out	(214,654)	(349,289)
Interest received	992,282	901,109
Interest paid	(462,028)	–
Net cash flows from operating activities	12,435,943	40,049
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(565,399)	(352,732)
Purchase of investment securities	–	(1,000,000)
Proceeds from investment securties	2,500,000	14,970,382
Placement of fixed deposits	(36,263,619)	(6,317,330)
Net cash flows (used in)/from investing activities	(34,329,018)	7,300,320
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital grants	–	36,035
Decrease in Care and Share Fund	(7,001)	(5,312)
Grant received from Dr. Lim Boon Tiong Foundation Fund	1,600,000	–
Donation received from Emmanuel 2nd Chance Education Fund	6,765,962	–
Net expenditure of Emmanuel 2nd Chance Education Fund	(1,050)	–
Net proceed of Community Silver Trust Fund	7,371,671	7,808,572
Net expenditure of St. Joseph's Redevelopment Fund	(13,482)	–
Designated donation received from public for capital expenditure	70,010	–
Net expenditure of other capital funds	–	(6,100)
Principal repayment of lease liabilities (Note 14)	(1,572,760)	–
Net cash flows from financing activities	14,213,350	7,833,195
Net (decrease)/increase in cash and cash equivalents	(7,679,725)	15,173,564
Cash and cash equivalents at beginning of year	34,643,065	19,469,501
Cash and cash equivalents at end of year (Note 11)	26,963,340	34,643,065

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

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

1. GENERAL INFORMATION

The Catholic Welfare Services, Singapore (the "CWS") is registered as a Society in the year 1961 under the Societies Act, Chapter 311 and as a Charity on 29 June 1985 under the Charities Act, Chapter 37. It is a member of the National Council of Social Service and Caritas Singapore Community Council. CWS is also an approved Institutions of Public Character under the Income Tax Act, Chapter 134.

The registered office of the CWS and its principal place of operation are located at 55 Waterloo Street, #06-01 Catholic Welfare Centre, Singapore 187954.

The principal activities of the CWS are to initiate, assist and organise such forms of reliefs and schemes of social service which would alleviate poverty and distress amongst the people of Singapore irrespective of their race or religion.

The CWS also manages Nursing Homes, namely St. Joseph's Home ("SJH"), St. Theresa's Home ("STH") and Villa Francis Home for the Aged ("VFH") to provide shelter, pastoral care, nursing and medical care for the elderly residents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The CWS is also subject to the provisions of the Charities Act, Chapter 37.

The financial statements have been prepared on the historical cost basis except where otherwise described in the accounting policies below.

The financial statements are presented in Singapore Dollar (SGD or $) and all values are rounded to the nearest one-dollar unless otherwise stated.

The accounting policies adopted are consistent with those used in the previous financial year except in current financial year, the CWS has adopted all applicable new and revised standards and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these standards and INT FRS did not have any material effect on the financial position or performance of the CWS for the current or prior financial years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

The CWS applied FRS 116 for the first time. The nature and effect of the changes as a result of the adopting of the new accounting standards are described below:

FRS 116 ***Leases***

FRS 116 supersedes FRS 17 *Leases,* INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases–Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use.

The CWS applied FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated - i.e. it is presented, as previously reported, under FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

(a) *As lessee*

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The CWS's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2(l).

On initial application of FRS 116, the CWS has elected to apply the following practical expedients:

(i) For all contracts entered into before 1 April 2019 and that were previously identified as leases under FRS 17 *Leases* and FRS INT 104 *Determining whether an Arrangement contains a Lease*, the CWS has not reassessed if such contracts contain leases under FRS 116; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) ***Basis of preparation (continued)***

FRS 116 *Leases* (continued)

(a) *As lessee (continued)*

(ii) On a lease-by-lease basis, the CWS has:

(a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
(c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
(d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
(e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

For leases previously classified as operating leases under FRS 17 on 1 April 2019, the CWS has applied the following transition provisions:

(i) On a lease-by-lease basis, the CWS chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at a carrying amount as if FRS 116 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 April 2019. For ROU assets which meet the definition of an investment property, the CWS had measured the ROU assets at their fair values at 1 April 2019.
(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 April 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
(iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 April 2019 is adjusted directly to opening retained profits. Comparative information is not restated.

(b) *As lessor*

There are no material changes to accounting by the CWS as a lessor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

FRS 116 *Leases* (continued)

The effects of adoption of FRS 116 on the CWS's financial statements as at 1 April 2019 are as follows:

	1.4.2019
	$
Right-of-use assets – property, plant and equipment	9,505,414
Lease liabilities	(9,505,414)

When measuring lease liabilities for leases that were classified as operating leases, the CWS discounted lease payments using the applicable incremental borrowing rates at 1 April 2019. The weighted-average rate applied is 5.25%.

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	$
Operating lease commitment disclosed as at 31 March 2019	730,080
Short-term leases	(27,630)
Low-value leases	(34,750)
Committed non-cancellable leases with lease terms commencing after 1 April 2019	6,142,503
Discounting effect using weighted average incremental borrowing rate at 1 April 2019	(1,481,690)
Extension options which are reasonably certain to be exercised	4,622,400
Other adjustments	(445,499)*
Lease liabilities recognised as at 1 April 2019	9,505,414

* Other adjustments include adjustment relates to lease commitment for CWS's premises at Waterloo Street for which the umbrella body for Catholic charties, Caritas Singapore Community Council has undertaken to give a grant for lease payment to the CWS, for the entire duration of ten years starting from 11 December 2013. Lease liability for premises at Waterloo Street was exclude at the date of initial adoption of FRS116.

Standards issued but not yet effective

The CWS has not adopted the following standards and interpretations that are potentially relevant to the CWS that has been issued but not yet effective:

	Effective date (Annual periods beginning on or after)
Amendments to FRS 1 and FRS 8: *Definition of Material*	1 January 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

Standards issued but not yet effective (continued)

	Effective date (Annual periods beginning on or after)
Amendments to FRS 109, FRS 39 and FRS 107: *Interest Rate Benchmark Reform*	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards, illustrative examples, implementation guidance and FRS Practice Statements	1 January 2020
Revised Conceptual Framework	1 January 2020

The management committee expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

(b) *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the CWS and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the CWS recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold property	–	3 to 12 years
Computers	–	3 years
Furniture and fittings	–	3 to 10 years
Motor vehicles	–	10 years
Office equipment	–	5 years
Renovation	–	2 to 10 years

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Property, plant and equipment (continued)*

Property, plant and equipment with individual cost of $3,000 and below are expensed in the profit or loss in the year of purchase.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

(c) *Investment properties*

Investment properties are properties that are either owned by the CWS or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 30 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss in the year of retirement or disposal.

