

**SIKH WELFARE COUNCIL**  
*(Registered in Singapore)*  
*(Unique Entity Number: S98SS0018L)*

**AUDITED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2019**

**D.ARUMUGAM & CO.**  
**Public Accountants and**  
**Chartered Accountants of Singapore**  
**190 Middle Road**  
**#10-03 Fortune Centre**  
**Singapore 188979**

**SIKH WELFARE COUNCIL**  
*(Registered in Singapore)*  
**(Unique Entity Number: S98SS0018L)**

**MEMBERS OF THE MANAGEMENT COMMITTEE**

<u>NAME</u>	<u>DESIGNATION</u>
GURDIP SINGH USMA	CHAIRMAN
MANMOHAN SINGH	VICE-CHAIRMAN
HARMIT SINGH	VICE-CHAIRMAN
SIMHA KAUR JASTOL	SECRETARY
SHARANJIT KAUR	ASSISTANT SECRETARY
SUKHBIR SINGH	TREASURER
RASHMINDER SINGH	ASSISTANT TREASURER
ALBEL SINGH	COMMITTEE MEMBER
SARABJEET SINGH	COMMITTEE MEMBER
SARJIT KAUR KHOSA	COMMITTEE MEMBER
HARMIT SINGH KAWATRA	COMMITTEE MEMBER

**REGISTERED OFFICE**

2 TOWNER ROAD  
SINGAPORE 327804

**AUDITOR**

D.ARUMUGAM & CO.  
PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS OF SINGAPORE

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**SIKH WELFARE COUNCIL**  
(Registered in Singapore)  
(Unique Entity Number: S98SS0018L)

**STATEMENT BY THE MANAGEMENT COMMITTEE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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We, the Management committee of **SIKH WELFARE COUNCIL** (the "Council"), are responsible for the preparation and fair presentation of the financial statements of the Council for the year ended 31 December 2019 in accordance with the provisions of the Singapore Societies Act (Cap. 311), the Singapore Charities Act (Cap. 37) and the Regulations enacted thereunder (together the "Acts"), the Council's Constitution and Singapore Financial Reporting Standards. This responsibility includes:

- (a) Devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair statements of income and expenditure (including statements hearse fund income and expenditure) and statement of financial position and to maintain accountability of assets;
- (b) Selecting and applying appropriate accounting policies;
- (c) Making accounting estimates that are reasonable in the circumstances; and
- (d) Assessing the risk of fraud and communicate to the Members of the Society on outcome of those assessments.

In our opinion,

- (a) The accompanying financial statements, together with the notes thereon, are properly drawn up so as to present fairly, in all material respect, the financial position of the Council as at 31 December 2019 and of the results, changes in funds and cash flows of the activities of the Council for the financial year ended on that date; and
- (b) At the date of this statement, there are reasonable grounds to believe that the Council will be able to pay up its debts as and when they fall due.

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

On behalf of the Management Committee of SIKH WELFARE COUNCIL,

  
**GURDIP SINGH USMA**  
CHAIRMAN

  
**SIMHA KAUR JATSOL**  
SECRETARY

  
**SUKHBIR SINGH**  
TREASURER

Singapore  
Dated: 22 April 2020

**INDEPENDENT AUDITOR'S  
REPORT TO THE MEMBERS OF  
SIKH WELFARE COUNCIL**  
*(Registered under the Societies Act, Chapter  
311 and Charities Act, Chapter 37, Singapore)*  
*(Unique Entity Number: S98SS0018L)*



**D. ARUMUGAM & CO.**

PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS OF  
SINGAPORE

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**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of SIKH WELFARE COUNCIL (the "Council"), which comprise the statement of financial position as at 31 December 2019, and the statement of income & expenditure (including statement of hearse fund income and expenditure), statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the Societies Act), the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Council as at 31 December 2019 and the results, changes in funds and cash flows of the Council 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 Council 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.

