

SIKH WELFARE COUNCIL
(UEN Number: S98SS0018L)
(Registered under the Societies Act, Chapter 311
and Charities Act, Chapter 37, Singapore)

**Audited Financial Statements
For the financial year ended 31 December 2017**

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SIKH WELFARE COUNCIL
(UEN Number: S98SS0018L)
(Registered under the Societies Act, Chapter 311
and Charities Act, Chapter 37, Singapore)

STATEMENT BY THE MANAGEMENT COMMITTEE

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 financial year ended 31 December 2017 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 Society'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 unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income (including hearse fund income and expenditure account) 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,

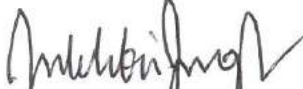
- (a) the accompanying financial statements, together with the notes thereon, are properly drawn up so as to present fairly, in all material respects, the financial position of the Council as at 31 December 2017 and of the results, changes in funds and cash flows of the activities of the Council for 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 its debts as and when they fall due.

The Management Committee authorised these financial statements for issue, on the date of this statement.

On behalf of the Management Committee


.....
GURDIP SINGH USMA
Chairman


.....
HARMIT SINGH
Secretary


.....
SUKHBIR SINGH
Treasurer

Singapore,

22 MAY 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SIKH WELFARE COUNCIL

(UEN Number: S98SS0018L)
(Registered under the Societies Act, Chapter 311
and Charities Act, Chapter 37, Singapore)

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 2017, and the statement of comprehensive income (including hearse fund income and expenditure account), statement of changes in funds and statement of cash flows for the year then ended, and the 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 provision 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 2017 and the results, changes in funds and cash flows of the Council for the financial 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.

Other Information

Management Committee is responsible for the other information. The other information comprises the Statement by the Management Committee set out on page 1.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SIKH WELFARE COUNCIL - continued

(UEN Number: S98SS0018L)

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Responsibilities of Management Committee and Those Charged with Governance 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 Societies Act, Charities Act and Regulations and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis 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.

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SIKH WELFARE COUNCIL - continued

(UEN Number: S98SS0018L)

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

Report on Other Legal and Regulatory Requirements

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

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

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


MGI ALLIANCE SINGAPORE PAC
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS

Singapore,
22 May 2018



SIKH WELFARE COUNCIL
(UEN Number: S98SS0018L)
(Registered under the Societies Act, Chapter 311
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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	<u>NOTE</u>	<u>2017</u> <u>S\$</u>	<u>2016</u> <u>S\$</u>
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	(3)	<u>13,448</u>	<u>19,449</u>
CURRENT ASSET			
Other receivables		<u>5,581</u>	<u>1,842</u>
Cash and cash equivalents	(4)	<u>2,398,392</u>	<u>2,514,268</u>
Total current assets		<u>2,403,973</u>	<u>2,516,110</u>
TOTAL ASSETS		<u>2,417,421</u>	<u>2,535,559</u>
FUNDS AND LIABILITIES			
FUNDS			
Accumulated fund	(5)	<u>2,247,555</u>	<u>1,892,374</u>
Hearse fund	(5)	<u>44,059</u>	<u>46,721</u>
Total funds		<u>2,291,614</u>	<u>1,939,095</u>
NON-CURRENT LIABILITIES			
Deferred government grant	(6)	<u>27,146</u>	<u>320,529</u>
Total non-current liabilities		<u>27,146</u>	<u>320,529</u>
CURRENT LIABILITIES			
Deferred government grant	(6)	<u>81,437</u>	<u>256,424</u>
Other payables and accruals		<u>17,224</u>	<u>19,511</u>
Total current liabilities		<u>98,661</u>	<u>275,935</u>
Total liabilities		<u>125,807</u>	<u>596,464</u>
TOTAL FUNDS AND LIABILITIES		<u>2,417,421</u>	<u>2,535,559</u>