(d) *Financial instruments*

(i) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

(i) *Financial assets (continued)*

Initial recognition and measurement (continued)

At initial recognition, the CWS measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the CWS expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

A financial asset is derecognised where 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 had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(ii) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the CWS becomes a party to the contractual provisions of the financial instrument. The CWS determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

(ii) *Financial liabilities (continued)*

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(e) *Impairment of financial assets*

The CWS recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the CWS expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the CWS applies a simplified approach in calculating ECLs. Therefore, the CWS does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The CWS has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Impairment of financial assets (continued)*

The CWS considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the CWS may also consider a financial asset to be in default when internal or external information indicates that the CWS is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the CWS. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the CWS determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

(f) *Impairment of non-financial assets*

The CWS assesses at each reporting date whether there is an indication that a non-financial, other than investment property accounted for at fair value. If any such indication exists, or when annual impairment testing for an asset is required, the CWS makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

(g) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank, short term deposits less than 3 months and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

(h) *Other payables*

Other payables are non-interest bearing and have an average term of six months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) *Funds structure*

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purpose, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control of use in achieving any of its institutional purposes. An expense resulting from operating activities of a fund that is directly attributable to the fund is charged to that fund.

(j) *Provisions*

Provisions are recognised when the CWS has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(k) *Employee benefits*

(i) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the CWS pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

In particular, the CWS makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(ii) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) *Leases*

At the inception of the contract, the CWS assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

– The accounting policy for leases from 1 April 2019

(i) *As lessee*

- *Right-of-use assets*

The CWS recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated over the lease term from the commencement date using the straight line method. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

- *Lease liabilities*

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the CWS shall use its incremental borrowing rate.

Lease payments include the following:

- fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees
- the exercise price of a purchase option that the CWS is reasonably certain to exercise the option; and
- payment of penalties for early termination of the lease, unless the CWS is reasonably certain not to terminate early.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) ***Leases (continued)***

– The accounting policy for leases from 1 April 2019 (continued)

(i) *As lessee (continued)*

- *Lease liabilities (continued)*

For contract that contain both lease and non-lease components, the CWS allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The CWS has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- there is a change in future lease payments arising from changes in an index or rate;
- there are changes in the CWS's assessment of whether it will exercise an extension option; or
- there are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- *Short term and low value leases*

The CWS has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- *Variable lease payments*

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The CWS shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) *Leases (continued)*

– The accounting policy for leases from 1 April 2019 (continued)

(ii) *As lessor*

Leases where the CWS retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

– The accounting policy for leases before 1 April 2019

(i) *As lessee*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the lease are classifies as operating leases.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) *As lessor*

The accounting policy applicable to the CWS as a lessor in the comparative period were the same under FRS 116.

(m) *Revenue*

Revenue is measured based on the consideration to which the CWS expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the CWS satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(i) *Donations and fund raising*

Donations and revenue from fund raising activities that are used for general purposes are recognised in the income and expenditure account in the financial year they are received.

Donations where usage is restricted by the donors are recognised in Reserves and Funds in the financial year they are received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) *Revenue (continued)*

(i) *Donations and fund raising (continued)*

Revenue and expenditures from fund raising activities that are designated by the management for project funds are recognised in Reserve and Funds in the financial year these activities are held.

(ii) *Interest income*

Interest income is recognised using the effective interest method.

(iii) *Rental income*

Rental income arising on operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided by the lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) *Resident services and provision of medical services*

Revenue for resident services and provision of medical services are recognised when the services are performed. Revenue from these services are recognised over the accounting period in which the services are performed and rendered.

(v) *Provision of childcare services*

Income from rendering of childcare services is recognised over the accounting period in which childcare services are performed and rendered.

(vi) *Childcare registration fee*

Childcare registration fee is recognised in income and expenditure account at the point in time, when the child is enrolled to the childcare centre.

(n) *Government grants*

Grant, including government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Government grant shall be recognised in income and expenditure accounts on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in income and expenditures. Alternatively, they are deducted in reporting the related expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) ***Taxes***

(i) *Current income tax*

As a charity, the CWS is exempt from tax on income and gains falling within Section 13U (1) of the Income Tax Act, Chapter 134 to the extent that these are applied its Charities objects.

(ii) *Goods and services tax*

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(p) ***Related parties***

Include all of the following:

(a) A person or a close member of that person's family is related to the CWS if that person:
   (i) Has control or joint control over the CWS;
   (ii) Has significant influence over the CWS; or
   (iii) Is a governing board member, trustee or member of key management.

(b) An entity is related to the CWS if any of the following conditions applies:
   (i) The entity and the CWS are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   (iii) Both entities are joint ventures of the same third party;
   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) The entity is a post-employment benefit plan for the benefit of employees of either the CWS or an entity related to the CWS. If the CWS is itself such a plan, the sponsoring employers are also related to the CWS;
   (vi) The entity is controlled or jointly controlled by a person identified in (a);
   (vii) A person identified in (a) (i) has significant influence over the entity or is a governing board member, trustee or member of key management.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the CWS's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(i) *Judgement made in applying accounting policies*

In the process of applying the CWS's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

- *Determination of lease term of contracts with extension options*

  The CWS determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

  The CWS has a lease contract that include extension options. The CWS applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the CWS reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customisation to the leased assets).

  The CWS included the extension option in the lease term of leases of land because of the leasehold property build and the significant costs that would arise to replace the assets.

(ii) *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty 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 described below. The CWS based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the CWS. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(ii) *Estimates and assumptions (continued)*

- *Useful lives of property, plant and equipment*

  The cost of property, plant and equipment is depreciated on a straight-line basis over the plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 12 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the property, plant and equipment at the end of each reporting period is disclosed in Note 4 to the financial statements. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 4% (2019: 9%) variance in the surplus for the year.