**Responsibilities of Management Committee for the Financial Statements**

Management committee is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Acts 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 committee is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

**INDEPENDENT AUDITOR'S  
REPORT TO THE MEMBERS OF  
SIKH WELFARE COUNCIL**  
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**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.

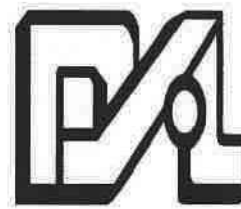
As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

**INDEPENDENT AUDITOR'S  
REPORT TO THE MEMBERS OF  
SIKH WELFARE COUNCIL**

***(Registered under the Societies Act, Chapter  
311 and Charities Act, Chapter 37, Singapore)  
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**D. ARUMUGAM & CO.**

**PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS OF  
SINGAPORE**

**Report on Other Legal and Regulatory Requirements**

In our opinion:

- (a) the accounting and other records required to be kept by the Council have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) the fund-raising event held during the period 1 January 2019 to 31 December 2019 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 event.

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

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

**D. ARUMUGAM & CO.  
Public Accountants and Chartered Accountants  
Singapore**

Date: 22 April 2020

**SIKH WELFARE COUNCIL**  
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**STATEMENT OF INCOME & EXPENDITURE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 SGD	2018 SGD
<b>Income</b>			
Donation income		161,127	211,620
Donation from Eldercare Programme		14,483	8,304
Donation from Langgar Programme		4,250	1,551
Donation from Fund-raising events		236,410	146,918
Donation from Sikh institutions		64,012	72,512
	4	480,282	440,905
<b>Add: Other operating income</b>			
Care & Share Grant		90,364	167,342
Government grants		19,655	27,600
Interest income		45,970	29,160
Insurance		1,572	25,718
Ride for Charity		-	21,319
Sundry income		556	1,854
Tote Board Grant		86,064	26,427
President's Challenge		65,000	-
		309,181	299,420
<b>Total income</b>		789,463	740,325
<b>Less: Expenditure</b>			
<b>Operating expenses</b>			
Education Support Programme		(126,379)	(127,198)
Eldercare and Healthcare Programme		(57,703)	(40,033)
Family and Food Support Programme		(198,350)	(173,719)
Langgar Outreach Programme		(3,250)	(1,550)
Prison Counselling Programme		(69,635)	(68,696)
Refurbishing of homes		(1,404)	-
Ride for Charity expenses		(19,110)	(21,370)
Sunlove financial support		-	(41,250)
Welfare expense		(1,177)	(3,763)
	5	(477,008)	(477,579)

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

**SIKH WELFARE COUNCIL**  
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**STATEMENT OF INCOME & EXPENDITURE**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 SGD	2018 SGD
<b>Less: Administrative expenses</b>			
Audit fee - current year		(3,264)	(3,264)
Audit fee - prior year		-	(3,122)
Accounting fee		(3,900)	(3,900)
Advertisement		(196)	-
Appreciation tea expense		(6,607)	-
Bank charges		(2,376)	(1,456)
Banner & poster		(20)	-
Bereavement expenses		(580)	-
Communication charges		(5,963)	(5,272)
Consulting fees		(7,000)	-
Depreciation		(1,160)	(1,241)
Equipment & software		(3,192)	(548)
Insurance		(5,140)	(3,175)
Printing & stationery		(3,961)	(8,666)
Postage & courier		(204)	(583)
Staff CPF/SDL	5	(10,690)	(11,326)
Staff salaries	5	(77,778)	(73,868)
Sundry expenses		(658)	(510)
Transport charges		(315)	(136)
Website development & maintenance		(1,891)	(1,505)
Training & seminar		(945)	(920)
Medical expenses		(510)	(427)
Newsletter & publications		(1,340)	(760)
		<u>(137,690)</u>	<u>(120,679)</u>
<b>Total expenditure</b>		<u>(614,698)</u>	<u>(598,258)</u>
<b>Surplus for the year</b>		174,765	142,067
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		<u>174,765</u>	<u>142,067</u>