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

SIKH WELFARE COUNCIL
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	<u>NOTE</u>	<u>2017</u> S\$	<u>2016</u> S\$
Income			
Donation income		342,221	221,613
Donation from Sikh institutions		60,012	84,012
Donation from Ride for Charity		13,691	106,235
Donation from Eldercare Programme		8,827	5,911
	(7)	424,751	417,771
Add: Other income			
Grant from Care and Share		468,370	641,950
Grant from Tote Board		-	46,470
Other government grants		20,975	35,929
Interest income		12,080	2,197
Sundry		189	-
		501,614	726,546
Total income		926,365	1,144,317
Less: Expenditure:			
<u>Operating expenses</u>			
Education support		73,662	61,143
Eldercare and healthcare programme		11,017	14,352
Employee benefits expenses	(8)	260,424	219,121
Family support and food support		91,130	85,040
Ride for charity expenses		-	25,187
Sunlove financial support		-	25,361
Welfare expenses		7,693	1,236
		443,926	431,440

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 - continued

	<u>NOTE</u>	<u>2017</u> S\$	<u>2016</u> S\$
<u>Administrative expenses</u>			
Accounts fee		3,900	3,900
Advertisement		702	2,426
Audit fee - current year		4,000	6,000
- prior year underprovision		1,122	2,087
Bank charges		1,537	954
Communication charges		7,999	6,110
Courier		637	393
Depreciation		3,293	17,175
Employee benefits expenses	(8)	78,250	40,865
Equipment and software		971	101
General expenses		3,110	850
Insurance		2,358	4,905
Medical expenses		517	654
Membership fee		144	-
Printing and stationery		8,213	7,529
Sundry expenses		390	2,202
Training and seminar		1,926	5,692
Transport charges		146	848
Website development and maintenance		1,105	6,220
Welfare expenses		6,938	-
		127,258	108,911
Total expenditure		571,184	540,351
Surplus for the financial year		355,181	603,966
Other comprehensive income		-	-
Total comprehensive income for the financial year		355,181	603,966

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

SIKH WELFARE COUNCIL
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**HEARSE FUND INCOME AND EXPENDITURE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	<u>NOTE</u>	<u>2017</u> <u>S\$</u>	<u>2016</u> <u>S\$</u>
Income			
Donations		6,100	7,400
		<u>6,100</u>	<u>7,400</u>
Less: Expenditure			
Depreciation		5,457	5,457
Vehicle maintenance expenses		3,305	1,819
Total expenditure		<u>8,762</u>	<u>7,276</u>
Surplus/(Deficit) for the financial year		<u>(2,662)</u>	<u>124</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the financial year		<u>(2,662)</u>	<u>124</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 2017

	<u>Accumulated fund</u> S\$	<u>Hearse fund</u> S\$	<u>Total</u> S\$
<u>2017</u>			
Balance as at beginning of financial year	1,892,374	46,721	1,939,095
Total comprehensive income for the financial year	355,181	(2,662)	352,519
Balance as at end of financial year	<u>2,247,555</u>	<u>44,059</u>	<u>2,291,614</u>

	<u>Accumulated fund</u> S\$	<u>Hearse fund</u> S\$	<u>Total</u> S\$
<u>2016</u>			
Balance as at beginning of financial year	1,288,408	46,597	1,335,005
Total comprehensive income for the financial year	603,966	124	604,090
Balance as at end of financial year	<u>1,892,374</u>	<u>46,721</u>	<u>1,939,095</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 2017