- *Calculation of expected credit loss ("ECL")*

  When measuring ECL, the CWS uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

  Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

  Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- *Leases - estimating the incremental borrowing rate*

  The CWS cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the CWS would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the CWS 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The CWS estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property $	Computer $	Furniture and fittings $	Motor vehicles $	Office equipment $	Renovation $	Total $
Cost:							
At 1 April 2018	51,305,642	963,425	3,203,223	763,169	4,679,009	1,361,794	62,276,262
Additions	–	199,888	3,000	88,050	61,794	–	352,732
Written off	–	(4,308)	–	–	(90,964)	–	(95,272)
Adjustment of construction cost over accrued in prior years	(433,271)	–	–	–	–	–	(433,271)
At 31 March 2019 and 1 April 2019	50,872,371	1,159,005	3,206,223	851,219	4,649,839	1,361,794	62,100,451
Additions	–	149,329	31,745	135,664	112,001	136,660	565,399
Disposal	–	–	–	–	(4,253)	–	(4,253)
Written off	–	(2,434)	(9,849)	–	(23,315)	–	(35,598)
At 31 March 2020	50,872,371	1,305,900	3,228,119	986,883	4,734,272	1,498,454	62,625,999
Accumulated depreciation:							
At 1 April 2018	8,532,486	660,487	2,627,057	472,429	2,503,913	1,100,631	15,897,003
Charge for the year	4,202,369	281,201	418,799	69,383	725,117	152,283	5,849,152
Written off	–	(4,308)	–	–	(90,328)	–	(94,636)
At 31 March 2019 and 1 April 2019	12,734,855	937,380	3,045,856	541,812	3,138,702	1,252,914	21,651,519
Charge for the year	4,277,219	204,259	169,949	65,088	734,997	59,062	5,510,574
Disposal	–	–	–	–	(4,253)	–	(4,253)
Written off	–	(2,434)	(9,849)	–	(23,059)	–	(35,342)
At 31 March 2020	17,012,074	1,139,205	3,205,956	606,900	3,846,387	1,311,976	27,122,498
Net carrying amount:							
At 31 March 2019	38,137,516	221,625	160,367	309,407	1,511,137	108,880	40,448,932
At 31 March 2020	33,860,297	166,695	22,163	379,983	887,885	186,478	35,503,501

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment with carrying amount of $35,191,914 (2019: $40,110,820) were acquired through government grants or donations from public.

Motor vehicle with carrying amount of $23,553 (2019: $Nil) was held in trust by the chief executive officer of the CWS.

5. RIGHT-OF–USE ASSETS

Leases (as a lessee)

	Land $	Office equipment $	Total $
Cost:			
At 1 April 2019	9,493,461	11,953	9,505,414
Additions	–	–	–
At 31 March 2020	9,493,461	11,953	9,505,414
Accumulated depreciation:			
At 1 April 2019	–	–	–
Charge for the year	1,783,196	2,813	1,786,009
At 31 March 2020	1,783,196	2,813	1,786,009
Net carrying amount:			
At 31 March 2020	7,710,265	9,140	7,719,405

The CWS leases land for its Nursing Home from Singapore Land Authority which is fully or partially subsidised by a land rent subsidy from Ministry of Health. The lease of land typical run for a period of 3 years with an extension option to renew which are further discuss below.

The CWS also leases office equipment with a lease term of 5 years.

The maturity analysis of lease liabilities is presented in Note 14.

	31.3.2020 $
(i) Amounts recognised in profit and loss	
Depreciation expense on right-of-use assets	1,786,009
Interest expense on lease liabilities	462,028
	2,248,037
(ii) Lease expense not capitalised in the lease liabilities	
Expense relating to short-term leases	27,630
Expense relating to leases of low value assets	16,463
	44,093

5. RIGHT-OF–USE ASSETS (continued)

(iii) Total cash outflow for all the leases in 2020 was $2,078,881.

(iv) Extension option

The lease with Singapore Land Authority for St. Joseph's Home contains extension option exercisable by the CWS up to 10 months before the end of the non-cancellable contract period. Where practicable, the CWS seeks to include extension option in new leases to provide operational flexibility. The extension options held are exercisable only by the CWS and not by the lessors. The CWS assesses at lease commencement whether it is reasonably certain to exercise the options of there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted) 2020
	$
Land	3,647,438

6. INVESTMENT PROPERTIES

	Freehold property
	$
Cost:	
At 1 April 2019 and 31 March 2019	956,793
Addition	–
At 31 March 2020	956,793
Accumulated depreciation:	
At 1 April 2018	605,970
Charge for the year	31,894
At 31 March 2019 and 1 April 2019	637,864
Charge for the year	31,892
At 31 March 2020	669,756
Net carrying amount:	
At 31 March 2019	318,929
At 31 March 2020	287,037

6. INVESTMENT PROPERTIES (continued)

	2020 $	2019 $
Statement of comprehensive income:		
Rental income from investment properties	13,317	18,700
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	30,393	49,105
– Non-rental generating properties	15,631	–

The aggregate fair value of the investment property at the end of the reporting period amounted to $2,068,362 (2019: $1,882,565). The fair values are determined by management based on comparable market transactions that considered the sales of similar properties that have been transacted in the open market. No valuation was performed by an independent valuer.

7. INVESTMENT SECURITIES

	2020 $	2019 $
At amortised cost		
Debt instrument		
– Quoted bonds	1,000,469	3,514,273

Investment in quoted bonds that are held for the contractual cash flow where those cash flow represent solely payments of principal and interest are measured at amortised cost.

As at 31 March 2020, the quoted bonds have nominal values amounting to $1,000,000 (2019: $3,500,000) with coupon rates ranging from 4.10% to 4.30% (2019: 3.78% to 4.35%) per annum.

8. TRADE RECEIVABLES

	2020 $	2019 $
Trade receivables	1,807,170	1,713,261
Less : Allowance for expected credit losses	(1,157,986)	(1,038,620)
	649,184	674,641

Trade receivables are non-interest bearing and are generally on cash terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

8. TRADE RECEIVABLES (continued)

Expected credit losses ("ECL")

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach.

	Lifetime ECL credit impaired
	$
At 1 April 2018	706,333
Allowance for expected credit losses	332,287
At 31 March 2019 and 1 April 2019	1,038,620
Allowance for expected credit losses	119,366
At 31 March 2020	1,157,986

The CWS uses an allowance matrix to measure the ECLs of trade receivables from individual residents, which comprise a very large number of small balances.

The following table provides information about the exposure to credit risk and ECLs of trade receivables from individual resident as at end of each reporting period:

	Expected credit loss rate	Gross carrying amount	Lifetime ECL	Credit impaired
	%	$	$	
2020				
Current (not past due)	–	4,993	–	No
1 to 30 days past due	6.13	423,243	(25,943)	Yes
31 to 60 days past due	20.67	131,526	(27,186)	Yes
61 to 90 days past due	39.78	67,299	(26,774)	Yes
More than 90 days past due	91.35	1,180,109	(1,078,083)	Yes
		1,807,170	(1,157,986)	
2019				
Current (not past due)	–	3,799	–	No
1 to 30 days past due	5.63	407,359	(22,940)	Yes
31 to 60 days past due	16.44	156,102	(25,664)	Yes
61 to 90 days past due	37.78	77,162	(29,150)	Yes
More than 90 days past due	89.90	1,068,839	(960,866)	Yes
		1,713,261	(1,038,620)	

9. OTHER RECEIVABLES

		2020 $	2019 $
Accrued interest income		248,188	–
Deposits		510,618	567,884
Grant receivables	– Childcare subsidy	–	1,050
	– ILTC Senior Management Associate Scheme	–	16,520
	– Night Respite – Dusk to Dawn	4,228	–
	– Output GST subvention	4,241	13,387
	– Recurrent Fund (Hospice)	20,769	22,386
	– Recurrent Fund (Nursing Home – Dementia)	19,407	73,349
	– Recurrent Fund (Nursing Home – Elderly)	216,514	902,289
	– Redevelopment fund	–	4,006,628
	– Rental subsidy	491,522	131,203
	– Replacement ratio funding	–	22,716
	– Return to Nursing Scheme	–	1,500
	– Transitional Care Facility	–	26,505
Prepayments		304,670	326,723
Staff loan (interest-free)		7,940	14,040
Sundry receivable		158	23,617
		1,828,255	6,149,797

Staff loan are unsecured, interest free, repayable upon demand and to be settled in cash.

