

YOUNG WOMEN'S CHRISTIAN  
ASSOCIATION OF SINGAPORE

UNIQUE ENTITY NUMBER: S61SS0075J

**REPORT AND  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2017

**LO HOCK LING & CO**

*Chartered Accountants Singapore*

盧鶴齡會計公司



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# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

## CORPORATE INFORMATION 2017

### 1. INSTRUMENT SETTING UP THE ASSOCIATION

Constitution of Young Women's Christian Association of Singapore

### 2. UNIQUE ENTITY NUMBER OF THE ASSOCIATION

S61SS0075J

### 3. INSTITUTION OF A PUBLIC CHARACTER

IPC 000427

### 4. REGISTERED ADDRESS

254 Outram Road, Singapore 169051

### 5. KEY EXECUTIVE COMMITTEE

<u>Name</u>	<u>Designation</u>
Ms Mavis Tsoi	President
Ms Janet Tan	1 <sup>st</sup> Vice-President
Mrs Loh-Chiam Shock Yuen	Honorary Secretary
Ms Gloria Tan	Honorary Treasurer
Ms Tan Kee Leng	Immediate Past President
Mrs Dancy Thong	Member
Mrs Jennifer Vayding	Member

### 6. AUDIT COMMITTEE

<u>Name</u>	<u>Designation</u>
Mrs Ma Kheng Min	Chairperson
Mrs Jennifer Vayding	Vice Chairperson
Ms Cheryl Lim	Member
Ms Foo Chek Chiang	Member

### 7. PRINCIPAL BANKERS

DBS Bank Limited  
Standard Chartered Bank  
The Hongkong and Shanghai Banking Corporation Limited  
United Overseas Bank Limited

### 8. INDEPENDENT AUDITORS

Lo Hock Ling & Co.  
Chartered Accountants Singapore

### 9. LAWYERS

Chan Neo LLP  
Advocates & Solicitors • Notaries Public • Commissioners for Oaths  
Wee Tay & Lim LLP  
Advocates & Solicitors

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## Statement By Board of Management

In our opinion, the financial statements set out on pages 6 to 29 are properly drawn up in accordance with Singapore Financial Reporting Standards and the Societies Act, Cap. 311 so as to present fairly, in all material respects, the financial position of Young Women's Christian Association of Singapore (the "Association") as at 31 December 2017 and the financial performance, changes in funds and cash flows of the Association for the year ended on that date.

On behalf of the Board,



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Ms. Mavis Tsoi  
President



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Ms Gloria Tan  
Honorary Treasurer

Singapore, 19 MAR 2018

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Young Women's Christian Association of Singapore (the "Association") set out on pages 6 to 29, which comprise the statement of financial position (balance sheet) as at 31 December 2017, 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, Cap. 311 (the "Societies Act"), Charities Act, Cap. 37 (the "Charities Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Association as at 31 December 2017 and of the financial performance, changes in funds and cash flows of the Association 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 Association in accordance with the *Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Corporate Information 2017 and the Statement by Board of Management set out on pages 1 and 2 and the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Societies Act, Charities Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board of Management is responsible for overseeing the Association's financial reporting process.

Continued

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### Report on Other Legal and Regulatory Requirements

In our opinion,

- (a) the accounting and other records required by the regulations enacted under the Societies Act and Charities Act to be kept by the Association have been properly kept in accordance with those regulations; and
- (b) the fund-raising appeal held during the year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

Continued

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

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

- (i) the use of the donation monies was not in accordance with the objectives of the Association as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (ii) the Association has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

Singapore, 19 MAR 2018



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

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## Statement of Comprehensive Income for the year ended 31 December 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		\$	\$
<b><u>INCOME</u></b>			
Membership subscriptions		30,891	32,275
Service centre fees	3	4,739,140	5,381,213
Hostel income	4	9,488,700	10,033,334
Donations and fund raising income	5	308,343	317,279
Government grants	6	1,516,112	1,602,560
Amortisation of deferred capital grants	17	42,994	53,127
Other income	7	932,252	1,370,601
		17,058,432	18,790,389
<b><u>LESS: EXPENDITURE</u></b>			
Service centres expenses		6,530,063	6,485,213
Hostel, food and beverages expenses		7,285,877	7,280,932
Fund raising expenses	5	12,731	11,236
General and administrative expenses		2,801,527	2,688,644
	8	16,630,198	16,466,025
Surplus for the year transferred to general fund		428,234	2,324,364
<b><u>Other Comprehensive Income</u></b>			
Items that will not be reclassified subsequently to profit or loss			
Net movement in Designated Funds:			
- Training Fund	16	(9,116)	(4,453)
Other comprehensive income for the year		(9,116)	(4,453)
Total comprehensive income for the year		419,118	2,319,911

