

YOUNG WOMEN'S CHRISTIAN
ASSOCIATION OF SINGAPORE

UNIQUE ENTITY NUMBER: S61SS0075J

**REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2016

LO HOCK LING & CO

Chartered Accountants Singapore

盧鶴齡會計公司



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leading edge alliance

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YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

CORPORATE INFORMATION 2016

1. INSTRUMENT SETTING UP THE ASSOCIATION

Constitution of Young Women's Christian Association of Singapore

2. ASSOCIATION REGISTRATION NUMBER

ROS226/48REL

3. UNIQUE ENTITY NUMBER OF THE ASSOCIATION

S61SS0075J

4. INSTITUTION OF A PUBLIC CHARACTER

IPC 000427

5. REGISTERED ADDRESS

254 Outram Road, Singapore 169051

6. KEY EXECUTIVE COMMITTEE

<u>Name</u>	<u>Designation</u>
Ms Mavis Tsoi	President
Mrs Dancy Thong	2 nd Vice-President
Ms Janet Tan	Honorary Secretary
Ms Samantha Mark	Honorary Treasurer
Ms Tan Kee Leng	Immediate Past President
Mrs Ma Kheng Min	Member
Mrs Maureen Nguee	Member

7. 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
Ms Seah Bee Leng	Member

8. PRINCIPAL BANKERS

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

9. INDEPENDENT AUDITORS

Lo Hock Ling & Co.
Chartered Accountants Singapore

10. LAWYERS

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


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 7 to 30 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 2016 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,



Ms. Mavis Tsoi
President



Ms Samantha Mark
Honorary Treasurer

Singapore, 17 March 2017

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE**

(Registered under the Societies Act, Chapter 311)

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 7 to 30, which comprise the following:

- statement of financial position (balance sheet) as at 31 December 2016;
- statement of comprehensive income for the year then ended;
- statement of changes in funds for the year then ended;
- 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 2016 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 2016 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE**

(Registered under the Societies Act, Chapter 311)

Continued**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.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE**

(Registered under the Societies Act, Chapter 311)

Continued**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE**

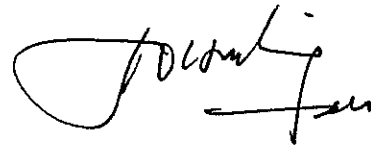
(Registered under the Societies Act, Chapter 311)

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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 16 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.



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

Singapore, 17 March 2017

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

Statement of Comprehensive Income for the year ended 31 December 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		\$	\$
<u>INCOME</u>			
Membership subscriptions		32,275	32,850
Service centre fees	3	5,381,213	6,092,172
Hostel income	4	10,033,334	10,347,994
Donations and fund raising income	5	317,279	292,700
Government grants	6	1,602,560	193,790
Amortisation of deferred capital grants	17	53,127	61,272
Other income	7	<u>1,370,601</u>	<u>1,273,300</u>
		18,790,389	18,294,078
<u>LESS: EXPENDITURE</u>			
Service centres expenses		6,485,213	6,779,081
Hostel, food and beverages expenses		7,280,932	7,118,774
Fund raising expenses	5	11,236	16,351
General and administrative expenses		<u>2,688,644</u>	<u>2,704,454</u>
	8	<u>16,466,025</u>	<u>16,618,660</u>
Surplus for the year transferred to general fund		2,324,364	1,675,418
<u>Other Comprehensive Income</u>			
Items that will not be reclassified subsequently to profit or loss			
Net movement in Designated Funds:			
- Training Fund	16	(4,453)	(729)
Other comprehensive income for the year		(4,453)	(729)
Total comprehensive income for the year		<u>2,319,911</u>	<u>1,674,689</u>