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



**SIKH WELFARE COUNCIL**  
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**STATEMENT OF HEARSE FUND INCOME & EXPENDITURE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 SGD	2018 SGD
<b>Income</b>			
Donations		5,400	76,184
		5,400	76,184
<b>Less: Expenditure</b>			
Depreciation	6	(21,972)	(7,219)
Staff CPF		(177)	(353)
Staff salary		(1,200)	(2,550)
Vehicle maintenance		(472)	(832)
Loss on disposal of fixed assets		(1,364)	-
		(25,185)	(10,954)
<b>Surplus/(deficit) for the year</b>		(19,785)	65,230
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		(19,785)	65,230

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

**SIKH WELFARE COUNCIL**  
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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 SGD	2018 SGD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant & equipment	6	73,337	59,140
Cash and cash equivalents	9	300,000	-
		<u>373,337</u>	<u>59,140</u>
<b>Current assets</b>			
Other receivables	7	14,995	65,683
Accrued income	8	-	10,711
Cash and cash equivalents	9	2,298,700	2,366,431
		<u>2,313,695</u>	<u>2,442,825</u>
		<u>2,687,032</u>	<u>2,501,965</u>
<b>Total Assets</b>		<u>2,687,032</u>	<u>2,501,965</u>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Accumulated funds	10	2,563,533	2,389,622
Hearse fund	10	90,358	109,289
		<u>2,653,891</u>	<u>2,498,911</u>
<b>Non-current liabilities</b>			
Deferred government grant	11	-	-
		<u>-</u>	<u>-</u>
<b>Current liabilities</b>			
Other payables	12	28,661	3,054
Deferred government grant	11	1,480	-
Bereavement trust fund		3,000	-
		<u>33,141</u>	<u>3,054</u>
		<u>2,687,032</u>	<u>2,501,965</u>
<b>Total Funds and Liabilities</b>		<u>2,687,032</u>	<u>2,501,965</u>

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

**SIKH WELFARE COUNCIL**  
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**STATEMENT OF CHANGES IN FUNDS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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	<b>Accumulated Funds SGD</b>	<b>Hearse Fund SGD</b>	<b>Total SGD</b>
<b>Balance as at 31 December 2017</b>	2,247,555	44,059	2,291,614
Total comprehensive income for the year	<u>142,067</u>	<u>65,230</u>	<u>207,297</u>
<b>Balance at 31 December 2018</b>	2,389,622	109,289	2,498,911
Total comprehensive income for the year	<u>174,765</u>	<u>(19,785)</u>	<u>154,980</u>
<b>Balance at 31 December 2019</b>	<u><u>2,564,387</u></u>	<u><u>89,504</u></u>	<u><u>2,653,891</u></u>

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

**SIKH WELFARE COUNCIL**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<b>2019 SGD</b>	<b>2018 SGD</b>
<b>Cash flows from operating activities</b>		
Surplus/(deficit) for the year		
- Accumulated fund	174,765	105,610
- Hearse fund	(19,785)	68,133
Adjustments for:		
Depreciation	23,132	8,460
Interest income	(45,970)	(29,160)
Loss disposal of fixed assets	1,364	-
	<u>133,506</u>	<u>153,043</u>
<u>Change in working capital:</u>		
Decrease/(increase) in other receivables	50,688	(39,259)
Decrease/ (increase) in accrued income	10,711	-
Increase/(decrease) in other payables	26,457	(14,170)
Increase/(decrease) in other trust fund	3,000	2,000
Increase/(decrease) in deferred government grant	1,480	(108,583)
	<u>225,842</u>	<u>(6,969)</u>
<b>Cash generate used in operations</b>	<u>225,842</u>	<u>(6,969)</u>
<b>Net cash used in operating activities</b>	<u>225,842</u>	<u>(6,969)</u>
<b>Cash flows from investing activities</b>		
Purchase of plant & equipment	(38,693)	(54,152)
<b>Net cash used in investing activities</b>	<u>(38,693)</u>	<u>(54,152)</u>
<b>Cash flows from financing activities</b>		
Interest income	45,120	29,160
<b>Net cash generated from financing activities</b>	<u>45,120</u>	<u>29,160</u>
<b>Net decrease in cash and cash equivalents</b>	232,269	(31,961)
Cash and cash equivalents at start of the year	2,366,431	2,398,392
<b>Cash and cash equivalents at end of the year</b>	<u>2,598,700</u>	<u>2,366,431</u>