10. FIXED DEPOSITS

Fixed deposits are placed for a period between six and twelve (2019: six and twelve) months at the respective fixed deposit rates. The weighted average effective interest rate of fixed deposits ranging from 1.00% to 2.18% (2019: 1.70% to 2.12%) per annum.

Included in fixed deposts, are amounts ear-marked for:

	2020	2019
Community Silver Trust Fund	9,900,107	1,900,000
Emmanuel 2nd Chance Education Fund	6,500,000	–

11. CASH AND CASH EQUIVALENTS

	2020	2019
Cash and banks balances	24,942,499	18,917,077
Short-term deposits	2,020,841	15,725,988
Cash and cash equivalents as stated in cash flow	26,963,340	34,643,065

11. CASH AND CASH EQUIVALENTS (continued)

Included in cash and short-term deposits, are amounts ear-marked for:

	2020 $	2019 $
Community Silver Trust Fund	5,445,365	6,804,198
Emmanuel 2nd Chance Education Fund	265,962	–
Lien Foundation – ACM Foundation Joint Initiatives	173,077	41,484
– Holistic Eldercare Fund	224,026	239,444
Medifund	1,041,387	671,927
Resident Account/IngoT Funds	494,376	559,748

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

Short term deposits are placed for a periods between seven days and three months (2019: one and three months) at the respective short term deposit rates. The weighted average effective interest rate of short-term deposit are ranging from 0.80% to 1.51% (2019: 1.72% to 1.86%) per annum.

12. OTHER PAYABLES

	2020	2019
Accrued liabilities	880,384	915,434
Construction retention sums	73,140	73,140
Deposits – Childcare	28,034	20,865
– Residents	191,963	173,277
– Tenant	–	3,400
Donation – Covid 19 safety precautions *	520,000	–
– Lucky draw	26,180	7,500
– Funfair	–	38,203
Grant payables – Childcare subsidy	1,060	–
– Output GST subvention	2,323	3,328
– Pre-operating fund manpower	151,380	151,380
– Respite care	276	221
– Salary Adjustment Enhancement	816,604	2,066,100
– Transitional Care Facility	40,353	–
Medifund	1,041,387	671,927
Residents' account	241,508	322,262
Residents' advance payment	42,680	41,373
Special funds and programmes – Residents	68,503	80,939
Sundry payables	170,885	250,326
	4,296,660	4,819,675

* Donation received from an anonymous donor primarily in support of the acquisition of additional equipment, services and other ancillary items for the protection of the caregivers and residents of the nursing homes against virus infection.

13. DEFERRED CAPITAL GRANT

	2020 $	2019 $
At beginning of year	60,378,487	60,667,367
Additions:		
– From Care and Share Grant	–	15,920
– From Community Silver Trust funds	205,946	173,041
– From Dr. Lim Boon Tiong Foundation Fund	259,925	–
– From Redevelopment funds	–	8,307
– Grant received from Ministry of Health	–	36,035
Adjustment of construction costs over accrued in prior years:*		
– Grant received from Ministry of Health	–	(134,725)
– From Community Silver Trust funds	–	(282,714)
– From Redevelopment funds	–	(15,832)
Disposal	(4,253)	–
Written off	(35,596)	(88,912)
At end of year	60,804,509	60,378,487
Accumulated amortisation:		
At beginning of year	20,193,419	14,539,941
Charge for the year	5,378,710	5,742,390
Disposal	(4,253)	–
Written off	(35,596)	(88,912)
At end of year	25,532,280	20,193,419
Net carry amounts	35,272,229	40,185,068
Presented as:		
Current	5,500,790	5,661,578
Non-current	29,771,439	34,523,490
	35,272,229	40,185,068

* These amounts relates to overprovision in construction cost of leasehold properties in years 2017 and 2018.

These amounts represent government grants received and designated donations received from public for purchase of property, plant and equipment which are amortised over the property, plant and equipment's useful life.

14. LEASE LIABILITIES

	2020
	$
Analysed as:	
Current	1,679,834
Non-current	6,252,820
	7,932,654
Maturity analysis:	
Year 1	2,056,260
Year 2	2,056,260
Year 3	1,757,409
Year 4	1,541,586
Year 5	1,540,800
	8,952,315

A reconciliation of liabilities arising from financing activity is as follows:

	2019	**Cash flows**	**Non-cash changes Adoption of FRS 116**	**2020**
	$	$	$	$
Lease liabilities	–	(1,572,760)	9,505,414	7,932,654

15. PROJECT FUNDS

	Agape Village $	Chiropractic Fund $	Ee Peng Liang Family Relief $	Empowering Families Out of Poverty $	Gift of Love Home $	Project & Development $	Scholarship Fund $	Self-Help Project Fund $	Subtotal c/f $
At 1 April 2018	736,901	2,799	229,578	(540)	–	1,765,271	82,424	159,823	2,976,256
Donation received	–	–	–	37,744	530,355	270,000	–	–	838,099
Donation given out	–	–	–	–	–	(99,883)	–	–	(99,883)
Repayments	–	–	–	–	–	–	–	500	500
Income/(expenditure)	–	–	(3,000)	(8,981)	(140,536)	(74,689)	(21,000)	–	(248,206)
Transfer from/(to)	(736,901)	–	–	–	–	736,901	–	–	–
Transfer from general funds	–	–	–	–	–	–	–	–	–
At 31 March 2019 and 1 April 2019	–	2,799	226,578	28,223	389,819	2,597,600	61,424	160,323	3,466,766
Donation received	–	–	–	–	3,067	260,000	–	–	263,067
Donation given out	–	–	–	–	–	(108,925)	–	–	(108,925)
Repayments	–	–	–	–	–	–	–	900	900
Reversal of fixed deposit interest to income and expenditure	–	–	–	–	–	–	–	–	–
Expenditure	–	–	(3,250)	(9,253)	(1,165)	(73,461)	(17,800)	–	(104,929)
Transfer from general funds	–	–	–	–	–	–	–	–	–
At 31 March 2020	–	2,799	223,328	18,970	391,721	2,675,214	43,624	161,223	3,516,879

