

**CATHOLIC AIDS RESPONSE  
EFFORT**

[UEN. T04SS0204E]  
[IPC No. IPC000711]

[Registered under the Societies Act, Chapter 311  
in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018**

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**Fiducia LLP**

[UEN. T10LL0955L]  
Public Accountants and  
Chartered Accountants of Singapore

71 Ubi Crescent  
#08-01 Excalibur Centre  
Singapore 408571  
T: (65) 6846.8376  
F: (65) 6491.5218

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**STATEMENT BY THE MANAGEMENT COMMITTEE**

In the opinion of the Management Committee,

- a) The financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of **Catholic Aids Response Effort** (the "Society") as at 31 December 2018 and the results, changes in funds and cash flows of the Society for the financial year then ended.
- b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, authorised the issue of these financial statements on

15 MAY 2019 Soo Wai Seng	President
Ambrose Tan Jui Lian	Vice President
Nicholas Chee Yong Choong	Secretary
Antony Ng Peng Chew	Treasurer
Susanna Goh Wei-Ling	Assistant Treasurer
Koh Ngiap Hern, Peter Kenson	Committee Member
Bretault Francois Rene Marie	Committee Member

For and on behalf of the Management Committee,

  
\_\_\_\_\_  
Soo Wai Seng  
President

  
\_\_\_\_\_  
Antony Ng Peng Chew  
Treasurer

Singapore, 15 MAY 2019

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Independent auditor's report to the members of:

**CATHOLIC AIDS RESPONSE EFFORT**  
[UEN. T04SS0204E]  
[IPC No. IPC000711]

[Registered under the Societies Act, Chapter 311  
in the Republic of Singapore]

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **CATHOLIC AIDS RESPONSE EFFORT** (the "Society") which comprise the statement of financial position as at 31 December 2018, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Society for the financial 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 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 Society as at 31 December 2018 and the results, changes in funds and cash flows of the Society 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 Society 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 audit opinion.

#### Other Information

Management is responsible for the other information. The other information comprises the statement by management committee but does not include the financial statements and our auditor's report thereon.

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

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

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(CONT'D)

Independent auditor's report to the members of:

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

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

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

Those charged with governance's responsibilities include overseeing the Society's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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Independent auditor's report to the members of:

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society'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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

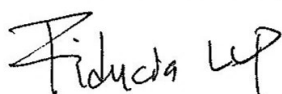
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

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

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



**Fiducia LLP**  
Public Accountants and  
Chartered Accountants

Singapore, 15 MAY 2019

Partner-in-charge: Looi Chee Bin  
PAB. No.: 01834

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

	Note	2018 S\$	2017 S\$
<b>INCOME</b>			
Income from generating funds			
- Donations		25,153	1,029,037
- Grants		270,960	338,770
Income from charitable activities		13,226	12,447
Other income	5	14,387	15,651
<b>TOTAL INCOME</b>		<u>323,726</u>	<u>1,395,905</u>
<b>LESS: EXPENDITURE</b>			
Cost of charitable activities		457,361	377,876
Governance and administrative costs		122,049	101,899
<b>TOTAL EXPENDITURE</b>		<u>579,410</u>	<u>479,775</u>
<b>NET (DEFICIT)/ SURPLUS FOR THE FINANCIAL YEAR</b>		<u>(255,684)</u>	<u>916,130</u>