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

**SIKH WELFARE COUNCIL**  
*(Registered in Singapore)*  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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

**1. General**

SIKH WELFARE COUNCIL (the "Council") is registered and domiciled in Singapore under the Singapore Societies Act, Chapter 311. The Council is also registered as a Charity under the Singapore Charities Act, Chapter 37 and is an approved Institution of Public Character in accordance with Section 37(a) of the Income Tax Act.

The Council's has its registered office and principal place of business at 2 TOWNER ROAD, #06-02, SINGAPORE 327804.

The principal activities of the Council are:

- (a) Supporting projects and schemes that promote and carry out welfare programs for those requiring assistance in Singapore; and
- (b) Raising funds from individual Sikhs, Sikh institutions and the general public for accomplishing the above objective.

The affairs of the Council are administered by the Management Committee in accordance with the provisions of the constitution of the Council and the provisions of the Societies Act.

The financial statements of the Council for the financial year ended 31 December 2019 were authorized for issue by the management committee on the date of the Statement by the Management Committee.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Council have been drawn up in accordance with the Societies Act, Cap. 311, the Charities Act, Cap. 37 and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (\$), which is the Council's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest whole number, unless otherwise indicated.

**2.2 Adoption of new and revised standards**

The Council has adopted all the new and revised standards which are relevant to its activities and are effective for annual financial period beginning on or after 1 January 2019. The adoption of these standards did not have any material effect on the financial statements.

A number of new standards, amendments to standards and interpretations are issued but not yet effective for annual periods beginning 1 January 2019, and have not been applied in preparing these financial statements. The Council does not plan to early adopt these standards.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**2. Summary of significant accounting policies (Continued)**

**2.3 Plant and equipment**

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs 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 plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<b><u>Useful Lives</u></b>
Computers	1 year
Furniture & Fittings	3 years
Office Equipment	3 years
Motor Vehicle	5 years
Renovation	5 years

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

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognized.

**2.4 Impairment of non-financial assets**

The Council assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Council makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**2. Summary of significant accounting policies (Continued)**

**2.5 Financial Instruments**

**a) Financial assets**

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

*Loans and receivables*

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

Loans and receivables comprise other receivables and cash and cash equivalents.

Cash and cash equivalent comprise cash at banks and cash in hand.

**De-recognition**

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

**b) Financial liabilities**

**Initial recognition and measurement**

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

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

**Subsequent measurement**

*Financial liabilities at amortised cost*

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

Such financial liabilities comprise other payables and other trust fund.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**2. Summary of significant accounting policies (Continued)**

**2.5 Financial Instruments (Continued)**

**b) Financial liabilities (Continued)**

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**2.6 Impairment of financial assets**

The Council assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

**Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Council first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Council determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred; the Council considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.



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**2. Summary of significant accounting policies (Continued)**

**2.7 Cash and cash equivalents**

Cash and cash equivalents comprise fixed deposits, cash at banks and cash in hand, and are subject to an insignificant risk of changes in value.

**2.8 Reserve policy**

The Council should strive to maintain cash or equivalents reserves amounting to the higher of the following two amounts:

- Three years of total operating and administrative expenses (rounded-up to the nearest \$0.5 million)
- \$3 million

**2.9 Provisions**

**General**

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.10 Income recognition**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Council and the income can be reliably measured. All income is recognized on a cash basis.