15. PROJECT FUNDS (continued)

	Subtotal b/f $	St. Joseph's Home Fund $	St. Joseph's Home Redevelopment Fund $	St. Theresa's Home Redevelopment Fund $	Student Loan Fund $	Sustainability Fund $	Tan Chay Nam Bursary Fund $	Teen Centre Project Fund $	Total $
At 1 April 2018	2,976,256	263,156	7,755,501	9,506,500	116,270	10,000,000	10,440	6,184	30,634,307
Donation received	838,099	–	–	–	–	–	5,000	–	843,099
Donation given out	(99,883)	–	–	–	–	–	–	–	(99,883)
Repayments	500	–	–	–	–	–	–	–	500
Income/(expenditure)	(248,206)	–	–	54,525	–	–	(1,200)	–	(194,881)
Transfer from/(to)	–	–	–	–	–	–	–	–	–
Transfer from general funds	–	–	–	–	–	1,166,000	–	–	1,166,000
At 31 March 2019 and 1 April 2019	3,466,766	263,156	7,755,501	9,561,025	116,270	11,166,000	14,240	6,184	32,349,142
Donation received	263,067	–	–	–	–	–	5,000	–	268,067
Donation given out	(108,925)	–	–	–	–	–	–	–	(108,925)
Repayments	900	–	–	–	–	–	–	–	900
Reversal of fixed deposit interest to income and expenditure	–	–	–	(54,525)	–	–	–	–	(54,525)
Expenditure	(104,929)	–	–	–	–	–	(800)	–	(105,729)
Transfer from general funds	–	–	–	–	–	1,580,000	–	–	1,580,000
At 31 March 2020	3,516,879	263,156	7,755,501	9,506,500	116,270	12,746,000	18,440	6,184	33,928,930

15. PROJECT FUNDS (continued)

Agape village

This fund is designated to support CWS role as lead case manager at Agape Village for a period of 3 years. It will be used for expenditure of manpower, financial aid and programmes for the poor and needy at Agape. An amount of $736,901 of the fund were transferred to project and redevelopment in prior year.

Chiropractic Fund

The Fund is designated to pay medical fees for the needy who need treatment for spinal problems.

Ee Peng Liang Family Relief

The Ee Peng Liang Family Relief Fund is designated to assist needy individuals and families to tide over a difficult period. Financial assistance may be given for 3 to 6 months upon means testing by social workers.

Empowering Families Out of Poverty

The objective of the Fund is to empower families towards self-reliance and resilience. The ultimate aim is to help families to break out of the poverty cycle through mainly social and system interventions. This programme is funded by Caritas Singapore Community Council.

Gift of Love Home

The objective of the Fund is to help the elderly who may require some form of assistance in their daily living.

Project & Development

The Project & Development Fund may be used for any project and development of CWS.

Scholarship Fund

The Scholarship Fund provides scholarship to tertiary students who apply for the Educational Scheme.

Self-Help Project Fund

The objective of the Fund is to help the needy with a small loan to set up a small business to enable them to earn an income, or to tide them over a temporarily difficult situation.

St. Joseph's Home Redevelopment Fund

This Fund was re-designated from the balance of unutilised Villa Francis Home Building Fund and Designated Building Fund in financial year 2015 and general funds for the unspecific donations to CWS in year 2015 and 2016. It is a designated fund for the redevelopment of property located at 36 Jurong West Street 24 Singapore 648141.

15. PROJECT FUNDS (continued)

St. Theresa's Home Redevelopment Fund

This Fund was re-designated from general funds for the unspecific donations to CWS. It is a designated fund for the St. Theresa's Home's future relocation and development.

Included in St. Theresa's Home Redevelopment Fund is an amount of $3 million earmarked for the redevelopment of St. Theresa's Home. This amount shall be transferred to the sustainability fund in the event if the CWS decides not to proceed with the redevelopment.

Student Loan Fund

This Fund provides study loans to local university students applying for the Educational Scheme. The objective is to help the needy student exit the poverty cycle by means of education.

Sustainability Fund

This Fund is designated primarily to provide working capital to enable CWS to continue to operate its core services in the event of severe curtailment of government funding or reduction in public donations or need to replace sudden loss of significant operating assets. Withdrawals from the Fund are permitted under certain circumstances pursuant to the Mandate of the Fund.

Tan Chay Nam Bursary Fund

The Tan Chay Nam Bursary Fund provides bursaries assistance to deserving students which consists of one primary student from Catholic High School and two secondary students from Holy Innocents High School.

Teen Centre Project Fund

The Fund is designated for projects and activities for youths.

16. CARE AND SHARE GRANT

The objective of the Care and Share Grant given by National Council of Social Service is to encourage donation and provide additional resources for the Volunteer Welfare Organisation to enhance capabilities and provide value added services to advance higher quality care. The Government will provide a matching grant of 1.25 dollar for every donation dollar raised other than Community Silver Trust up to the maximum of S$1,000,000 and subsequent on dollar to dollar basis.

	2020 $	2019 $
Balance at beginning of year	(61,070)	(39,838)
Less: *Expenditure*		
Recurrent operating expenses	–	(5,312)
Purchase of plant and equipment	(7,001)	(15,920)
Balance at end of year	* (68,071)	* (61,070)

* This represents the amount to be reimbursed from National Council of Social Service.

17. DR. LIM BOON TIONG FOUNDATION FUND

The objectives of the Dr. Lim Boon Tiong Foundation Fund are as follows:

(i) development of St. Theresa's Village up to S$4,350,000;
(ii) to provide funding up to S$150,000 for repair work in St. Theresa's Home's existing nursing home facility;
(iii) to provide eldercare support equipment and beds up to S$500,000 to Villa Francis Home for the Aged; and
(iv) to provide long term care support up to S$3,000,000 to St. Joseph's Home, St. Theresa's Home and Villa Francis Home for the Aged.

	2020	**2019**
	$	$
Balance at beginning of year	–	–
Add: *Receipt*		
Fund received	1,600,000	–
Less: *Expenditure*		
Purchase of plant and equipment *	(259,925)	–
Balance at end of year	1,340,075	–

* These amounts are transferred to deferred capital grant and will be amortised over the respective assets' useful lives.