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

**DETAILED INCOME AND EXPENDITURE STATEMENTS FOR THE FINANCIAL YEAR 31 DECEMBER 2018**

		Unrestricted funds			Restricted fund	
			Designated Fund Capital expenditure fund	Total unrestricted funds		
Note	General fund S\$	S\$	S\$	S\$	Care and Share Matching fund S\$	Total funds S\$
<b>INCOME</b>						
<b>Income from generating funds</b>						
Donations						
- Tax deductible	4	23,853	0	23,853	0	23,853
- Non-tax deductible		1,300	0	1,300	0	1,300
		25,153	0	25,153	0	25,153
Grants						
- Care and Share Matching grant		0	0	0	0	0
- Caritas Singapore Community Council	13	270,000	0	270,000	0	270,000
- NCSS		960	0	960	0	960
		270,960	0	270,960	0	270,960
<b>Income from charitable activities</b>						
Residents' projects		4,934	0	4,934	0	4,934
Residents' contribution		8,292	0	8,292	0	8,292
		13,226	0	13,226	0	13,226
<b>Other income</b>						
Fixed deposit interest	5	258	10,915	11,173	0	11,173
Other income	5	3,214	0	3,214	0	3,214
		3,472	10,915	14,387	0	14,387
<b>TOTAL INCOME</b>		<b>312,811</b>	<b>10,915</b>	<b>323,726</b>	<b>0</b>	<b>323,726</b>
<b>EXPENDITURE</b>						
<b>Cost of charitable activities</b>						
Air conditioning, installations and equipment						
		503	0	503	0	503
Building and grounds		23	0	23	61,011	61,034
Catering, food and household expenses		13,222	0	13,222	0	13,222
Children's transport fund and related transport cost		5,490	0	5,490	0	5,490
Cleaning and environment services		2,462	0	2,462	0	2,462
Dum Spiro Spero		(3,968)	0	(3,968)	0	(3,968)
Depreciation	10	61,472	0	61,472	3,411	64,883
Education and training expenses		1,362	0	1,362	723	2,085
Electrical and lighting		669	0	669	1,144	1,813
Education and tag expenses		240	0	240	0	240
Furniture and fixture		0	0	0	1,689	1,689
Insurance expenses		4,262	0	4,262	0	4,262
Landscaping services		291	0	291	0	291
Monthly rations		6,500	0	6,500	0	6,500
Other event expenses		13,910	0	13,910	4,969	18,879
Other volunteer expenses		212	0	212	0	212
Other non-resident expenses		(1,301)	0	(1,301)	0	(1,301)
Resident incentive and assistance		11,280	0	11,280	0	11,280
Shelter tenure		49,483	0	49,483	0	49,483
Staff costs:	6	200,600	0	200,600	0	200,600
Transportation/travelling		375	0	375	0	375
Utilities		15,891	0	15,891	0	15,891
WAD project		1,369	0	1,369	0	1,369
Water system		13	0	13	0	13
Volunteer outreach		54	0	54	0	54
		384,414	0	384,414	72,947	457,361

**DETAILED INCOME AND EXPENDITURE STATEMENTS FOR THE FINANCIAL YEAR 31 DECEMBER 2018 (CONT'D)**

		Unrestricted funds			Restricted fund	
		Designated				
			Fund Capital	Total		
Note	General fund S\$	expenditure fund S\$	unrestricted funds S\$	Care and Share Matching fund S\$	Total Fund S\$	
<b>EXPENDITURE (CONT'D)</b>						
<b>Governance and administrative costs</b>						
		4,280	0	4,280	0	4,280
		110	0	110	0	110
10	10,848	0	10,848	602		11,450
	300	0	300	0		300
	752	0	752	0		752
	1,518	0	1,518	0		1,518
	167	0	167	0		167
	56	0	56	0		56
	5,938	0	5,938	0		5,938
	2,554	0	2,554	0		2,554
6	60,972	0	60,972	23,333		84,305
	460	0	460	0		460
	326	0	326	314		640
	2,898	0	2,898	0		2,898
	120	0	120	1,977		2,097
	696	0	696	0		696
	2,708	0	2,708	0		2,708
	0	0	0	1,120		1,120
	94,703	0	94,703	27,346		122,049
<b>TOTAL EXPENDITURE</b>	<b>479,117</b>	<b>0</b>	<b>479,117</b>	<b>100,293</b>		<b>579,410</b>
<b>NET SURPLUS FOR THE FINANCIAL YEAR</b>						
	(166,306)	10,915	(155,391)	(100,293)		(255,684)
Gross transfer between funds	(1,000,000)	1,000,000	0	0		0
Net movement in funds	(1,166,306)	1,010,915	(155,391)	(100,293)		(255,684)
Total funds brought forward	1,840,256	0	1,840,256	160,446		2,000,702
Total funds carried forward	673,950	1,010,915	1,684,865	60,153		1,745,018