The following specific recognition criteria must also be met before income is recognized:

i) Donations

Donations, including pledges, are recognized on receipt basis.

ii) Interest income

Interest income is recognized on a time proportion basis using the effective interest rate.

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**2. Summary of significant accounting policies (Continued)**

**2.11 Government grants**

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

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

Grants related to assets are presented as deferred income (liability) in the statement of financial position. Profit or loss will be affected by recognizing deferred income systematically over the useful lives of the related asset.

**2.12 Employee benefits**

**a) Defined contribution plans**

As required by the law, the Council makes contribution to the Central Provident Fund (CPF), a defined contribution pension scheme. CPF contributions are recognized as compensation expenses in the same period as employment that give rise to the contributions. These expenses are charged to profit or loss as and when they arise and are disclosed as part of staff costs.

**b) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term employee benefits, if the Council has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**c) Employee leave entitlements**

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

**2.13 Funds**

General funds are also commonly known as accumulated or unrestricted funds. The Council is free to use such funds for both capital and revenue expenditure without having to take into account of any restrictions imposed.

**2.14 Taxes**

The Council is exempted from income tax under Section 106(3) of the Singapore Income Tax Act.

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**3. Significant accounting judgments and estimates**

**3.1 Judgements made in applying accounting policies**

The management committee members are of the opinion that there are no significant judgments made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Council based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Council.

**4. Income**

Included within total income is a sum of \$354,449 (2018: \$332,216) for which tax-deductible receipts were issued by the Council for donations received during the financial year, pursuant to its IPC status.

**5. Employee benefits expenses**

	<b>2019 SGD</b>	<b>2018 SGD</b>
<u>Operating</u>		
Staff salaries & bonus	225,053	205,410
Staff CPF & SDL	29,499	30,158
	<u>254,552</u>	<u>235,568</u>
<u>Administrative</u>		
Staff salaries & bonus	77,778	73,868
Staff CPF & SDL	10,690	11,326
	<u>88,468</u>	<u>85,194</u>
	<u>343,020</u>	<u>320,762</u>

Neither the Management Committee members nor their immediate family members received any compensation or remuneration from the Council during the financial year (2018: Nil).

No employee of the Council was a member of the Management Committee during the financial year ended 31 December 2019 (2018: Nil).

There was no employee who earned more than SGD 100,000 during the financial year ended 31 December 2019 (2018: Nil).

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**6. Plant and equipment**

<b><u>Cost</u></b>	<b>Computers SGD</b>	<b>Furniture and Fittings SGD</b>	<b>Office Equipment SGD</b>	<b>Motor Vehicle SGD</b>	<b>Renovation SGD</b>	<b>Total SGD</b>
As at 31 December 2017	12,448	8,771	9,195	27,286	9,300	67,000
Additions	-	1,295	-	52,857	-	54,152
As at 31 December 2018	12,448	10,066	9,195	80,143	9,300	121,152
Additions	-	-	-	31,993	6,700	38,693
Disposal	-	-	-	(27,286)	-	(27,286)
As at 31 December 2019	12,448	10,066	9,195	84,850	16,000	132,559
<b><u>Accumulated depreciation</u></b>						
As at 31 December 2017	12,448	8,578	7,764	15,462	9,300	53,552
Depreciation	-	624	617	7,219	-	8,460
As at 31 December 2018	12,448	9,202	8,381	22,681	9,300	62,012
Depreciation	-	432	616	21,972	112	23,132
Disposal	-	-	-	(25,922)	-	(25,922)
As at 31 December 2019	12,448	9,634	8,997	18,731	9,412	59,222
<b><u>Net Book Value</u></b>						
As at 31 December 2019	-	432	198	66,119	6,588	73,337
As at 31 December 2018	-	864	814	57,462	-	59,140

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**7. Other receivables**

	<b>2019 SGD</b>	<b>2018 SGD</b>
Care & Share Grant	-	58,759
Interest on fixed deposit	9,714	6,924
Others	5,281	-
	<u>14,995</u>	<u>65,683</u>

The Care & Share Grant was fully received and utilized during the financial year ended 31 December 2019.