	<u>NOTE</u>	<u>2017</u> <u>S\$</u>	<u>2016</u> <u>S\$</u>
Cash flows from operating activities			
Surplus/(Deficit) for the financial year			
- Accumulated fund		355,181	603,966
- Hearse fund		(2,662)	124
		<u>352,519</u>	<u>604,090</u>
Adjustments for:			
Depreciation		8,750	22,632
Interest income		(12,080)	(2,197)
Operating cash flows before changes in working capital		<u>349,189</u>	<u>624,525</u>
<u>Changes in working capital</u>			
Other receivables		(3,739)	9,583
Prepayments		-	3,047
Deferred government grant		(468,370)	576,953
Other payables and accruals		(2,287)	(18,433)
Net (used in)/generated from operations		<u>(125,207)</u>	<u>1,195,675</u>
Interest received		<u>12,080</u>	<u>2,197</u>
Net cash (used in)/generated from operating activities		<u>(113,127)</u>	<u>1,197,872</u>
Cash flows from investing activities			
Acquisition of plant and equipment		(2,749)	(16,520)
Net cash used in investing activities		<u>(2,749)</u>	<u>(16,520)</u>
Cash flows from financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		<u>(115,876)</u>	<u>1,181,352</u>
Cash and cash equivalents at beginning of financial year		<u>2,514,268</u>	<u>1,332,916</u>
Cash and cash equivalents at end of financial year	(4)	<u>2,398,392</u>	<u>2,514,268</u>

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

SIKH WELFARE COUNCIL
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

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

The financial statements of the Sikh Welfare Council for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Management Committee on the date of the Statement by Management Committee.

1. DOMICILE AND ACTIVITIES

The **Sikh Welfare Council** ("the Council") is a society (UEN: S98SS0018L) registered in Singapore under the Societies Act. The Council is also a charity registered under the Charities Act. The Council was accorded the Institution of Public Character ("IPC") status on 5 November 2009 which has been renewed until 31 July 2019. The principal activities of the Council are:

- (a) Supporting projects and schemes that promote and carry out welfare programmes 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 registered office and principal place of business of the Council is located at 2 Towner Road, #06-02, Singapore 327804.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The financial statements have been prepared in accordance with the Societies Act, the Charities Act and Singapore Financial Reporting Standards (FRS).

The financial statements are presented in Singapore Dollars ("S\$") which is the Council's functional currency.

The financial statements are prepared in accordance with the historical cost basis except as disclosed in the accounting policies that follow.

2.2 *Significant judgements by the Management Committee in applying accounting policies*

The Management Committee is of the opinion that there were no critical judgements made in applying the Council's accounting policies.

SIKH WELFARE COUNCIL
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - continued

2.3 *Key sources of estimation uncertainty*

The preparation of financial statements in conformity with Singapore Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of income and expenses for the financial year. Although these estimates are based on the Management Committee's best knowledge of current events and actions, actual results may differ from those estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed below:

Depreciation

The Council depreciates the plant and equipment over their estimated useful lives, after taking into account their estimated residual values, if any, using the straight line method. The estimated useful life reflects the Management Committee's estimate of the periods that the Council intends to derive future economic benefits from the use of the Council's plant and equipment. The residual values reflect the Management Committee's estimated amount that the Council could currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

2.4 *Changes in accounting policies*

Overview

In the current financial year, the Council has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS has not resulted in changes to the Council's accounting policies and has also no material effect on the amounts reported for the current or prior year's financial information.

The Council has not early adopted any of the FRS, INT FRS, and amendments to FRS that were issued but not effective at the beginning of the financial year. The directors expect that the adoption of these other standards and interpretations will have no material impact on the financial statements in the financial period of initial application.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - continued

2.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided on a straight line basis to allocate the cost of the assets over their estimated useful lives as follows:-

Office equipment	3 years
Computers	1 year
Furniture and fittings	3 years
Motor vehicle	5 years
Renovation	1 year

The residual values and useful lives of plant and equipment are reviewed and adjusted as appropriate at each reporting date.

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.6 Non-derivative financial assets

The Council initially recognises loans and receivables on the date that they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Council becomes a party to the contractual provisions of the instrument.

The Council derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Council is recognised as a separate asset or liability.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - continued

2.6 *Non-derivative financial assets - continued*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Council has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Council classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Council only has loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

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

2.7 *Cash and cash equivalents*

Cash and cash equivalents include fixed deposits, cash at bank and cash in hand.