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



# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## Statement of Financial Position as at 31 December 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		\$	\$
<b><u>ASSETS</u></b>			
<b><u>Non-Current Assets</u></b>			
Property, plant and equipment	9	23,338,292	24,774,632
Investment property	10	349,649	355,635
		23,687,941	25,130,267
<b><u>Current Assets</u></b>			
Hostel inventories	11	28,204	30,648
Trade receivables	12	269,153	271,279
Other receivables	13	922,379	444,026
Fixed deposits with financial institutions	14	12,326,999	11,305,100
Cash and bank balances	23	2,594,769	2,879,709
		16,141,504	14,930,762
<b>Total Assets</b>		<b>39,829,445</b>	<b>40,061,029</b>
<b><u>FUNDS AND LIABILITIES</u></b>			
<b><u>Accumulated Funds</u></b>			
General fund		36,372,057	35,648,089
Capital replacement fund	15	1,184,603	1,480,337
Training fund	16	43,452	52,568
<b>Total Accumulated Funds</b>		<b>37,600,112</b>	<b>37,180,994</b>
<b><u>Non-Current Liability</u></b>			
Deferred capital grants	17	74,411	81,397
		74,411	81,397
<b><u>Current Liabilities</u></b>			
Trade payables	18	253,806	412,170
Other payables	19	1,885,177	1,830,426
Deferred income	20	15,939	556,042
		2,154,922	2,798,638
<b>Total Liabilities</b>		<b>2,229,333</b>	<b>2,880,035</b>
<b>Total Equity And Liabilities</b>		<b>39,829,445</b>	<b>40,061,029</b>

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

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## Statement of Changes in Accumulated Funds for the year ended 31 December 2017

Unrestricted Funds					
	<u>Notes</u>	<u>General fund</u>	<u>Capital replacement fund</u>	<u>Training fund</u>	<u>Total funds</u>
		\$	\$	\$	\$
Balance as at 1 January 2016		34,719,848	84,214	57,021	34,861,083
Total comprehensive income for the year		2,324,364	-	(4,453)	2,319,911
Transfer of funds	15	(1,396,123)	1,396,123	-	-
Balance as at 31 December 2016		35,648,089	1,480,337	52,568	37,180,994
Total comprehensive income for the year		428,234	-	(9,116)	419,118
Transfer of funds	15	295,734	(295,734)	-	-
Balance as at 31 December 2017		36,372,057	1,184,603	43,452	37,600,112

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

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## Statement of Cash Flows for the year ended 31 December 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		\$	\$
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Total comprehensive income for the year		419,118	2,319,911
Adjustments for:			
Depreciation on property, plant and equipment	9	1,844,518	1,753,578
Depreciation on investment property	10	5,986	5,985
Gain on disposal of property, plant and equipment		(2,403)	(442)
Property, plant and equipment written off		6,769	5,282
Amortisation of deferred capital grants	17	(42,994)	(53,127)
Government grants	6	(1,516,112)	(1,602,560)
Interest income		(153,396)	(135,171)
		142,368	(26,455)
Operating surplus before working capital changes		561,486	2,293,456
Increase in inventories		2,444	(2,763)
Increase in receivables		(480,240)	(37,776)
Decrease in payables		(643,716)	(947,354)
Changes in working capital		(1,121,512)	(987,893)
Net cash (used in)/from operating activities		(560,026)	1,305,563
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest received		157,409	97,107
Purchase of property, plant and equipment	9	(416,664)	(1,624,555)
Proceeds from disposal of property, plant and equipment		4,120	442
Increase in fixed deposits pledged with banks and/or with maturities over 3 months		(1,155,911)	(2,461,385)
Net cash used in investing activities		(1,411,046)	(3,988,391)
<b><u>CASH FLOWS FROM FINANCING ACTIVITY:</u></b>			
Government grants received		1,552,120	1,668,310
Net cash from financing activity		1,552,120	1,668,310
Net decrease in cash and cash equivalents		(418,952)	(1,014,518)
Cash and cash equivalents at beginning of the year		3,013,721	4,028,239
Cash and cash equivalents at end of the year	23	2,594,769	3,013,721