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

**DETAILED INCOME AND EXPENDITURE STATEMENTS FOR THE FINANCIAL YEAR 31 DECEMBER 2017**

		Unrestricted fund	Restricted fund	Total Fund	
		General fund	Care and Share Matching fund		
Note		S\$	S\$	S\$	
<b>INCOME</b>					
<b>Income from generating funds</b>					
Donations					
	- Tax deductible	4	25,240	0	25,240
	- Non-tax deductible		1,003,797	0	1,003,797
			1,029,037	0	1,029,037
Grants					
	- Care and Share Matching Grant		0	38,770	38,770
	- Caritas Singapore Community Council	13	300,000	0	300,000
			300,000	38,770	338,770
<b>Income from charitable activities</b>					
	Residents' projects		8,257	0	8,257
	Residents' contribution		4,190	0	4,190
			12,447	0	12,447
<b>Other income</b>					
	Fixed deposit interest	5	303	0	303
	Other income	5	15,348	0	15,348
			15,651	0	15,651
<b>TOTAL INCOME</b>			1,357,135	38,770	1,395,905
<b>EXPENDITURE</b>					
<b>Cost of charitable activities</b>					
	Air conditioning, installations and equipment		1,657	0	1,657
	Building and grounds		38	0	38
	Catering, food and household expenses		12,918	0	12,918
	Children's transport fund and related transport cost		4,110	0	4,110
	Cleaning and environment services		2,492	0	2,492
	Dum Spiro Spero		1,319	0	1,319
	Depreciation	10	61,472	4,029	65,501
	Education and training expenses		2,968	1,041	4,009
	Electrical and lighting		853	0	853
	Education and tag expenses		36	0	36
	Insurance expenses		4,106	0	4,106
	Landscaping services		764	0	764
	Monthly rations		7,000	0	7,000
	Other event expenses		1,339	0	1,339
	Other volunteer expenses		100	0	100
	Other non-resident expenses		320	0	320
	Resident incentive and assistance		10,375	0	10,375
	Shelter tenure		48,372	0	48,372
	Staff costs	6	195,191	0	195,191
	Transportation/travelling		170	0	170
	Utilities		14,788	0	14,788
	WAD project		2,258	0	2,258
	Water system		160	0	160
			372,806	5,070	377,876

**DETAILED INCOME AND EXPENDITURE STATEMENTS FOR THE FINANCIAL YEAR 31 DECEMBER 2017 (CONT'D)**

		Unrestricted fund	Restricted fund	Total Fund
		General fund	Care and Share Matching fund	
	Note	S\$	S\$	S\$
<b>EXPENDITURE (CONT'D)</b>				
<b>Governance and administrative costs</b>				
Auditor's remuneration		4,280	0	4,280
Bank charges		95	0	95
Depreciation	10	10,848	711	11,559
Facilities		111	0	111
Fees, licences and TOL		606	0	606
Insurance expenses		725	0	725
Medical expenses		1,750	0	1,750
Meeting expenses		47	0	47
Office equipment maintenance		4,408	0	4,408
Postage, printing and stationery		2,295	0	2,295
Professional fees – prior year		8,025	0	8,025
Staff costs	6	61,268	0	61,268
SDL contribution		426	0	426
Recruitment cost		365	0	365
Telecommunications		2,691	0	2,691
Training and development		200	490	690
Transportation/travelling		288	0	288
Utilities		2,270	0	2,270
		<u>100,698</u>	<u>1,201</u>	<u>101,899</u>
<b>TOTAL EXPENDITURE</b>		<u>473,504</u>	<u>6,271</u>	<u>479,775</u>
<b>NET SURPLUS FOR THE FINANCIAL YEAR</b>		883,631	32,499	916,130
Gross transfer between funds		<u>1,153</u>	<u>(1,153)</u>	<u>0</u>
<b>Net movement in funds</b>		884,784	31,346	916,130
Funds brought forward		<u>955,472</u>	<u>129,100</u>	<u>1,084,572</u>
Funds carried forward		<u>1,840,256</u>	<u>160,446</u>	<u>2,000,702</u>