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)
- \$2.5 million

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - continued

2.9 *Non-derivative financial liabilities*

The Council initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Council becomes a party to the contractual provisions of the instrument.

The Council derecognises a financial liability when its contractual obligations are discharged, are cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Council has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Council classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise other payables and accruals.

2.10 *Provisions*

Provisions are recognised when the Council has a present obligation as a result of a past event which is probable and which will result in an outflow of economic benefits that can be reliably estimated.

2.11 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - continued

2.11 Revenue recognition - continued

The following specific recognition criteria must also be met before revenue is recognised:

i) Donations

Donations, including pledges, are recognised on receipt basis.

ii) Interest income

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

2.12 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Council will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Council for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

2.13 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Council on terms that the Council would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - continued

2.13 Impairment - continued

Loans and receivables

The Council considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Council uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Council's non-financial assets, other than biological assets, investment property (fair value model), inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - continued

2.13 Impairment - continued

Non-financial assets - continued

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Council's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (groups of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (groups of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, net of depreciation or amortisation, if no impairment loss had been recognised.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - continued

2.13 *Impairment - continued*

Non-financial assets - continued

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

2.14 *Income tax*

The Council is exempt from income tax. The Council has been exempt from filing income tax returns with effect from the Year of Assessment 2008.

2.15 *Employee benefits*

Defined contribution plan

As required by law, the Council makes contribution to the state pension scheme, Central Provident Fund ("CPF"). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

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 recognised 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.

Employee leave entitlement

Employee entitlements to annual leave are recognised 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.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. PLANT AND EQUIPMENT

<u>2017</u>	<u>Office equipment</u> S\$	<u>Computers</u> S\$	<u>Furniture and fittings</u> S\$	<u>Motor vehicle</u> S\$	<u>Renovation</u> S\$	<u>Total</u> S\$
<u>Cost</u>						
Beginning of financial year	7,345	11,549	8,771	27,286	9,300	64,251
Additions	1,850	899	-	-	-	2,749
End of financial year	9,195	12,448	8,771	27,286	9,300	67,000
<u>Accumulated depreciation</u>						
Beginning of financial year	5,627	11,549	8,321	10,005	9,300	44,802
Charge for the financial year	2,137	899	257	5,457	-	8,750
End of financial year	7,764	12,448	8,578	15,462	9,300	53,552
<u>Carrying value</u>						
End of financial year	1,431	-	193	11,824	-	13,448

<u>2016</u>	<u>Office equipment</u> S\$	<u>Computers</u> S\$	<u>Furniture and fittings</u> S\$	<u>Motor vehicle</u> S\$	<u>Renovation</u> S\$	<u>Total</u> S\$
<u>Cost</u>						
Beginning of financial year	4,395	7,279	8,771	27,286	-	47,731
Additions	2,950	4,270	-	-	9,300	16,520
End of financial year	7,345	11,549	8,771	27,286	9,300	64,251
<u>Accumulated depreciation</u>						
Beginning of financial year	2,279	7,279	8,064	4,548	-	22,170
Charge for the financial year	3,348	4,270	257	5,457	9,300	22,632
End of financial year	5,627	11,549	8,321	10,005	9,300	44,802
<u>Carrying value</u>						
End of financial year	1,718	-	450	17,281	-	19,449

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

4. CASH AND CASH EQUIVALENTS

	<u>2017</u> S\$	<u>2016</u> S\$
Fixed deposits	2,201,805	2,419,861
Cash at bank	195,687	93,507
Cash in hand	900	900
	<u>2,398,392</u>	<u>2,514,268</u>

Fixed deposits earn interest between 1.14% and 1.28% (2016: 0.10% and 0.35%) per annum and are placed for tenures ranging between 180 days and 365 days (2016: 90 days and 365 days).

5. 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.