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

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

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## NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017

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

### 1. GENERAL INFORMATION

- (a) The Young Women's Christian Association of Singapore is an Association registered in Singapore under the Societies Act, Cap. 311 and the Charities Act, Cap.37. It is also an Institution of a Public Character ("IPC") under the Ministry Social and Family Development for a period of three years till 30 June 2019. Its registered office is located at 254 Outram Road, Singapore 169051.
- (b) The principal activities of the Association consist of the provision of childcare services, educational support for children with special needs (mild), meals-on-wheels, senior citizens' fellowship and the operation of hostels.

The Association operates 10 (2016: 10) childcare centres and 2 (2016: 2) hostels in Singapore.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The Association presents its financial statements in Singapore dollars ("S\$"), which is also its functional currency.

These financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below, and comply with Singapore Financial Reporting Standards (FRS), including related Interpretations promulgated by the Accounting Standards Council.

During the financial year, the Association adopted all the applicable new/revised FRSs which are effective on or before 1 January 2017.

The adoption of these new/revised FRSs did not have any material effect on the Association's financial statements and did not result in substantial changes to the Association's accounting policies.

#### (b) Significant Accounting Estimates and Judgements

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

##### (A) *Key Sources Of Estimation Uncertainty*

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

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Significant Accounting Estimates and Judgements (continued)

#### (A) *Key Sources of Estimation Uncertainty* (continued)

##### (i) *Depreciation on Property, Plant and Equipment and Investment Property*

The costs of property, plant and equipment and investment property are depreciated on a straight line basis over their estimated useful lives. Management's estimates of the useful lives of property, plant and equipment and investment property are disclosed in notes 2(j) and 2(k) respectively. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amounts of property, plant and equipment and investment property and their respective depreciation charge for the year are disclosed in notes 9 and 10 respectively.

##### (ii) *Impairment of Trade Receivables*

The impairment policy for bad and doubtful debts of the Association is based on the evaluation of collectability and ageing analysis of the hostel trade receivables and on management's judgement. At the balance sheet date, hostel trade receivables amounting to \$19,041 (2016: \$24,171) were past due but regarded as not impaired. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each customer. If the financial condition of these customers were to deteriorate, resulting in an impairment of their ability to make payment, allowance for impairment will be required.

#### (B) *Critical Judgements Made In Applying Accounting Policies*

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

##### *Impairment of Non-Financial Assets*

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

### (c) FRSs issued but not yet effective

The Association has not applied any new FRS that has been issued but is not yet effective. The committees plan to adopt these FRSs in the financial year commencing on or after their respective effective dates.

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) FRSs issued but not yet effective (continued)

The new FRSs issued but are not yet effective that are relevant to the Association's financial statements are as follows:

<u>New FRSs relevant to the Association's financial statements:</u>	<u>Effective for annual periods beginning on or after</u>
FRS 116 Leases	1 January 2019

The nature of the impending changes in accounting policy on adoption of the above new FRSs are described below.

#### FRS 116 Leases

FRS 116, which replaces *FRS 17 Leases* and the related Interpretations when it becomes effective, requires lessees to recognise most leases on the balance sheet to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees - short-term leases and leases of 'low value' assets.

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

#### Potential impact on financial statements

FRS 116 requires a lessee to apply this Standard retrospectively in accordance with the requirements of the Standard on its effective date on 1 January 2019 when the Standard becomes effective for the Association.

Based on preliminary assessment of the Association's existing operating lease arrangements as a lessee, the management expects most of the operating leases to be recognised as right-of-use (ROU) assets with corresponding lease liabilities under the new standard.

### (d) Revenue Recognition

#### (i) *Membership Subscriptions*

Membership subscriptions are recognised as income upon receipt.

#### (ii) *Service Fees Income*

Service fees income are recognised at the date of commencement of the term or when services are rendered.