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 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		\$	\$
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Property, plant and equipment	9	24,774,632	24,908,937
Investment property	10	<u>355,635</u>	<u>361,620</u>
		<u>25,130,267</u>	<u>25,270,557</u>
<u>Current Assets</u>			
Hostel inventories	11	30,648	27,885
Trade receivables	12	271,279	423,303
Other receivables	13	444,026	216,162
Fixed deposits with financial institutions	14	11,305,100	8,709,703
Cash and bank balances	23	<u>2,879,709</u>	<u>4,028,239</u>
		<u>14,930,762</u>	<u>13,405,292</u>
Total Assets		<u>40,061,029</u>	<u>38,675,849</u>
<u>FUNDS AND LIABILITIES</u>			
<u>Accumulated Funds</u>			
General fund		35,648,089	34,719,848
Capital replacement fund	15	1,480,337	84,214
Training fund	16	<u>52,568</u>	<u>57,021</u>
Total Accumulated Funds		<u>37,180,994</u>	<u>34,861,083</u>
<u>Non-Current Liabilities</u>			
Deferred capital grants	17	50,750	34,133
Deferred income	18	<u>-</u>	<u>539,758</u>
		<u>50,750</u>	<u>573,891</u>
<u>Current Liabilities</u>			
Trade payables	19	412,170	332,294
Other payables	20	1,830,426	2,145,199
Deferred capital grants	17	30,647	34,641
Deferred income	18	<u>556,042</u>	<u>728,741</u>
		<u>2,829,285</u>	<u>3,240,875</u>
Total Liabilities		<u>2,880,035</u>	<u>3,814,766</u>
Total Equity And Liabilities		<u>40,061,029</u>	<u>38,675,849</u>

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 2016

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 2015		32,600,716	527,928	57,750	33,186,394
Total comprehensive income for the year		1,675,418	-	(729)	1,674,689
Transfer of funds	15	443,714	(443,714)	-	-
Balance as at 31 December 2015		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

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 2016

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Total comprehensive income for the year		2,319,911	1,674,689
Adjustments for:			
Depreciation on property, plant and equipment	9	1,753,578	1,640,629
Depreciation on investment property	10	5,985	5,985
Gain on disposal of property, plant and equipment		(442)	-
Property, plant and equipment written off		5,282	4,548
Amortisation of deferred capital grants	17	(53,127)	(61,272)
Government grants	6	(1,602,560)	(193,790)
Interest income		(135,171)	(90,858)
		(26,455)	1,305,242
Operating surplus before working capital changes		2,293,456	2,979,931
Increase in inventories		(2,763)	(4,825)
Increase in receivables		(37,776)	(21,804)
Decrease in payables		(947,354)	(331,063)
Changes in working capital		(987,893)	(357,692)
Net cash from operating activities		1,305,563	2,622,239
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest received		97,107	74,428
Purchase of property, plant and equipment	9	(1,624,555)	(802,066)
Proceeds from disposal of property, plant and equipment		442	-
Increase in fixed deposits pledged with banks and/or with maturities over 3 months		(2,461,385)	(1,072,366)
Net cash used in investing activities		(3,988,391)	(1,800,004)
<u>CASH FLOWS FROM FINANCING ACTIVITY:</u>			
Government grants received		1,668,310	193,790
Net cash from financing activity		1,668,310	193,790
Net (decrease)/increase in cash and cash equivalents		(1,014,518)	1,016,025
Cash and cash equivalents at beginning of the year		4,028,239	3,012,214
Cash and cash equivalents at end of the year	23	<u>3,013,721</u>	<u>4,028,239</u>

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)

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2016

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. It is also a charity registered under the Charities Act, Cap.37. 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 (2015: 10) childcare centres, 0 (2015: 1) kindergarten and 2 (2015: 2) hostels in Singapore. The kindergarten ceased its operations as at 31 December 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Association presents its financial statements in Singapore dollars, 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 2016.

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

(Registered under the Societies Act, Chapter 311)

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 \$24,171 (2015: \$146,762) 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 management plans to adopt these FRSs in the financial year commencing on or after their respective effective dates.

Except for the FRS mentioned below which is relevant to the Association's financial statements, the management does not expect the adoption of the other new FRSs that have been issued but not yet effective to have material impact on the financial statements in the period of initial application.

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 management is currently assessing the impact of the following new FRS that is relevant to the financial statements of the Association in the period of initial application:

<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

FRS 116 Leases

FRS 116, which replaces *FRS 17 Leases* and the related Interpretations when it becomes effective, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

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

(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.

