

CAT WELFARE SOCIETY

[UEN. S99SS0144E]

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

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2017**

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Fiducia LLP

[UEN. T10LL0955L]

Public Accountants and
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STATEMENT BY THE MANAGEMENT COMMITTEE

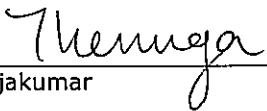
In the opinion of the Management Committee, the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 December 2017 and the results, changes in funds and cash flows of the Society for the year then ended.

At the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, authorised the issue of these financial statements on **22 JUN 2018**

President	Thenuga Vijakumar	
Vice President	Vanessa Vanderstraaten	
Treasurer	Fareena Mozeen Eliena Binte Mehr Omar	
Secretary	Matsumoto Emi	
Committee Member	Corinne Fong Yuet Ming	
Committee Member	Leow Shium Rou	
Committee Member	Moi Sok Ling	
Committee Member	Katherine Yeo Yi Bin	
Committee Member	Lau Yun Ping	
Committee Member	Wilson Ong Wei Zheng	
Committee Member	Ng Celine	(Appointed on 17 June 2017)
Committee Member	Shelby Tisharmini Doshi	(Appointed on 17 June 2017)
Committee Member	Edward Foo Chee Mang	(Appointed on 17 June 2017)
Committee Member	Tan Si Yan	(Appointed on 17 June 2017)
Committee Member	Wang Yinuo	(Appointed on 17 June 2017)

For and on behalf of the Management Committee,



Thenuga Vijakumar
President



Fareena Mozeen Eliena Binte Mehr Omar
Treasurer

Singapore, **22 JUN 2018**

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Independent auditor's report to the members of:

CAT WELFARE SOCIETY

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cat Welfare Society (the "Society"), which comprise the statement of financial position of the Society as at 31 December 2017, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Society for the financial year 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 Society as at 31 December 2017, and the results, changes in funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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(CONT'D)

Independent auditor's report to the members of:

CAT WELFARE SOCIETY

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

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



Fiducia LLP
Public Accountants and
Chartered Accountants
Singapore,

22 JUN 2018

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

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	2017			2016		
		Unrestricted fund	Restricted fund	Total unrestricted and restricted funds	Unrestricted fund	Restricted fund	Total unrestricted and restricted funds
		General fund S\$	Mdm's Estate S\$	S\$	General fund S\$	Mdm's Estate S\$	S\$
INCOME							
Income from generating funds							
<u>Voluntary income</u>							
Donations	5	358,275	0	358,275	591,115	0	591,115
Membership subscriptions		6,340	0	6,340	5,410	0	5,410
SCSP – AVA reimbursement		127,982	0	127,982	16,134	0	16,134
Special appeal	5	10,523	0	10,523	16,331	0	16,331
Special project	5	16,382	0	16,382	130	0	130
		<u>519,502</u>	<u>0</u>	<u>519,502</u>	<u>629,120</u>	<u>0</u>	<u>629,120</u>
<u>Activities for generating funds</u>							
Event income		56,676	0	56,676	6,950	0	6,950
Merchandise sales		7,332	0	7,332	80,450	0	80,450
		<u>64,008</u>	<u>0</u>	<u>64,008</u>	<u>87,400</u>	<u>0</u>	<u>87,400</u>
Other income							
Temporary employment credit		946	0	946	1,026	0	1,026
Special employment credit		20	0	20	0	0	0
Wages credit scheme		1,892	0	1,892	5,516	0	5,516
Paid maternity leave		2,423	0	2,423	0	0	0
Calendar sponsorship		10,200	0	10,200	0	0	0
Miscellaneous income		0	0	0	2,819	0	2,819
		<u>15,481</u>	<u>0</u>	<u>15,481</u>	<u>9,361</u>	<u>0</u>	<u>9,361</u>
Total income		<u>598,991</u>	<u>0</u>	<u>598,991</u>	<u>725,881</u>	<u>0</u>	<u>725,881</u>
LESS: EXPENDITURE							
Cost of generating funds							
Boarding		0	0	0	0	7,200	7,200
Cat trapping & transport		56,141	0	56,141	14,831	0	14,831
Collaterals		4,428	0	4,428	8,401	0	8,401
Education & outreach		14,030	0	14,030	1,480	0	1,480
Event expenses		3,697	0	3,697	4,919	0	4,919
Low income sterilisation		42,185	0	42,185	3,000	0	3,000
Mediator claims		1,670	0	1,670	5,814	0	5,814
Mediator sterilisation		70,038	0	70,038	140,610	0	140,610
Purchases		37,690	0	37,690	15,527	0	15,527
Stray cat sterilisation programme		324,504	0	324,504	98,850	0	98,850
Special appeals		58,912	0	58,912	85,363	0	85,363
Special projects		32,066	0	32,066	43,507	0	43,507
Staff costs	6	100,609	0	100,609	72,458	0	72,458
Sterilisation reimbursement		790	0	790	2,604	0	2,604
Others		120	0	120	0	0	0
		<u>746,880</u>	<u>0</u>	<u>746,880</u>	<u>497,364</u>	<u>7,200</u>	<u>504,564</u>