#### (iii) *Hostel, Food and Beverages Income*

Income from room sales and hostel related services are recognised when the services are rendered.

Income from sale of food and beverages are recognised upon delivery and acceptance by the customer.

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Revenue Recognition (continued)

#### (iv) *Donations and Fund Raising Income*

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

Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

#### (v) *Interest Income*

Interest income is recognised on a time-proportion basis, using the effective interest method.

#### (vi) *Rental Income*

Rental income from operating leases is recognised on a straight line basis over the lease term.

### (e) Grants

A grant is recognised when there is reasonable assurance that the conditions attached to the grant are met and the right to receive payment is established.

#### (i) *Grants Related to Assets*

Grants related to the purchase of depreciable assets are taken to deferred capital grants account. The deferred grants are allocated to profit or loss over the period necessary to match the depreciation of the assets purchased with the related grants.

#### (ii) *Grants Related to Income*

Grants related to income are taken to profit or loss on a systematic basis over the periods in which the Association recognises as expenses the related costs for which the grants are intended to compensate. The grants and the related expenditure are presented separately in profit or loss.

### (f) Employee Benefits

#### (i) *Defined Contribution Plans*

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

#### (ii) *Short-term Compensated Absences*

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

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, being assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### (h) Leases

#### *Operating Leases*

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

When the Association is the lessor, assets leased out under operating leases are included in property, plant and equipment/investment property. Income arising from such operating lease is recognised on a straight line basis over the lease term.

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

### (i) Income Taxes

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

### (j) Property, Plant and Equipment

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

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

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

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

Building at Outram Centre	99 years
Building at Fort Canning Lodge (FCL)	30 to 35 years
Renovations and building improvements	3 to 35 years
Furniture and fittings	10 years
Office equipment and computer system	5 years
Electrical installations	10 years
Motor vehicles	5 years
Landscaping	10 years



# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (j) Property, Plant and Equipment (continued)

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

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

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

### (k) Investment Property

Investment property is held for long term rental yields and/or for capital appreciation. Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated on the straight line basis over the remaining period of the lease, which will expire on 1 June 2076, so as to write off the cost, less residual value, of the asset over its estimated useful lives.

The residual value, useful life and depreciation method of investment property are reviewed and adjusted as appropriate, at each balance sheet date.

Investment property is subject to renovation or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to the statement of comprehensive income. The costs of maintenance, repairs and minor improvements are charged to the statement of comprehensive income.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

### (l) Hostel Inventories

Hostel inventories, comprising unconsumed food and beverages, are stated at lower of cost and net realisable value. Cost is determined by applying the first-in first-out formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

### (m) Receivables

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

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

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (m) Receivables (continued)

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

### (n) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash with banks, including unpledged fixed deposits with maturity of three months or less. Short-term deposits which are held to maturity are carried at cost.

### (o) Funds

General funds are unrestricted funds available for use at the discretion of the Board of Management for the furtherance of the Association's objectives.

Designated funds are unrestricted funds which are designated for specific projects or programmes. Currently, the Association has two designated funds, namely, Capital Replacement Fund and Training Fund as detailed in notes 15 and 16 respectively.

### (p) Financial Liabilities

Financial liabilities include trade and other payables, payables to related parties, and interest-bearing loans and borrowings.

Financial liabilities are recognised on the balance sheet when the Association becomes a party to the contractual provisions of the financial instrument.

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

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at fair value through profit or loss, including derivatives, which are measured at fair value. Financial liabilities with a short duration are not discounted.

A financial liability is derecognised when the contractual obligation is discharged or cancelled or expires. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

### (q) Provisions

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (r) Impairment of Non-Financial Assets

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

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

## 3. SERVICE CENTRE FEES

	<u>2017</u>	<u>2016</u>
	\$	\$
Service fees income from:		
- Ang Mo Kio Childcare Development Centre ("CDC")	500,053	561,105
- Bedok CDC	605,798	563,557
- Bishan CDC	389,655	510,119
- Bukit Gombak CDC	544,763	595,519
- Jurong East CDC	193,096	310,884
- Marine Drive CDC	422,433	499,130
- McNair CDC	568,004	617,650
- Outram CDC	605,786	601,462
- Pasir Ris CDC	491,310	538,711
- West Coast CDC	279,331	347,236
- Educational Support Unit	138,911	235,840
	<u>4,739,140</u>	<u>5,381,213</u>