(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.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue Recognition (continued)

(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.

(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.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leases (continued)

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

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.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

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3. SERVICE CENTRE FEES

	<u>2016</u>	<u>2015</u>
	\$	\$
Service fees income from:		
- Ang Mo Kio Childcare Development Centre ("CDC")	561,105	606,375
- Bedok CDC	563,557	606,262
- Bishan CDC	510,119	583,674
- Bukit Gombak CDC	595,519	628,942
- Jurong East CDC	310,884	535,862
- Marine Drive CDC	499,130	554,311
- McNair CDC	617,650	573,485
- Outram CDC	601,462	680,208
- Pasir Ris CDC	538,711	533,516
- West Coast CDC	347,236	480,302
- Outram Nursery/Kindergarten	-	146,334
- Educational Support Unit	235,840	162,901
	<u>5,381,213</u>	<u>6,092,172</u>

4. HOSTEL INCOME

	<u>2016</u>	<u>2015</u>
	\$	\$
Room revenue	5,819,811	6,355,841
Food and beverage revenue	1,035,766	850,116
Banquet revenue	1,293,461	1,225,650
Service charges	818,874	846,797
Operating lease income	1,046,472	1,040,368
Others	18,950	29,222
	<u>10,033,334</u>	<u>10,347,994</u>

5. DONATIONS, FUND RAISING INCOME AND EXPENSES

	<u>2016</u>	<u>2015</u>
	\$	\$
<u>Donations and fund raising income:</u>		
Outright donations and direct appeals	159,338	153,559
Income from fund raising events	157,941	139,141
	<u>317,279</u>	<u>292,700</u>
<u>Fund raising expenses:</u>		
Direct costs incurred for fund raising events	11,236	16,351

Total gross donations received (including donations received from fund raising events) which qualify for tax deduction amounted to \$215,471 (2015: \$223,168).

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5. DONATIONS, FUND RAISING INCOME AND EXPENSES (continued)

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. GOVERNMENT GRANTS

	<u>2016</u>	<u>2015</u>
	\$	\$
VWOs Charity Capability Fund Consultancy Grant	144,647	97,046
Integrated Child Care Programme (ICCP) Specialist Support Grant (a)	61,907	96,744
Partner Operator (POP) Scheme Grant (b)	<u>1,396,006</u>	<u>-</u>
	<u>1,602,560</u>	<u>193,790</u>

- (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. OTHER INCOME

	<u>2016</u>	<u>2015</u>
	\$	\$
Interest income	135,171	90,858
Gain on disposal of property, plant and equipment	442	-
Special employment credit	613,142	496,275
Operating lease income from investment property	59,222	53,710
Other rental income	6,594	10,209
Sundry income from service centres:		
- Celebrations	54,035	27,500
- Enrichment programmes	360,672	449,720
- Outings	46,078	54,230
- Projects	12,236	10,903
- Registration fees	11,757	14,100
- Uniform for children	24,863	32,048
Others	<u>46,389</u>	<u>33,747</u>
	<u>1,370,601</u>	<u>1,273,300</u>

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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>2016</u>	<u>2015</u>
	\$	\$
Bad debt written off		
- trade	5,189	-
- non-trade	2,481	-
Depreciation on investment property (note 10)	5,985	5,985
Depreciation on property, plant and equipment (note 9)	1,753,578	1,640,629
Direct operating expenses arising from income generating investment property	19,522	19,639
Employee benefits expense (note 21)	8,579,769	8,656,393
Audit fees:		
- statutory audit	26,500	26,500
- internal audit	12,500	-
- others	21,177	13,118
Operating lease expenses	135,880	142,132
Property, plant and equipment written off	5,282	4,548