18. EMMANUEL 2ND CHANCE EDUCATION FUND

The objective of the Emmanuel 2nd Chance Education Fund ("Fund") is to provide financial assistance, and journeying with persons who have faced some adversity in their lives and desire a second chance at a brighter future by continuing their education at a college, university, vocational or technical school. The Fund is established with donation from an anonymous donor.

	2020	2019
Balance at beginning of year	–	–
Add: *Receipt*		
Donation received	6,765,962	–
Less: *Expenditure*		
Miscelleanous expenses	(1,050)	–
Balance at end of year	6,764,912	–

19. COMMUNITY SILVER TRUST FUND

The Community Silver Trust Fund, established from a grant from the Ministry Of Health, is to encourage donation and provide additional resources for the CWS in the Intermediate and Long Term Care ("ILTC") sector to enhance capabilities and provide value added services to advance higher quality care and affordable step down care. The Government will provide a matching grant of one dollar for every donation dollar raised for ILTC services.

	2020 $	2019 $
Balance at beginning of year	8,704,198	1,468,416
Add: *Receipt*		
Community Silver Trust Fund	9,745,967	9,461,233
Adjustment of construction costs in prior years	–	282,714
	18,450,165	11,212,363
Less: *Expenditure*		
Ceiling Hoist Project	(16,600)	–
Equipment and activity resources	(3,854)	(13,424)
Gym Tonic programme	–	(16,215)
Interaction corner and IT innovation for resident	(96,692)	(84,103)
Local/overseas trainer	(21,902)	(40,487)
Multi-generation playground	(15,053)	(32,764)
Purchase of property, plant and equipment	(107,641)	(95,433)
Purchasing medical service support	(45,150)	(40,700)
Recurrent operating expenses	(2,077,209)	(1,200,000)
Salaries and CPF contribution	(89,575)	(279,327)
SDL and FWL	(5,573)	(7,730)
Staff training	(100,993)	(15,519)
Transfer to Redevelopment Fund	–	(682,463)
Balance at end of year	15,869,923	8,704,198

Included in the expenditures incurred for the ceiling hoist project and interaction corner for resident and IT enhancement is an amount of $205,946 (2019: $173,041) relating to the purchase of property, plant and equipment during the year. These amounts are transferred to deferred capital grant and will be amortised over the respective assets' useful lives.

20. ST. THERESA'S HOME REDEVELOPMENT FUND

	2020 $	2019 $
Balance at beginning of year	85,208	85,161
Add: *Receipts*		
Bank interest	–	47
	85,208	85,208
Less: *Expenditure*		
Reversal of fixed deposit interest to income and expenditure	(208)	–
Balance at end of year	85,000	85,208

These amounts are designated donation received from public for the St. Theresa's Home's redevelopment project.

21. ST. JOSEPH'S HOME REDEVELOPMENT FUND

The redevelopment fund is established for the purpose of redevelopment of property located at 36 Jurong West Street 24 Singapore 648141.

The movement in redevelopment fund during the year are as below:

	2020	2019
At beginning of year	877,526	315,509
Add: *Receipt*		
Property, plant and equipment cost reimbursed from CST grant	–	682,463
Adjustment of construction costs over accrued in prior years	–	15,832
	877,526	1,013,804
Less: *Expenditure*		
Construction cost transfer from grant receivable from MOH *	–	(127,971)
Purchase of plant and equipment	–	(8,307)
Purchase of small value assets	(13,482)	–
Transfer to General Funds #	(864,044)	–
At end of year	–	877,526

* These costs relates to construction cost of leasehold property which are not entitled for redevelopment grant from MOH.

\# The transfer of unutilised restricted redevelopment fund of $864,044 to General Funds was approved by donor on 29 August 2019.

These amounts are designated donations received from public for the redevelopment project of St. Joseph's Home.

22. LIEN FOUNDATION FUNDS

	2020 $	2019 $
Holistic Eldercare	224,026	239,444
IngoT	253,032	253,032
	477,058	492,476

The movement with respect to Lien Foundation Funds during the year are as below:

(i) Holistic Eldercare

This fund is established to support and enhance holistic eldercare programmes.

Balance at beginning of year	239,444	241,101
Add: *Receipts*		
Bank interest	42	44
	239,486	241,145
Less: *Expenditure*		
Holistic eldercare	(15,460)	(1,701)
Balance at end of year	224,026	239,444

(ii) IngoT

This fund is established for the purpose of implementing an Enterprise Resource planning system.

Balance at beginning of year	253,032	253,032
Less: *Expenditure*		
IngoT Nursing Home System	–	–
Balance at end of year	253,032	253,032

23. LIEN FOUNDATION – ANG CHIN MOH ("ACM") FOUNDATION JOINT INITIATIVES

The Lien Foundation – ACM Foundation Joint Initiatives is jointly set up by the Lien Foundation and ACM Foundation for the purpose of collaborative projects to foster conversations and improve end-of-life care in Singapore. This fund is administered by the CWS on behalf of both Foundations.

	2020	**2019**
	$	$
Balance at beginning of year	41,484	191,516
Add: *Receipts*		
Bank interest	–	18
Bank charges waiver	50	–
Funds received from Lien Foundation	100,000	–
Funds received from Ang Chin Moh Foundation	50,000	–
	191,534	191,534
Less: *Expenditure*		
Bank charges	–	(50)
Both Sides, Now	–	(150,000)
Happy Urns	(18,457)	–
Balance at end of year	173,077	41,484

24. LEE FOUNDATION FUND

The fund was established for the CWS to purchase vans, physiotherapy equipment and replacement of cabinet.

No movement in Lee Foundation Fund for the financial years ended 31 March 2020/2019.

25. OTHER CAPITAL FUND

The fund was established for the CWS to purchase motor vehicle and provide staff training.

Balance at beginning of year	8,904	15,004
Add: *Receipts*		
Donation received from tax exempt	50,485	–
Donation received from non-tax exempt	19,525	–
	78,914	15,004
Less: *Expenditure*		
Staff training	–	(6,100)
Balance at end of year	78,914	8,904

26. EMPLOYEE BENEFITS

	2020 $	2019 $
Salaries, bonuses and allowances	11,542,279	11,323,447
Central Provident Fund contribution	1,002,753	907,389
	12,545,032	12,230,836

The above employee benefit is charged to:

	2020 $	2019 $
Statement of comprehensive income:		
– Administration expenses	11,880,601	11,394,349
– Social service programmes	393,024	392,836
– Hearts@work	181,832	164,324
Statement of financial position:		
Funds		
– Community Silver Trust Fund	89,575	279,327
	12,545,032	12,230,836

The three highest paid staff received emoluments in the following bands:

	2020	2019
Above $200,000	1	1
Above $100,000	2	2
Below $100,000	–	–

27. TAX-EXEMPT RECEIPTS

The CWS enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deduction for the donations made to the CWS in calendar years 2019 and 2020. The status for Institution of Public Character (IPC) has been renewed for 3 years effective from 1 January 2019 to 31 December 2021 for general donations under the Ministry of Social And Family Development.