## 4. HOSTEL INCOME

	<u>2017</u>	<u>2016</u>
	\$	\$
Room revenue	5,497,818	5,819,811
Food and beverage revenue	1,084,450	1,035,766
Banquet revenue	1,073,642	1,293,461
Service charges	769,076	818,874
Operating lease income	1,046,298	1,046,472
Others	17,416	18,950
	<u>9,488,700</u>	<u>10,033,334</u>

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

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5. <u>DONATIONS, FUND RAISING INCOME AND EXPENSES</u>	<u>2017</u>	<u>2016</u>
	\$	\$
<u>Donations and fund raising income:</u>		
Outright donations and direct appeals	160,414	159,338
Income from fund raising events	147,929	157,941
	308,343	317,279
<u>Fund raising expenses:</u>		
Direct costs incurred for fund raising events	12,731	11,236
Total gross donations received (including donations received from fund raising events) which qualify for tax deduction amounted to \$204,881 (2016: \$215,471).		
Total expenses incurred on public fund-raising appeals in the financial year did not exceed 30% of total donations collected through the public appeals in the same year. The Association had complied with the 30/70 fund-raising rule set out in Regulation 15 of the Charities (Institutions of A Public Character) Regulations.		
6. <u>GOVERNMENT GRANTS</u>	<u>2017</u>	<u>2016</u>
	\$	\$
VWOs Charity Capability Fund Consultancy Grant	47,606	144,647
Integrated Child Care Programme (ICCP) Specialist Support Grant (a)	107,776	61,907
Partner Operator (POP) Scheme Grant (b)	1,360,730	1,396,006
	1,516,112	1,602,560
(a) The ICCP supports the provision of educational psychological services for children with special needs (mild).		
(b) The POP Scheme supports child care operators to keep fees affordable, build capabilities to raise quality, and improve career prospects for Early Childhood professionals.		
7. <u>OTHER INCOME</u>	<u>2017</u>	<u>2016</u>
	\$	\$
Interest income	153,396	135,171
Gain on disposal of property, plant and equipment	2,403	442
Government grant - special employment credit	278,194	613,142
Operating lease income from investment property	59,223	59,222
Other rental income	5,509	6,594
Sundry income from service centres:		
- Celebrations	45,611	54,035
- Enrichment programmes	259,787	360,672
- Outings	54,647	46,078
- Projects	13,927	12,236
- Registration fees	12,800	11,757
- Uniform for children	12,558	24,863
Others	34,197	46,389
	932,252	1,370,601

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

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## 8. TOTAL EXPENDITURE

Included in total expenditure are the following expenses which have not been otherwise disclosed in the statement of comprehensive income:-

	<u>2017</u>	<u>2016</u>
	\$	\$
Bad debt written off		
- trade	-	5,189
- non-trade	-	2,481
Depreciation on investment property (note 10)	5,986	5,985
Depreciation on property, plant and equipment (note 9)	1,844,518	1,753,578
Direct operating expenses arising from income generating investment property	18,752	19,522
Employee benefits expense (note 21)	9,113,623	8,579,769
Audit fees:		
- statutory audit	26,500	26,500
- internal audit	29,500	12,500
- others	16,928	21,177
Operating lease expenses	121,706	135,880
Property, plant and equipment written off	6,769	5,282

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## 9. PROPERTY, PLANT AND EQUIPMENT