**8. Accrued income**

	<b>2019 SGD</b>	<b>2018 SGD</b>
Donation income	<u>-</u>	<u>10,711</u>

**9. Cash and cash equivalents**

	<b>2019 SGD</b>	<b>2018 SGD</b>
Cash at bank	85,500	149,131
Cash in hand	900	900
Fixed deposits	<u>2,512,300</u>	<u>2,216,400</u>
	<u>2,598,700</u>	<u>2,366,431</u>
	<b>2019 SGD</b>	<b>2018 SGD</b>
<b><u>Non-Current</u></b>		
Fixed deposits	<u>300,000</u>	<u>-</u>
	<u>300,000</u>	<u>-</u>
<b><u>Current</u></b>		
Cash at bank	85,500	149,131
Cash in hand	900	900
Fixed deposits	<u>2,212,300</u>	<u>2,216,400</u>
	<u>2,298,700</u>	<u>2,366,431</u>
Total cash and cash equivalents	<u>2,598,700</u>	<u>2,366,431</u>

The effective interest rates of the fixed deposits ranged from 1.9% to 2.18% (2018: 1.31% to 2.05%) per annum at the end of the reporting period. The maturity period of the fixed deposits was between 366 to 731 days (2018: 180 to 365 days).

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**10. Funds**

a) Accumulated fund

The accumulated fund represents surplus accumulated from the operations of the Council. The fund is to be applied for the Council's objectives in accordance with the constitution of the Council and is not distributable otherwise.

b) Hearse fund

The hearse fund was transferred from the Central Sikh Gurdwara Board in 2011. The Council has since then operated and maintained the hearse fund.

**11. Deferred government grant**

Deferred government grant comprises of a VCF Consultancy Grant. The grant is the monies received in advance for a consultancy expense to be incurred in the subsequent year toward the improvement of the Operation and Finance Manuals of the Council.

**12. Other payables and accruals**

	<b>2019 SGD</b>	<b>2018 SGD</b>
Audit fee	2,729	2,729
Accounting fee	325	325
CPF payable	11,379	-
SSC projects	3,500	-
Student's transport	10,728	
	<u>28,661</u>	<u>3,054</u>

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**13. Fund-raising income and expenditure**

	2019			
	Total proceeds from fund-raising event	Total sponsorship	Total fund-raising expenses	Net fund-raising income
	SGD	SGD	SGD	SGD
<b><u>Donations received through:</u></b>				
Ride to Serve				
- 2019	236,410	-	(19,110)	217,300
Total net discounted financial assets	236,410	-	(19,110)	217,300

The 30/70 fund-raising efficiency ratio:

$$\frac{(E + S)}{(R + S)} \times 100\% = \underline{\underline{8.1\%}}$$

E – Represents total fund-raising expenses incurred during the year.

R – Represents total proceeds from fundraising received during the year.

S – Represents total sponsorship received during the year.

	2018			
	Total proceeds from fund-raising event	Total sponsorship	Total fund-raising expenses	Net fund-raising income
	SGD	SGD	SGD	SGD
<b><u>Donations received through:</u></b>				
Ride for Charity				
- 2017	35,147	-	-	35,147
- 2018	96,986	-	(21,370)	75,616
Total net discounted financial assets	132,133	-	(21,370)	110,763

The 30/70 fund-raising efficiency ratio:

$$\frac{(E + S)}{(R + S)} \times 100\% = \underline{\underline{16.2\%}}$$

E – Represents total fund-raising expenses incurred during the year.

R – Represents total proceeds from fundraising received during the year.