	2020 $	2019 $
The CWS issued tax-exempt receipts for donations collected	1,871,887	1,645,756

27. TAX-EXEMPT RECEIPTS (continued)

The tax-exempt donations received during the year are as follows:

	2020 $	2019 $
Statement of comprehensive income		
Catholic Welfare Services, Singapore	1,139,013	929,163
Social and Welfare (St. Vincent Home, Gift of Love Home and others)	46,100	5,120
St. Joseph's Home	360,116	466,218
St. Theresa's Home	154,863	163,855
Villa Francis Home for the Aged	121,310	81,400
	1,821,402	1,645,756
Statement of financial position		
Other capital funds	50,485	–
Total	1,871,887	1,645,756

28. OPERATING LEASE COMMITMENTS

(i) *As lessee*

The CWS had entered into commercial leases mainly on office equipment and premises. These leases had an average tenure of between 1 to 5 years with no renewal option or contingent rent provision included in the contracts. There were no restriction placed upon the CWS by entering into these leases.

As at 31 March 2019, the future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

	2019 $
Not later than one year	332,925
Later than one year but not later than five years	397,155
	730,080

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2019 amounted to $678,952.

As at 31 March 2019, operating lease commitments included an amount of $466,766 relating to the lease of the CWS's premises at Waterloo Street for which the umbrella body for Catholic charities, Caritas Singapore Community Council has undertaken to give a grant for the lease payments to the CWS, for the entire duration of ten years starting from 11 December 2013.

As at 31 March 2019, Operating lease commitments included an amount of $187,573 relating to the lease of the St. Joseph's Home and Villa Francis Home for the Aged's premises which are fully subsidised by Ministry of Health.

28. OPERATING LEASE COMMITMENTS (continued)

(i) *As lessee (continued)*

As disclosed in Note 2(a), the CWS has adopted FRS 116 on 1 April 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 March 2020, except for short-term and low value leases.

(ii) *As lessor*

The CWS has entered into commercial property leases mainly for office and warehouse premises. These non-cancellable leases have remaining lease terms of 2 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivable under non-cancellable operating leases as at the end of reporting period as follows:

	2020 $	**2019** $
Not later than one year	–	20,400
Later than one year but not later than five years	–	1,700
	–	22,100

29. RELATED PARTY DISCLOSURES

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

(i) *Significant related party transactions*

Boys' Town		
Donation to YouthReach Programme	150,000	150,000

The above entity is deemed to be related to the CWS by virtue of certain common board members with the CWS.

Caritas Singapore Community Council		
Rental grant received	98,266	98,266
Donation received during Charities Week Campaign	300,000	300,000

29. RELATED PARTY DISCLOSURES (continued)

(ii) *Compensation of key management personnel*

Key management personnel of the CWS are those persons having the authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the CWS. The executive directors and top executives of the Homes and the chief operating officer and assistant director of CWS are considered as key management personnel of the CWS.

	2020	2019
Number of key management in compensation band:		
Less than $100,000	1	1
$100,001 to $150,000	8	8
$150,001 to $200,000	1	1
S200,001 to $250,000	1	1

The Board of Governors, or people connected with them, has not received remuneration, or other benefits, from CWS for which they are responsible, or from institutions connected with CWS.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The CWS is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and investment risk. The CWS's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimise potential adverse effects on the financial performance of the CWS. The CWS has written financial risk management policies and guidelines and there has been no change to the CWS's exposure to these financial risks or manner in which it manages and measures the risks.

The following sections provide details regarding the CWS's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objective, policies and processes for the management of these risks.

(i) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The CWS's exposure to credit risk arises from all carrying amount of the respective recognised financial assets including cash and short-term deposits, fixed deposits and investment funds. The CWS minimises credit risk by dealing exclusively with reputable and well-established local and foreign banks, and companies with high credit ratings and no history of defaults.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) ***Credit risk (continued)***

Exposure to credit risk

Trade receivables

For trade receivables, mean-testing procedures are carried out for these resident in nursing home prior to signing the undertaking agreement. On an ongoing basis, the CWS monitor the outstanding balance of the resident by ageing profile to minimise exposure to credit risk.

The CWS uses an allowance matrix to measure ECLs of trade receivables from individual residents, which comprise a very large number of small balances. Expected credit loss rate is calculated based on historical credit loss experience over the past three years, and adjusted appropriate to reflect current conditions and estimate of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix (Note 8).

Investment securities at amortised cost

The CWS's investments in quoted bonds are considered to be low risk investment. The credit rating of the investment are monitor for credit deterioration.

For the purpose of impairment assessment for these debt instruments, the loss allowance is measured at an amount equal to 12-months expected credit losses (ECL).

In determining the ECL, the CWS has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Credit risk concentration profile

At the end of the reporting period, there were no significant concentrations of credit risk due to the CWS's many varied residents.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are those resident with good payment record with the CWS. Cash and short term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit rating and no history of default.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) *Credit risk (continued)*

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 8 (Trade receivables).

(ii) *Liquidity risk*

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

The CWS maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their nursing operations through public donation and subvention income from government. Management monitors this regularly to keep its liquidity risk to an appropriate level and mitigate the effects of fluctuation in cash flows.

The table below analyses the maturity profile of the CWS's financial liabilities at the end of the reporting period, based on contractual undiscounted payments.

	Total	Within one year	Within two to five years
	$	$	$
2020			
Other payables	3,707,800	3,707,800	–
Lease liabilities	8,952,315	2,056,260	6,896,055
	12,660,115	5,764,060	6,896,055
2019			
Other payables	4,732,599	4,732,599	–

(iii) *Investment risk*

The CWS manages its surplus funds in accordance with guidelines set out by the Board in order to achieve investment objectives. The target asset allocations of the composition of the portfolio are monitored by the investment committee regularly. The investment committee meets regularly to review the portfolio. At the end of the reporting period, if the coupon rate of the bonds invested had been 50 basis points higher/lower with all other variables held constant, the CWS's surplus for the year would have been $5,002 (2019: $17,571) higher/lower.

31. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting period by FRS 109 categories.