	Building at Outram Centre	Building at FCL	Renovations and building improvements	Furniture and fittings	Office equipment and computer system	Electrical installations	Motor vehicles	Landscaping	Total
Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2016	2,486,322	30,927,374	9,846,315	1,897,276	1,166,751	354,679	126,425	33,000	46,838,142
Additions	-	-	1,093,207	141,333	140,552	850	248,613	-	1,624,555
Disposal/written off	-	-	(2,275)	(16,534)	(34,135)	-	(30,133)	-	(83,077)
At 31 December 2016 and 1 January 2017	2,486,322	30,927,374	10,937,247	2,022,075	1,273,168	355,529	344,905	33,000	48,379,620
Additions	-	-	149,237	119,286	140,221	7,920	-	-	416,664
Disposal/written off	-	(3,460)	-	(18,942)	(24,840)	-	-	-	(47,242)
At 31 December 2017	2,486,322	30,923,914	11,086,484	2,122,419	1,388,549	363,449	344,905	33,000	48,749,042
Accumulated depreciation									
At 1 January 2016	738,765	13,629,600	5,022,249	1,217,564	852,965	308,637	126,425	33,000	21,929,205
Charge for the year	44,242	888,160	556,670	106,346	111,241	7,472	39,447	-	1,753,578
Disposal/written off	-	-	(2,275)	(11,419)	(33,968)	-	(30,133)	-	(77,795)
At 31 December 2016 and 1 January 2017	783,007	14,517,760	5,576,644	1,312,491	930,238	316,109	135,739	33,000	23,604,988
Charge for the year	44,242	888,152	617,127	119,380	117,868	8,026	49,723	-	1,844,518
Disposal/written off	-	(1,743)	-	(12,734)	(24,279)	-	-	-	(38,756)
At 31 December 2017	827,249	15,404,169	6,193,771	1,419,137	1,023,827	324,135	185,462	33,000	25,410,750
Carrying amount									
At 31 December 2017	1,659,073	15,519,745	4,892,713	703,282	364,722	39,314	159,443	-	23,338,292
At 31 December 2016	1,703,315	16,409,614	5,360,603	709,584	342,930	39,420	209,166	-	24,774,632

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

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9. PROPERTY, PLANT AND EQUIPMENT (continued)

The building at Outram Centre has a 99-year lease commencing from 1 July 1956.

The building at FCL refers to the Fort Canning Lodge (FCL). Approximately 75% of the land on which FCL is situated is leasehold land with a 999-year lease commencing from 1 July 1914 whilst the remaining 25% of the land is leasehold land with a 99-year lease that expired on 31 December 2014. The Association has obtained a renewal of this expired lease for a further term of 30 years from 1 January 2015 to 31 December 2044.

The building at FCL with a carrying amount of \$15,519,745 (2016: \$16,409,614) has been mortgaged to secure banking facilities granted to the Association.

10. INVESTMENT PROPERTY

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>Cost</u>		
At 1 January and 31 December	<u>652,725</u>	<u>652,725</u>
<u>Accumulated depreciation</u>		
At 1 January	297,090	291,105
Charge for the year	<u>5,986</u>	<u>5,985</u>
At 31 December	<u>303,076</u>	<u>297,090</u>
<u>Carrying amount</u>		
At 31 December	<u>349,649</u>	<u>355,635</u>

The above investment property, comprising two commercial units at Orchard Plaza, has a 99-year lease expiring on 1 June 2076.

The fair value of the property, amounting to approximately \$2.13 million (2016: \$2.07 million) as at balance sheet date, is determined by independent professional valuers, Premas Valuers & Property Consultants Pte Ltd, on the basis of comparable sales by reference to market evidence of transaction prices for similar properties. This represents fair value measurement under hierarchy level 2, as explained in note 28.

11. HOSTEL INVENTORIES

	<u>2017</u>	<u>2016</u>
	\$	\$
Hostel inventories, at cost	<u>28,204</u>	<u>30,648</u>

12. TRADE RECEIVABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Hostel trade receivables	<u>269,153</u>	<u>271,279</u>

Trade receivables are non-interest bearing and are generally on 30 days' (2016: 30 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

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## 13. OTHER RECEIVABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Non-trade receivables	428,449	139,491
Deposits	140,434	115,984
Interest receivables	75,644	79,657
Prepayments	<u>277,852</u>	<u>108,894</u>
	<u>922,379</u>	<u>444,026</u>

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

## 14. FIXED DEPOSITS WITH FINANCIAL INSTITUTIONS

	<u>2017</u>	<u>2016</u>
	\$	\$
Fixed deposits with banks	<u>12,326,999</u>	<u>11,305,100</u>

Fixed deposits amounting to \$175,000 (2016: \$187,300) have been pledged to banks as securities for overdraft and performance guarantee facilities.

Fixed deposits mature within one year (2016: one year) and earn interest at rates ranging from 0.07% to 1.30% (2016: 0.05% to 1.50%) per annum.