S – Represents total sponsorship received during the year.

Included in the fund-raising donation income in the income and expenditure account for the year ended 31 December 2018 was an amount of \$44,432 relating to collection made for another fund-raising event named ride to serve, which is to be held from 16 March 2019 to 17 March 2019. The period of collection for this event was from November 2018.

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**14. Financial risk management**

The Council has no written risk management policy. The management committee adopts policies that seek to mitigate the risk when they arise.

**a) Interest rate risk**

Interest rate risk is the risk to earning and value of financial instruments caused by fluctuations in interest rates.

The Council's exposure to risk for in interest rates relates primarily to its interest-bearing bank deposits. The Council adopts a policy of constantly monitoring movements in interest rates to obtain the most favourable interest rate available in the market. Presently, the Council does not use derivative financial instruments to hedge its interest risk.

**b) Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council has limited exposure to transactions denominated in foreign currency.

**c) Market price risk**

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in market process whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Council does not hold any quoted or marketable financial instrument, hence, is not exposed to any movement in market prices.

**d) Credit risk**

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

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

Credit risk on bank deposits is limited as these balances are placed with financial institutions which are regulated. Receivables that are neither past due nor impaired are creditworthy debtors with good collection track record with the Council. There are no classes of financial assets that are past due and/ or impaired.

The Management is of the opinion that there is no significant collection losses associated with its debtor balances as the Council has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.



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**14. Financial risk management (Continued)**

**e) Liquidity risk (Continued)**

Liquidity or funding risk is the risk that the Council will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Council monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Council's operations and to mitigate the effects of fluctuations in cash flows.

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Council's financial asset and liabilities at the reporting date based on contractual undiscounted repayment obligations:

	<b>2019</b>			
	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>One year or less</b>	<b>Two to five years</b>
	<b>SGD</b>	<b>SGD</b>	<b>SGD</b>	<b>SGD</b>
<b><u>Financial assets</u></b>				
Other receivables	14,995	14,995	14,995	-
Cash and cash equivalents	2,598,700	2,598,700	2,298,700	300,000
Total undiscounted financial assets	<u>2,613,695</u>	<u>2,613,695</u>	<u>2,313,695</u>	<u>300,000</u>
<b><u>Financial liabilities</u></b>				
Other payables	28,661	28,661	28,661	-
Deferred government grant	1,480	1,480	1,480	-
Bereavement trust fund	3,000	3,000	3,000	-
Total undiscounted financial liabilities	<u>33,141</u>	<u>33,141</u>	<u>33,141</u>	<u>-</u>
Total net discounted financial assets	<u>2,580,554</u>	<u>2,580,554</u>	<u>2,280,554</u>	<u>300,000</u>
	<b>2018</b>			
	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>One year or less</b>	<b>Two to five years</b>
	<b>SGD</b>	<b>SGD</b>	<b>SGD</b>	<b>SGD</b>
<b><u>Financial assets</u></b>				
Other receivables	65,683	65,683	65,683	-
Accrued income	10,711	10,711	10,711	-
Cash and cash equivalents	2,366,431	2,366,431	2,366,431	-
Total undiscounted financial assets	<u>2,442,825</u>	<u>2,442,825</u>	<u>2,442,825</u>	<u>-</u>
<b><u>Financial liabilities</u></b>				
Other payables	3,054	3,054	3,054	-
Total undiscounted financial liabilities	<u>3,054</u>	<u>3,054</u>	<u>3,054</u>	<u>-</u>
Total net discounted financial assets	<u>2,439,771</u>	<u>2,439,771</u>	<u>2,439,771</u>	<u>-</u>

**15. Fair Values**

As at 31 December 2019, the carrying amount of financial assets and liabilities approximate their respective fair values due to their relative short-term maturity.

**16. Events occurring after the financial year end**

There have been no events subsequent to the year end, which requires adjustment of or disclosure in the financial statements or notes thereto.