	2020 $	2019 $
Financial assets at amortised cost		
Investment securities	1,000,469	3,514,273
Trade receivables	649,184	674,641
Other receivables	1,523,585	5,823,074
Fixed deposits	62,778,442	26,514,823
Cash and cash equivalents	26,963,340	34,643,065
	92,915,020	71,169,876
Financial liabilities at amortised cost		
Other payables	3,707,800	4,732,599

32. FAIR VALUE OF ASSETS AND LIABILITIES

The CWS categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Fair value hierarchy

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the CWS can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(1) *Assets not carried at fair value but for which fair value is disclosed*

	Significant other observable inputs (Level 2)	
	2020 $	2019 $
Non-financial assets:		
Investment properties	2,068,362	1,882,565

Determination of fair value

The fair value is determined based on a direct comparison basis by reference to the recent transacted price for the similar property in the market.

33. FUND MANAGEMENT

The primary objective of the CWS is to ensure that it maintains a healthy working capital position through donations and government grants to sustain its operations.

There are no changes in the CWS's approach to fund management during the year.

34. EVENTS OCCURRING AFTER THE REPORTING PERIOD

COVID-19 pandemic outbreak

The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of COVID-19 has created a high level of uncertainty to the near-term global economic prospects and caused disruptions to various businesses. A series of measures to curb the COVID-19 outbreak have been and continue to be implemented in Singapore, including requirements to limit or suspend business operations, travel restrictions and quarantine measures. The CWS is taking precautionary measures to deal with the COVID-19 outbreak in accordance with guidelines provided by the Government.

As the situation relating to the spread remains dynamic, it is currently not possible to ascertain the full financial impact it may have on the financial performance of the CWS for the next financial reporting period.

The CWS is closely monitoring the development of the COVID-19 outbreak and its related impact on the businesses. As at the date of these financial statements, the CWS is not aware of any material adverse effects on the financial statements arising from the COVID-19 outbreak.

35. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Governors on 09 October 2020.

The accompanying Supplementary Financial Position and Supplementary Statement of Comprehensive Income have been prepared for management purposes only and does not form part of the audited financial statements.

Catholic Welfare Services, Singapore
(UEN: S61SS0167J)

Supplementary Statement of Financial Position as at 31 March 2020

	2020 $	2019 $
Non-current assets		
Plant and equipment	177,650	199,514
Investment properties	287,037	318,929
Investment securities	1,000,469	3,514,273
	1,465,156	4,032,716
Current assets		
Trade receivables	8,193	3,799
Other receivables	648,831	605,111
Imprest accounts	900,000	900,000
Fixed deposits	30,009,907	2,388,435
Cash and cash equivalents	6,328,148	21,565,748
	37,895,079	25,463,093
Current liabilities		
Other payables	1,729,345	890,620
Deferred capital grant	57,636	71,997
	1,786,981	962,617
Net current assets	36,108,098	24,500,476
Net assets	37,573,254	28,533,192
Funds		
Unrestricted funds		
General funds	1,172,771	345,112
Project Funds	28,363,567	28,249,150
Restricted fund		
Care and Share Fund	(68,071)	(61,070)
Dr. Lim Boon Tiong Foundation Fund	1,340,075	–
Emmanuel 2nd Chance Education Fund	6,764,912	–
Total funds	37,573,254	28,533,192

Catholic Welfare Services, Singapore
(UEN: S61SS0167J)

Supplementary Statement of Comprehensive Income
for the financial year ended 31 March 2020

	2020 $	2019 $
Income		
Charities Week campaign	300,000	300,000
Donations – Non-tax exempt	810,693	111,183
Donations – Tax exempt	1,871,887	1,645,756
Government Grants – AIC Community Care Day	1,600	–
– Childcare leave	–	486
– Special employment credit	7,024	6,206
– Wage credit scheme	13,665	18,446
Interest income	513,688	678,996
Investment written off recovered	10,153	8,201
Programme fees	57,660	54,720
Reimbursement income	93,685	22,591
Rental grant from Caritas Singapore Community Council	98,266	98,266
Rental income	13,317	18,700
Registration fee for charity walkathon	–	12,026
Sale of Funfair Tickets	28,038	–
Sundry income	703	–
Amortisation of deferred capital grant	14,361	14,363
	3,834,740	2,989,940
Less: Expenditure	(3,007,081)	(3,402,049)
Surplus/(deficit) for the year	827,659	(412,109)
Other comprehensive income:		
Financial assets carried at fair value through OCI		
– Unrealised loss reclassified to income and expenditure upon dispsoal	–	91,580
Other comprehensive income for the year	–	91,580
Total comprehensive income/(loss) for the year	827,659	(320,529)

Catholic Welfare Services, Singapore
(UEN: S61SS0167J)

Supplementary Statement of Comprehensive Income
for the financial year ended 31 March 2020 – continued

	2020 $	2019 $
EXPENDITURE		
Administrative expenses		
Affiliation fees	117	117
Auditor's remuneration	12,000	12,000
Bank charges	14,962	14,120
Central Provident Fund contribution	59,656	53,963
Commission	–	5,000
Communication	7,592	6,860
Depreciation	52,939	55,418
General insurance	3,866	2,996
GST expense	6,006	5,961
Loss on disposal of investment in securities	–	526,957
Miscellaneous	2,177	575
Non-capitalised plant and equipment	2,833	489
Office equipment and supplies	18,899	19,084
Postage	3,121	3,168
Printing and stationery	11,808	13,695
Professional fee	350	972
Public relations	957	1,212
Rental – building	98,266	98,266
Skill development levy	941	829
Staff costs – bonus	116,948	106,286
– medical	2,941	3,654
– salaries	562,010	486,884
– training	2,262	5,170
– welfare	5,302	5,900
Transport and travelling expenses	10,100	9,509
Upkeep of vehicles and ambulances	19,167	19,541
Utilities	7,373	7,396
	1,022,593	1,466,022
Projects		
CWS/BT YouthReach	150,000	150,000
Emergency relief & Samaritan aid	68,199	74,837
Food Relief Programme	85,687	91,223
Gift of Love Home	–	1,589
Hearts@work	278,785	266,212
HUB activities	1,021	2,058
Night mission	50,618	24,347
Scholarship aid	34,800	34,020
Social Services Programmes	399,337	399,439
St. Joseph's Home	360,116	466,218
St. Theresa's Home	205,348	163,855
St. Vincent Home	60,850	61,246
Villa Francis Home For The Aged	121,310	81,400
	1,816,071	1,816,444

Catholic Welfare Services, Singapore
(UEN: S61SS0167J)

Supplementary Statement of Comprehensive Income
for the financial year ended 31 March 2020 – continued

	2020 $	2019 $
EXPENDITURE (continued)		
Welfare and educational grants		
Relief and welfare work	46,100	5,120
	46,100	5,120
Special projects and events		
Christmas Party	4,982	6,484
Contributions to special events	40,318	58,874
Funfare event expenditure	30,993	–
Hoa Nam Building expenditure	46,024	49,105
	122,317	114,463
Total expenditure	3,007,081	3,402,049