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

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**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	Note	2018 S\$	2017 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	1,718,586	1,907,851
Other receivables	9	<u>28,153</u>	<u>16,075</u>
		<u>1,746,739</u>	<u>1,923,926</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	<u>14,215</u>	<u>90,548</u>
<b>Total assets</b>		<u>1,760,954</u>	<u>2,014,474</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accruals	11	<u>15,936</u>	<u>13,772</u>
<b>Total liabilities</b>		<u>15,936</u>	<u>13,772</u>
<b>NET ASSETS</b>		<u>1,745,018</u>	<u>2,000,702</u>
<b>FUNDS</b>			
<b>Unrestricted funds</b>			
General fund	12	673,950	1,840,256
Designated fund – Capital expenditure fund	12	<u>1,010,915</u>	<u>0</u>
		<u>1,684,865</u>	<u>1,840,256</u>
<b>Restricted fund</b>			
Care and Share Matching fund	12	<u>60,153</u>	<u>160,446</u>
<b>TOTAL FUNDS</b>		<u>1,745,018</u>	<u>2,000,702</u>

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

**STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Balance at beginning of financial year S\$	Net surplus S\$	Transfer (to) / from S\$	Balance at end of financial year S\$
<b>2018</b>				
<b>Unrestricted fund</b>				
General fund	1,840,256	(166,306)	(1,000,000)	673,950
Designated fund	0	10,915	1,000,000	1,010,915
	<u>1,840,256</u>	<u>(155,391)</u>	<u>0</u>	<u>1,684,865</u>
<b>Restricted fund</b>				
Care and Share Matching fund	160,446	(100,293)	0	60,153
	<u>2,000,702</u>	<u>(255,684)</u>	<u>0</u>	<u>1,745,018</u>
	Balance at beginning of financial year S\$	Net surplus S\$	Transfer (to) / from S\$	Balance at end of financial year S\$
<b>2017</b>				
<b>Unrestricted fund</b>				
General fund	955,472	883,631	1,153	1,840,256
<b>Restricted fund</b>				
Care and Share Matching fund	129,100	32,499	(1,153)	160,446
	<u>1,084,572</u>	<u>916,130</u>	<u>0</u>	<u>2,000,702</u>

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



**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	2018 S\$	2017 S\$
<b>Cash flows from operating activities</b>			
Net (deficit)/ surplus		(255,684)	916,130
Adjustments for:			
- Depreciation	10	76,333	77,060
- Interest income	5	(11,173)	(303)
Operating cash flow before working capital changes		(190,524)	992,887
Changes in working capital:			
- Trade and other receivables		(1,094)	279
- Accruals		2,164	(2,491)
Cash provided by operations		(189,454)	990,675
Interest received		189	303
<b>Net cash generated by operating activities</b>		(189,265)	990,978
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(189,265)	990,978
Cash and cash equivalents at beginning of financial year		1,907,851	916,873
<b>Cash and cash equivalents at end of financial year</b>	8	<u>1,718,586</u>	<u>1,907,851</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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

**1. General information**

Catholic AIDS Response Effort ("the Society") is registered on 2 August 2004 under the Societies Act (Chapter 311). The Society is a non-profit organisation. The address of its registered office is at 9 Mandai Road, Mandai MCH Clinic, Singapore 779387.

The Society is registered as a charity under the Charities Act (Chapter 37) with effect from 7 July 2006 and is a member with the Commissioner of Charities.

The Society has been accorded an Institute of Public Character ('IPC') status for the period from 1 August 2015 to 31 January 2018 and renewed for period from 1 February 2018 to 31 January 2020.

The principal activity of the Society is to provide holistic care and support to people living with HIV/AIDS (PLWHAs) and their families.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with the provisions of the Societies Act, Chapter 311, the Charities Act, Chapter 37 and Regulations and Financial Reporting Standards in Singapore. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Singapore Dollar (S\$), which is the Society's functional currency.

**Interpretations and amendments to published standards effective in 2018**

On 1 January 2018, the Society adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Society and had no material effect on the amounts reported for the current or prior financial years except for the following:

(i) Adoption of FRS 115 Revenue from Contracts with Customers

The Society adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. The changes arising from the adoption of FRS 115 have been applied retrospectively. There is no adjustment made to opening balance of retained earnings of the annual reporting period. Hence, there is no restatement made to the comparative information in the statement of financial position.