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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
<u>Cost</u>	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2015	2,486,322	26,009,304	9,544,832	1,757,353	1,097,756	337,349	126,425	33,000	41,392,341
Additions	-	4,918,070	521,769	174,240	88,727	17,330	-	-	5,720,136
Disposal/written off	-	-	(220,286)	(34,317)	(19,732)	-	-	-	(274,335)
At 31 December 2015	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	<u>2,486,322</u>	<u>30,927,374</u>	<u>10,937,247</u>	<u>2,022,075</u>	<u>1,273,168</u>	<u>355,529</u>	<u>344,905</u>	<u>33,000</u>	<u>48,379,620</u>
<u>Accumulated depreciation</u>									
At 1 January 2015	694,523	12,741,433	4,751,971	1,156,169	753,289	301,553	126,425	33,000	20,558,363
Charge for the year	44,242	888,167	490,564	91,372	119,200	7,084	-	-	1,640,629
Disposal/written off	-	-	(220,286)	(29,977)	(19,524)	-	-	-	(269,787)
At 31 December 2015	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	<u>783,007</u>	<u>14,517,760</u>	<u>5,576,644</u>	<u>1,312,491</u>	<u>930,238</u>	<u>316,109</u>	<u>135,739</u>	<u>33,000</u>	<u>23,604,988</u>
<u>Carrying amount</u>									
At 31 December 2016	<u>1,703,315</u>	<u>16,409,614</u>	<u>5,360,603</u>	<u>709,584</u>	<u>342,930</u>	<u>39,420</u>	<u>209,166</u>	<u>-</u>	<u>24,774,632</u>
At 31 December 2015	<u>1,747,557</u>	<u>17,297,774</u>	<u>4,824,066</u>	<u>679,712</u>	<u>313,786</u>	<u>46,042</u>	<u>-</u>	<u>-</u>	<u>24,908,937</u>

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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 \$16,409,614 (2015: \$17,297,774) has been mortgaged to secure banking facilities granted to the Association.

10. INVESTMENT PROPERTY

	<u>2016</u>	<u>2015</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	291,105	285,120
Charge for the year	<u>5,985</u>	<u>5,985</u>
At 31 December	<u>297,090</u>	<u>291,105</u>
<u>Carrying amount</u>		
At 31 December	<u>355,635</u>	<u>361,620</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 \$ 2.07 million (2015: \$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>2016</u>	<u>2015</u>
	\$	\$
Hostel inventories, at cost	<u>30,648</u>	<u>27,885</u>

12. TRADE RECEIVABLES

	<u>2016</u>	<u>2015</u>
	\$	\$
Hostel trade receivables	<u>271,279</u>	<u>423,303</u>

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12. TRADE RECEIVABLES (continued)

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

13. OTHER RECEIVABLES

	<u>2016</u>	<u>2015</u>
	\$	\$
Non-trade receivables	139,491	19,799
Deposits	115,984	43,490
Interest receivables	79,657	41,593
Prepayments	<u>108,894</u>	<u>111,280</u>
	<u>444,026</u>	<u>216,162</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>2016</u>	<u>2015</u>
	\$	\$
Fixed deposits with banks	<u>11,305,100</u>	<u>8,709,703</u>

The above include fixed deposits amounting to \$187,300 (2015: \$320,967) which have been pledged to banks as securities for overdraft and performance guarantee facilities.

The fixed deposits mature within one year, and bear interest at rates ranging from 0.05% to 1.5% (2015: 0.15% to 1.4%) per annum.

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

	<u>2016</u>	<u>2015</u>
	\$	\$
General fund	9,772,195	8,568,468
Capital replacement fund (note 15)	1,480,337	84,214
Training fund (note 16)	<u>52,568</u>	<u>57,021</u>
	<u>11,305,100</u>	<u>8,709,703</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.