The funds represented by the above fixed deposits are as follows:-

	<u>2017</u>	<u>2016</u>
	\$	\$
General fund	11,098,944	9,772,195
Capital replacement fund (note 15)	1,184,603	1,480,337
Training fund (note 16)	<u>43,452</u>	<u>52,568</u>
	<u>12,326,999</u>	<u>11,305,100</u>

## 15. CAPITAL REPLACEMENT FUND

The Capital Replacement Fund is an unrestricted designated fund set up by the Board of Management for the purpose of funding the refurbishment and renovation of Fort Canning Lodge (FCL). FCL contributes part of its operating surplus on a regular basis to build up this fund. From time to time, the Board determines and authorises the amount of operating surplus derived from FCL's operations to be transferred from the General Fund to this fund.



# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

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## 15. CAPITAL REPLACEMENT FUND (continued)

During the year, the net movements in the Capital Replacement Fund are as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance at beginning of the year	1,480,337	84,214
Movements for the year:		
Amount transferred from General Fund	-	2,000,000
Amount utilised	(295,734)	(603,877)
Net movements for the year	(295,734)	1,396,123
Balance at end of the year (note 14)	1,184,603	1,480,337

## 16. TRAINING FUND

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance at beginning of the year	52,568	57,021
Amount utilised during the year	(9,116)	(4,453)
Balance at end of the year (note 14)	43,452	52,568

The Training Fund is an unrestricted designated fund used to fund teachers training programmes for the service centres.

## 17. DEFERRED CAPITAL GRANTS

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance at beginning of the year	81,397	68,774
Add: Grants received during the year	36,008	65,750
Less: Amortisation of deferred capital grants during the year	(42,994)	(53,127)
Balance at end of the year	74,411	81,397

The above represents government grants received for the purpose of funding capital expenditure and major repair works carried out in various childcare development centres operated by the Association.

## 18. TRADE PAYABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Hostel trade payables	92,879	219,586
Goods and Service Tax payables	160,927	192,584
Balance at end of the year	253,806	412,170

Trade payables are non-interest bearing and are normally settled within 30 days (2016: 30 days).

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

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## 19. OTHER PAYABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Non-trade payables	200,131	139,511
Refundable deposits	614,944	595,943
Accruals	1,033,989	1,055,811
Provision for unutilised annual leave	36,113	39,161
	<u>1,885,177</u>	<u>1,830,426</u>

Non-trade payables and accruals are unsecured, non-interest bearing and are normally settled within 30 days or on demand.

## 20. DEFERRED INCOME

	<u>2017</u>	<u>2016</u>
	\$	\$
Income received in advance due within 1 year	<u>15,939</u>	<u>556,042</u>
Income received in advance comprise:		
Operating lease income	-	539,758
Service fees income	15,939	16,284
	<u>15,939</u>	<u>556,042</u>

## 21. EMPLOYEE BENEFITS EXPENSE

	<u>2017</u>	<u>2016</u>
	\$	\$
Salaries and related costs	8,212,462	7,725,838
Employer's contributions to Central Provident Fund	901,161	853,931
	<u>9,113,623</u>	<u>8,579,769</u>

## 22. RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Association if the Association has the ability to, directly or indirectly, control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Association and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Association is governed by the Board of Management which is the final authority and has overall responsibility for policy making and determination of all activities. Members of the Board of Management are volunteers and receive no monetary remuneration for their contribution, except for reimbursement of out-of-pocket expenses.

The Association has in place a conflict of interest policy in its code of conduct. All members of the Board of Management and key management personnel are required to declare their interests yearly.

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## 22. RELATED PARTIES (continued)

- (i) The total key management personnel compensation included in employee benefits expense are as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Short-term employee benefits	383,196	374,243
Employer's contributions to Central Provident Fund	<u>34,376</u>	<u>35,339</u>
	<u>417,572</u>	<u>409,582</u>
Number of key management personnel	<u>3</u>	<u>3</u>

- (ii) The annual remuneration of the three highest paid staff classified by remuneration bands are as follows:

	<u>No. of Staff</u>	
	<u>2017</u>	<u>2016</u>
Annual remuneration		
- more than \$100,000 but less than \$200,000	2	2
- not more than \$100,000	1	1

## 23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	<u>2017</u>	<u>2016</u>
	\$	\$
Fixed deposit not pledged with bank and with maturity less than 3 months	-	134,012
Cash and bank balances	<u>2,594,769</u>	<u>2,879,709</u>
	<u>2,594,769</u>	<u>3,013,721</u>

## 24. OPERATING LEASE COMMITMENTS

- (i) Operating lease commitment – where the Association is a lessee

The Association leases office equipment from non-related parties under non-cancellable operating leases.