6. DEFERRED GOVERNMENT GRANT

Deferred government grant consist of Care and Share grant which is a national fund-raising and volunteerism movement led by the Ministry of Social and Family Development ("MSF") for the social service sector. It aims to recognize the contributions made by voluntary welfare organisations (VWOs) in the social service sector. Eligible donations raised will be matched dollar-for-dollar by MSF. The matched amount will go towards building the Society's capabilities and capacities which is to be fully utilised by April 2019.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

7. INCOME

Included within total income is a sum of \$227,888/- (2016 - \$253,392/-) for which tax-deductible receipts were issued by the Council for donations received during the financial year, pursuant to its IPC status.

8. EMPLOYEE BENEFITS EXPENSES

	<u>2017</u> S\$	<u>2016</u> S\$
Staff salaries, bonus and allowances	294,123	222,025
Staff CPF	44,551	37,961
	<u>338,674</u>	<u>259,986</u>

Neither the Management Committee members nor their immediate family members received any compensation or remuneration from the Council during the financial year (2016: Nil).

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments

Accounting classifications and fair values

Fair values versus carrying amounts

	<u>Note</u>	<u>Loans and receivables</u> S\$	<u>Other financial liabilities</u> S\$	<u>Total carrying amount</u> S\$	<u>Fair value *</u> S\$
<u>2017</u>					
Other receivables		5,581	-	5,581	5,581
Cash and cash equivalents	(4)	2,398,392	-	2,398,392	2,398,392
		<u>2,403,973</u>	<u>-</u>	<u>2,403,973</u>	<u>2,403,973</u>
Other payables and accruals		-	17,224	17,224	17,224

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

Financial instruments - continued

Accounting classifications and fair values - continued

Fair values versus carrying amounts - continued

	<u>Note</u>	<u>Loans and receivables</u> S\$	<u>Other financial liabilities</u> S\$	<u>Total carrying amount</u> S\$	<u>Fair value *</u> S\$
<u>2016</u>					
Other receivables		1,842	-	1,842	1,842
Cash and cash equivalents	(4)	2,514,268	-	2,514,268	2,514,268
		<u>2,516,110</u>	<u>-</u>	<u>2,516,110</u>	<u>2,516,110</u>
Other payables and accruals		-	19,511	19,511	19,511

* Refer to Note 10 as to how fair values have been determined.

Financial risk management policies

The Council's operations carry certain financial risks. The Council's overall risk management approach is to moderate the effects of such volatility on its financial results.

a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rate and equity prices will affect the Council's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Foreign exchange risk

The Council is not exposed to any foreign exchange risk as all of its transactions are carried out in S\$.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

Financial risk management policies - continued

a) Market risk - continued

ii) Interest rate risk

The Council's exposure to market risk for changes in interest rates relates to interest-bearing fixed deposits placed with a financial institution. Although interest income is not significant, it is the Council's policy to obtain the most favorable interest rates available. The interest rates of the fixed deposits are disclosed in Note 4.

b) Credit risk

Credit risk is the risk of financial loss to the Council if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Council's cash and cash equivalents.

The Council is not exposed to any substantial credit risk as the Council places its cash and fixed deposits with a fully licensed bank in Singapore.

c) Liquidity risk

Liquidity risk is the risk of the Council being unable to secure adequate funding to meet current obligations as they fall due. The Council monitors its liquidity risk and maintains a level of cash and cash equivalents considered adequate to finance the Council's operations and to mitigate the effects of fluctuations in cash flows.

The Council manages its liquidity position with a view to meet its obligation on a timely basis. The Council measures and manages its cash flow requirements regularly and constantly monitors its funds to ensure that it has sufficient funds to meet its obligations as they fall due.

All financial liabilities are due within 1 year.

10. FAIR VALUE DETERMINATION

The fair values of the Council's financial assets and financial liabilities approximate their respective carrying values due to the relatively short-term nature of these financial instruments.