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

### **2.1 Basis of preparation (Cont'd)**

#### **Interpretations and amendments to published standards effective in 2018 (Cont'd)**

##### **(ii) Adoption of FRS 109 Financial instruments – Impairment of financial assets**

The Society has adopted FRS 109 which is effective for annual periods beginning on or after 1 January 2018 for the following financial assets:

- Cash and bank deposits
- Receivables and deposits

The Society has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39. There is no adjustment made to opening balance of retained earnings of the annual reporting period that includes the date of initial application (i.e. 1 January 2018). Hence, there is no restatement made to the comparative information in the statement of financial position.

#### **New or amended Standards and Interpretations effective after 1 January 2018**

The Society has not adopted the following standards that have been issued but not yet effective:

<b>Descriptions</b>	<b>Annual periods commencing on</b>
FRS 116 Leases  Amendments to: - FRS 28 Investments in associates (Long term interests in associates and joint venture) - FRS 19 Employee benefits (Plan amendments, curtailment or settlement) - FRS 109 Financial Instruments (Prepayment features with negative compensation)	1 January 2019
Amendments to: - FRS 103 Business Combinations (Definition of a business)	1 January 2020
FRS 117 Insurance contracts	1 January 2021
FRS 110 Consolidated financial statement and FRS 28 Investment in associates and joint venture (Sale or contribution of assets between an investor and its associate or joint venture)	To be determined

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

**2.1 Basis of preparation (Cont'd)**

***New or amended Standards and Interpretations effective after 1 January 2018 (Cont'd)***

Except for FRS 116, the management believe that the adoption of the other standards and interpretations do not have material impact on the financial statements in the period of the initial application. The nature of the impending changes in accounting policy on adoption of the FRS116 described below.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets 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 - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019. The Society is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Society expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA.

**2.2 Income recognition**

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

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

**2.2.1 Donations**

Donations are recognised and accrued in the statement of comprehensive income as and when they are committed. Uncommitted donations are recognised on receipt basis. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

**2.2.2 Grants**

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Society will comply with all attached conditions. Grants, relating to cost, are deferred and recognised in the Statement of Financial Activities over the period necessary to match them with the costs they are intended to compensate.

**2.2.3 Interest income**

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

**2.2.4 Other income**

Other incomes are recognised when incurred.

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

### **2.3 Cost recognition**

#### Resources expended

All expenditures are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

#### **2.3.1 Charitable activities**

Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Society. The total costs of charitable expenditure are apportionment of overhead and shared costs.

#### **2.3.2 Governance costs**

Governance costs include the costs of governance arrangement, which relate to the general running of the Society, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

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

#### **2.4.1 Measurement**

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal and restoration is included as a consequence of acquiring or using the property, plant and equipment.

#### **2.4.2 Depreciation**

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

	Useful lives
Office equipment	3 years
Renovation	5 years
Furniture and fittings	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in the statement of financial activities for the financial year in which the changes arise.

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

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

**2.4.3 Subsequent expenditure**

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

**2.4.4 Disposal**

On disposal of an item of property, plant and equipment, the difference between the disposals proceeds and its carrying amount is taken to the statement of financial activities.

**2.5 Impairment of non-financial assets**

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, 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 flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

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

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the statement of financial activities.

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

### **2.6 Financial assets**

2.6.1 The accounting for financial assets before 1 January 2018 under FRS 39 are as follows:

#### Loans and receivables

Cash and cash equivalents  
Receivables and deposits

Cash and cash equivalents and receivables and deposits are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Society assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets are reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.6.2 The accounting for financial assets from 1 January 2018 under FRS 109 are as follows:

The Society classifies its financial assets into the following measurement categories:

- Amortised cost
- Fair value through comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL)

The classification of debt instruments depends on the Society's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Society reclassifies debt instruments when and only when its business model for managing those assets changes.