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15. CAPITAL REPLACEMENT FUND (continued)

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance at beginning of the year	84,214	527,928
Movements for the year:		
Amount transferred from General Fund	2,000,000	-
Amount utilised	(603,877)	(443,714)
Net movements for the year	1,396,123	(443,714)
Balance at end of the year (note 14)	1,480,337	84,214

16. TRAINING FUND

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance at beginning of the year	57,021	57,750
Amount utilised during the year	(4,453)	(729)
Balance at end of the year (note 14)	52,568	57,021

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

17. DEFERRED CAPITAL GRANTS

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance at beginning of the year	68,774	130,046
Add: Grants received during the year	65,750	-
Less: Amortisation of deferred capital grants during the year	(53,127)	(61,272)
Balance at end of the year	81,397	68,774
Represented as follows:-		
Amortisation within 1 year	30,647	34,641
Amortisation after 1 year but not later than 5 years	38,464	23,582
Amortisation after 5 years	12,286	10,551
	50,750	34,133
	81,397	68,774

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17. DEFERRED CAPITAL GRANTS (continued)

The above represent 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. DEFERRED INCOME

	<u>2016</u>	<u>2015</u>
	\$	\$
Income received in advance:		
- due within 1 year	556,042	728,741
- due after 1 year but not later than 5 years	-	539,758
	556,042	1,268,499
Income received in advance comprise:		
Operating lease income	539,758	1,229,758
Service fees income	16,284	38,741
	556,042	1,268,499

19. TRADE PAYABLES

	<u>2016</u>	<u>2015</u>
	\$	\$
Hostel trade payables	219,586	131,627
GST payables	192,584	200,667
	412,170	332,294

Trade payables are non-interest bearing and are normally settled within 30 days.

20. OTHER PAYABLES

	<u>2016</u>	<u>2015</u>
	\$	\$
Non-trade payables	139,511	236,360
Refundable deposits	595,943	622,370
Accruals	1,055,811	1,209,531
Provision for unutilised annual leave	39,161	76,938
	1,830,426	2,145,199

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

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21. EMPLOYEE BENEFITS EXPENSE

	<u>2016</u>	<u>2015</u>
	\$	\$
Salaries and related costs	7,725,838	7,789,955
Employer's contributions to Central Provident Fund	<u>853,931</u>	<u>866,438</u>
	<u>8,579,769</u>	<u>8,656,393</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.

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Short-term employee benefits	374,243	260,755
Employer's contributions to Central Provident Fund	<u>35,339</u>	<u>11,225</u>
	<u>409,582</u>	<u>271,980</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>2016</u>	<u>No. of Staff</u>	<u>2015</u>
Annual remuneration			
- more than \$100,000 but less than \$200,000	2		1
- not more than \$100,000	1		2

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23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	<u>2016</u>	<u>2015</u>
	\$	\$
Fixed deposit not pledged with bank and with maturity less than 3 months	134,012	-
Cash and bank balances	<u>2,879,709</u>	<u>4,028,239</u>
	<u>3,013,721</u>	<u>4,028,239</u>

24. OPERATING LEASE COMMITMENTS

- (i) 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>2016</u>	<u>2015</u>
	\$	\$
Lease payments due		
within 1 year	19,434	23,214
after 1 year but not later than 5 years	<u>43,903</u>	<u>63,337</u>
	<u>63,337</u>	<u>86,551</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.

- (ii) The Association leases out retail space, swimming pool, office units 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>2016</u>	<u>2015</u>
	\$	\$
Lease income receivable		
within 1 year	193,358	374,855
after 1 year but not later than 5 years	<u>45,973</u>	<u>87,265</u>
	<u>239,331</u>	<u>462,120</u>

The above operating leases do not provide for contingent rents.

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25. CAPITAL COMMITMENTS

At the balance sheet date, the Association has capital commitments amounting to \$95,782 (2015: \$58,800) 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.

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>2016</u>	<u>2015</u>
	\$	\$
Hostel trade receivables past due:		
1 to 30 days	19,137	68,137
31 to 60 days	1,465	-
over 60 days	<u>3,569</u>	<u>78,625</u>
	<u>24,171</u>	<u>146,762</u>

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

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26. FINANCIAL RISK MANAGEMENT (continued)

(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.

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.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SINGAPORE

(Registered under the Societies Act, Chapter 311)

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>2016</u>	<u>2015</u>
	\$	\$
Loans and receivables	14,791,220	13,266,127
Financial liabilities at amortised cost	2,010,851	2,199,888

29. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association for the year ended 31 December 2016 were authorised for issue by the Board of Management on 17 March 2017.