As at the balance sheet date, the Association has the following lease commitments under non-cancellable operating leases where the Association is the lessee:

	<u>2017</u>	<u>2016</u>
	\$	\$
Lease payments due		
within 1 year	29,220	19,434
after 1 year but not later than 5 years	<u>65,009</u>	<u>43,903</u>
	<u>94,229</u>	<u>63,337</u>

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

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

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## 24. OPERATING LEASE COMMITMENTS (continued)

### (ii) Operating lease commitment – where the Association is a lessor

The Association leases out retail space, swimming pool and carpark at FCL building and its investment property to non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Lease income receivable		
within 1 year	184,240	193,358
after 1 year but not later than 5 years	<u>141,100</u>	<u>45,973</u>
	<u>325,340</u>	<u>239,331</u>

The above operating leases do not provide for contingent rents.

## 25. CAPITAL COMMITMENTS

At the balance sheet date, the Association has capital commitments amounting to \$153,506 (2016: \$95,782) in respect of contracted expenditures for the upgrade and installation of computerised management systems and renovation works which have not been provided for in the financial statements.

## 26. FINANCIAL RISK MANAGEMENT

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

### (i) Credit Risk

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

The management monitors the Association's exposure to credit risks on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount.

Deposits are collected by the service centres in respect of childcare services provided.

Credit evaluations are performed on all tenants. Tenants are required to place security deposits with the Association at the commencement of each tenancy term.

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

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

## 26. FINANCIAL RISK MANAGEMENT (continued)

### (i) Credit Risk (continued)

*Financial assets that are neither past due nor impaired*

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

*Financial assets that are past due but not impaired*

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Hostel trade receivables past due:		
1 to 30 days	14,709	19,137
31 to 60 days	4,332	1,465
over 60 days	-	3,569
	<u>19,041</u>	<u>24,171</u>

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

### (ii) Liquidity risk

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

The Association monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Association's operations and to mitigate the effects of fluctuation in cash flows.

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

### (iii) Interest Rate Risk

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

The Association does not have material interest-bearing financial liabilities and has incurred minimal finance costs during the year. Its exposure to changes in interest rates relates primarily to interest-bearing bank deposits. The Association monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

The interest rates and terms of maturity of financial assets of the Association are disclosed in note 14 to the financial statements.

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

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## 27. RESERVES MANAGEMENT

The primary objective of the Association's reserves management policy is to ensure that it maintains strong and healthy capital ratios in order to support its operations and future growth.

The Association targets to maintain an optimum level of general fund which is equivalent to three years of its budgeted expenditures relating to the operations of its service centres. The Association regularly reviews and manages its reserves to ensure optimal capital structure, taking into consideration the future capital requirements of the Association and capital efficiency, prevailing and projected profitability, projected operating cash flows and projected capital expenditures.

As disclosed in notes 15 and 16 to the financial statements, the Association also maintains designated funds to ensure adequate resources are set aside for capital replacement and staff training purposes.

The Association is not subject to externally imposed capital requirements.

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

## 28. FAIR VALUE OF ASSETS AND LIABILITIES

(a) The Association categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used, as follows:

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

### (b) Fair Value of Non-Financial Assets

The Association does not apply fair value accounting in the measurement of its non-financial assets. However, the fair value of its investment property is disclosed in note 10 for compliance with *FRS 40 Investment Property*.

### (c) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables and payables classified as current assets and current liabilities, which are measured on the amortised cost basis, approximate their fair values due to their short term nature.

### (d) Financial Instruments by Category

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Loans and receivables	15,835,448	14,791,220
Financial liabilities at amortised cost	1,941,943	2,010,851

# YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

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## 29. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association for the year ended 31 December 2017 were authorised for issue by the Board of Management on **19 MAR 2018**