#### (i) At initial recognition

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

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

**2.6 Financial assets (Cont'd)**

(ii) *At subsequent measurement*

Debt measurement

Debt instruments of the Society mainly comprise of cash and cash equivalents and other receivables.

There are three prescribed subsequent measurement categories, depending on the Society's business model in managing the assets and the cash flow characteristics of the assets. The Society managed these groups of financial assets by collecting the contractual cash flows and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

The Society assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For receivables and deposits, the Society applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and cash equivalents, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

**2.7 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, and deposits with financial institutions and short-term highly liquid investments that are readily convertible to a known amount of cash, which are subject to an insignificant risk of change in value.

**2.8 Financial liabilities**

Financial liabilities are recognised when the Society becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of comprehensive income. Financial liabilities include payables and accruals.

Financial liabilities are derecognised when the obligations under the liabilities are discharged, cancelled or expire. When existing financial liabilities are replaced by another form the same lender on substantially different terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of comprehensive income.

**2.9 Accruals**

Accruals are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.



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

**2.10 Provisions for other liabilities and charges**

Provisions for other liabilities and charges are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

**2.11 Funds**

Fund balances are restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Management Committee. Externally restricted funds may only be utilized in accordance with the purposes for which they are established. The Management Committee retains full control over the use of unrestricted funds for any of the Society's purposes.

**2.12 Operating Leases**

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to statement of financial activities. Contingent rents are recognised as an expense in the statement of financial activities in the financial year in which they are incurred.

**2.13 Employee benefits**

Defined contribution plans

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

Employee leave entitlement

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

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

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

#### Critical accounting estimates and assumptions

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

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

The critical judgements in applying the entity's accounting policies at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### **Grants**

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

### **4. Tax Deductible Donations**

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

	2018 S\$	2017 S\$
Statement of financial activities		
General fund:		
Donations	<u>23,853</u>	<u>25,240</u>

### **5. Other income**

	2018 S\$	2017 S\$
Fixed deposit income	11,173	303
Job credit grants	<u>3,214</u>	<u>15,348</u>
	<u>14,387</u>	<u>15,651</u>

**6. Staff costs**

Included in the expenses expended are as follows

	2018 S\$	2017 S\$
CPF contribution	28,205	25,695
Salaries and bonuses	<u>256,700</u>	<u>230,764</u>
	<u>284,905</u>	<u>256,459</u>
	S\$	S\$
The staff salaries and CPF contribution costs were allocated as follows:		
• Costs of charitable activities	200,600	195,191
• Governance and administrative costs	<u>84,305</u>	<u>61,268</u>
	<u>284,905</u>	<u>256,459</u>

**7. Income tax expense**

The Society is registered as a charity organisation under Charities Act, Chapter 37. Consequently, income of the Society is exempt from tax under the provisions of Section 13 of the Income Tax Act, Chapter 134.

**8. Cash and cash equivalents**

	2018 S\$	2017 S\$
Cash on hand	2,000	2,000
Cash at bank	514,598	1,704,051
Fixed deposits – general fund	201,988	201,800
Fixed deposits – Capital expenditure fund	<u>1,000,000</u>	<u>0</u>
	<u>1,718,586</u>	<u>1,907,851</u>

Fixed deposits of the Society at the reporting date had a maturity of 4 months (2017: 3 months) and had a weighted average effective interest rate of 0.93% (2017: 0.15%) per annum.

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair values.

**9. Other receivables**

	2018 S\$	2017 S\$
Advance to staff	0	37
Deposit	13,453	13,453
Prepayments	3,716	2,585
Interest receivables	<u>10,984</u>	<u>0</u>
	<u>28,153</u>	<u>16,075</u>

At the reporting date, the carrying amounts of other receivables approximated their fair values.

**10. Property, plant and equipment**

	Office equipment S\$	Renovation S\$	Furniture and fittings S\$	Total S\$
<b>2018</b>				
<b>Cost</b>				
Beginning of financial year	18,231	381,664	1,448	401,343
Additions	0	0	0	0
End of financial year	18,231	381,664	1,448	401,343
<b>Accumulated depreciation</b>				
Beginning of financial year	18,231	291,116	1,448	310,795
Depreciation charge	0	76,333	0	76,333
End of financial year	18,231	367,449	1,448	387,128
<b>Net book value at end of financial year</b>	0	14,215	0	14,215
	Office equipment S\$	Renovation S\$	Furniture and fittings S\$	Total S\$
<b>2017</b>				
<b>Cost</b>				
Beginning of financial year	18,231	381,664	1,448	401,343
Additions	0	0	0	0
End of financial year	18,231	381,664	1,448	401,343
<b>Accumulated depreciation</b>				
Beginning of financial year	17,504	214,783	1,448	233,735
Depreciation charge	727	76,333	0	77,060
End of financial year	18,231	291,116	1,448	310,795
<b>Net book value at end of financial year</b>	0	90,548	0	90,548

Depreciation of property, plant and equipment was apportioned between charitable activities and governance and administrative costs on the basis of floor area.

	2018 S\$	2017 S\$
<b>Depreciation charge</b>		
Charitable activities	64,883	65,501
Governance and administrative costs	11,450	11,559
	<u>76,333</u>	<u>77,060</u>

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

The following property, plant and equipment were purchased through the Care and Share Matching Grant as disclosed in Note 12.

	Office equipment S\$	Renovation S\$	Total S\$
<b>2018</b>			
<b>Cost</b>			
Beginning of financial year	2,181	19,060	21,241
Additions	0	0	0
End of financial year	<u>2,181</u>	<u>19,060</u>	<u>21,241</u>
<b>Accumulated depreciation</b>			
Beginning of financial year	2,181	8,026	10,207
Depreciation charge	0	4,013	4,013
End of financial year	<u>2,181</u>	<u>12,039</u>	<u>14,220</u>
<b>Net book value at end of financial year</b>	<u>0</u>	<u>7,021</u>	<u>7,021</u>
	Office equipment S\$	Renovation S\$	Total S\$
<b>2017</b>			
<b>Cost</b>			
Beginning of financial year	2,181	19,060	21,241
Additions	0	0	0
End of financial year	<u>2,181</u>	<u>19,060</u>	<u>21,241</u>
<b>Accumulated depreciation</b>			
Beginning of financial year	1,454	4,013	5,467
Depreciation charge	727	4,013	4,740
End of financial year	<u>2,181</u>	<u>8,026</u>	<u>10,207</u>
<b>Net book value at end of financial year</b>	<u>0</u>	<u>11,034</u>	<u>11,034</u>

**11. Accruals**

At the reporting date, the carrying amounts of accruals approximated their fair values.

**12. Funds**

**Unrestricted fund**

***General fund***

This fund represents accumulated income for meeting operating expenses by the Society.

## 12. Funds (Cont'd)

### Designated fund – Capital expenditure fund

The fund is set up for capital expenditure relating to CARE premise at 9 Mandai Road by setting aside fund for future improvement and additions to the premise. The transfer to designated fund from general fund was approved by the Management Committee on 7 November 2017. The transfer was made during the financial year and the fund was placed in a separate fixed deposit account since April 2018.

Net assets of Capital expenditure fund are as follows:

	Note	2018 S\$
<b>Represented by:</b>		
Fixed deposits	8	1,000,000
Interest receivable	9	<u>10,915</u>
		<u>1,010,915</u>

### Restricted fund

#### **Care and Share Matching fund**

Care and Share Matching Grant is a grant from Ministry of Social and Family Development ("MSF"), based on qualifying donations, to develop the charitable agency's capabilities and capacity in the provision of social services and programmes for its beneficiaries. The unused funds for projects that are withdrawn or terminated prematurely may be clawed back if the new proposed projects were not being approved by MSF.

Movement of this fund is as follows:

	Note	2018 S\$	2017 S\$
Balance at beginning of year		160,446	129,100
Add: Grant received		0	38,770
Less: Transfer to general fund	(a)	0	(1,153)
Less: Utilisation		<u>(100,293)</u>	<u>(6,271)</u>
Balance at end of year		<u>60,153</u>	<u>160,446</u>

(a) In 2017, the transfer to general fund from Care and Share, restricted funds was to reimburse expenses paid for by the general fund in 2015 and 2016 respectively. The transfer amount reconciled to the amount as stated in the re-submission of the Care and Share utilisation report.

Net assets of Care and Share Matching fund are as follows:

	Note	2018 S\$	2017 S\$
<b>Total Care and Share Matching fund</b>		<u>60,153</u>	<u>160,446</u>
<b>Represented by:</b>			
Cash and bank balances		53,132	149,412
Property, plant & equipment	10	<u>7,021</u>	<u>11,034</u>
		<u>60,153</u>	<u>160,446</u>

**13. Related party transactions**

The Society has significant related parties transactions with related parties on terms agreed between the parties as follows:

	2018 S\$	2017 S\$
Caritas Singapore Community Council Limited:		
- Grants received	<u>(270,000)</u>	<u>(300,000)</u>

**14. Key management personnel compensation**

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society. The Key management personnel for the reporting period is the Executive Director. Key management personnel compensation for the financial year is as follows:

	2018 S\$	2017 S\$
Salaries and bonuses	92,400	88,200
CPF contribution	<u>7,614</u>	<u>7,614</u>
	<u>100,014</u>	<u>95,814</u>

The annual remuneration of key management personnel are classified as follows:

	2018	2017
<u>Number of key management in remuneration bands</u>		
S\$100,001 to S\$200,000	1	0
S\$50,001 to S\$100,000	<u>0</u>	<u>1</u>

The remuneration of key management personnel is determined by the Management Committee.

There is no paid staff on the Society's Management Committee.

**15. Management of conflict of interest**

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

**16. Operating lease commitments**

At the statement of financial position date, the Society has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2018 S\$	2017 S\$
Not later than one year	50,400	48,372
Later than one year but not later than five years	<u>100,800</u>	<u>0</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.

**17. Financial instruments**

*Financial instruments by category*

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised costs are as follows:

	2018 S\$
Financial assets, at amortised cost	1,743,023
Financial liability, at amortised cost	<u>15,936</u>
	2017 S\$
Loans and receivables	1,921,341
Financial liability, at amortised cost	<u>13,772</u>

**18. Financial risk management**

The Society's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Management Committee on an informal basis.

The following sections provide details regarding the Society's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

**Credit risk**

The Society has minimal exposure to credit risks due to the nature of its activities.

The credit risk on liquid funds is limited because the counter parties are banks with high credit rating assigned by international credit agencies.



**18. Financial risk management (Cont'd)**

## Liquidity risk

The Society manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the management to finance its on-going working capital requirements. The table below summarises the profile of the Society's financial liabilities at the statement of financial position date based on contractual undiscounted payments.

	2018 S\$	2017 S\$
<b>Payable within one year</b>		
<u>Financial liabilities</u>		
Other payables	15,936	13,772

Fair values

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Society approximate their fair values.

**19. Reserve policy and position**

The Society's reserve position (excluding non-current assets) for financial year ended 31 December 2018 is as follows:

	2018 S\$'000	2017 S\$'000	Increase/ (decrease) %
A Unrestricted Funds			
General funds	674	1,840	(63)
B Restricted or Designated Funds			
Designated funds	1,010	0	
Restricted funds	60	160	(63)
C Endowment Funds	0	0	
D Total Funds	1,745	2,000	(13)
E Total Annual Operating Expenditure	579	480	21
F Ratio of Unrestricted fund to Annual Operating Expenditure (A/E)	1.16	3.83	

## Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.  
D. Total Funds include unrestricted, restricted / designated and endowment funds.  
E. Total Annual Operating Expenditure includes expenses related to Cost of Charitable Activities and Governance and Other Operating and Administration expenses.

The Society's Reserve Policy is as follows:

The Management Committee shall maintain a Reserve Fund for purposes of holding surpluses or meeting shortfalls or deficits for any financial year. At the beginning of the financial year, the Management Committee shall initiate the budgetary processes by advancing to the cash book account such sums as may be needed until the arrival of revenues for the year. At the end of the year, the surpluses or deficits of the cash book account for the financial year in question shall be transferred to the Reserve Fund based on the audited financial statements.

**20. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on 15 MAY 2019