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

Note	2017			2016		
	Unrestricted fund	Restricted fund	Total unrestricted and restricted funds	Unrestricted fund	Restricted fund	Total unrestricted and restricted funds
	General fund	Mdm Khoo's Estate		General fund	Mdm Khoo's Estate	
	S\$	S\$	S\$	S\$	S\$	S\$
EXPENDITURE (CONT'D)						
Governance and administrative costs						
	21,950	0	21,950	21,850	0	21,850
	4,334	0	4,334	4,754	0	4,754
	(367)	0	(367)	(3,300)	0	(3,300)
	167	0	167	324	0	324
	225	0	225	146	0	146
	247	0	247	0	0	0
	8,800	0	8,800	3,011	0	3,011
	214	0	214	161	0	161
	20,616	0	20,616	19,260	0	19,260
6	2,691	0	2,691	64,069	0	64,069
	4,281	0	4,281	2,335	0	2,335
	3,570	0	3,570	9,037	0	9,037
	582	0	582	295	0	295
	147	0	147	0	0	0
	<u>67,457</u>	<u>0</u>	<u>67,457</u>	<u>121,942</u>	<u>0</u>	<u>121,942</u>
Total expenditure	814,337	0	814,337	619,306	7,200	626,506
Net income for the year	<u>(215,346)</u>	<u>0</u>	<u>(215,346)</u>	<u>106,575</u>	<u>(7,200)</u>	<u>99,375</u>

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
ASSETS			
Current assets			
Cash and cash equivalents	7	393,484	736,226
Other receivables	8	<u>153,755</u>	<u>89,237</u>
		<u>547,239</u>	<u>825,463</u>
Non-current assets			
Property, plant and equipment	9	<u>654</u>	<u>177</u>
Total assets		<u>547,893</u>	<u>825,640</u>
LIABILITIES			
Current liabilities			
Other payables	10	<u>21,596</u>	<u>83,997</u>
Total liabilities		<u>21,596</u>	<u>83,997</u>
NET ASSETS		<u>526,297</u>	<u>741,643</u>
FUNDS			
Unrestricted fund			
Accumulated general fund	11	<u>463,016</u>	<u>678,362</u>
Restricted fund			
Mdm Khoo's Estate	11	<u>63,281</u>	<u>63,281</u>
TOTAL FUNDS		<u>526,297</u>	<u>741,643</u>

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	At beginning of financial year S\$	Net loss for the financial year S\$	At end of financial year S\$
2017			
Unrestricted fund			
Accumulated general fund	<u>678,362</u>	<u>(215,346)</u>	<u>463,016</u>
Restricted fund			
Mdm Khoo's Estate	<u>63,281</u>	<u>0</u>	<u>63,281</u>
Total funds	<u>741,643</u>	<u>(215,346)</u>	<u>526,297</u>
	At beginning of financial year S\$	Net income/ (loss) for the financial year S\$	At end of financial year S\$
2016			
Unrestricted fund			
Accumulated general fund	<u>571,787</u>	<u>106,575</u>	<u>678,362</u>
Restricted fund			
Mdm Khoo's Estate	<u>70,481</u>	<u>(7,200)</u>	<u>63,281</u>
Total funds	<u>642,268</u>	<u>99,375</u>	<u>741,643</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	2017 S\$	2016 S\$
Cash flows from operating activities			
Net loss/(income) for the financial year		(215,346)	99,375
Adjustment for:			
- Depreciation of property, plant and equipment	9	225	146
Operating cash flow before changes in working capital		(215,121)	99,521
Changes in working capital			
- Other receivables		(64,518)	(45,130)
- Other payables		(62,401)	34,644
Net cash (used in)/generated from operating activities		<u>(342,040)</u>	<u>89,035</u>
Cash flows from investing activity			
Purchase of property, plant and equipment	9	(702)	0
Net cash used in investing activity		<u>(702)</u>	<u>0</u>
Net (decrease)/increase in cash and cash equivalents		(342,742)	89,035
Cash and cash equivalents at beginning of financial year		736,226	647,191
Cash and cash equivalents at end of financial year	7	<u>393,484</u>	<u>736,226</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

1. General information

Cat Welfare Society (the "Society") is registered and domiciled in Singapore. The Society's registered address and principal place of business is at 98 Club Street, #02-01 Singapore 069467.

The Society was registered on 23 October 1999 under the Societies Act (Chapter 311) and is a charity registered under the Charities Act, Chapter 37 since 28 June 2004. The Society has been accorded the Institutions of a Public Character ("IPC") status until 31 August 2018.

The principal activities of the Society are those of caring and socially responsible society where cats are treated humanely as sentinel beings, where they are care for responsibly as pets and treated with compassion as community cats, without being subjected to abandonment and abuse.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") and the disclosure requirements of the Societies Act (Chapter 311) and Charities Act (Chapter 37). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

2.1.1 Interpretations and amendments to published standards effective in 2017

In the current financial year, the Society has adopted all the new and revised FRS and interpretations of FRS ("INT FRS") that are relevant to its operations and effective on 1 January 2017. The adoption of the standard did not have any material effect on the financial statements.

2.1.2 Standards issued but not yet effective

The Society has not adopted the following relevant new/revised FRS, INT FRS and amendments to FRSs that were issued but are not yet effective:

Description	Effective for annual periods beginning on or after
FRS 109 Financial instruments	1 January 2018
FRS 115 Revenue from contracts with customers	1 January 2018
FRS 116 Leases	1 January 2019

Except for FRS 116 Leases, Management Committee believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of initial application.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.2 Standards issued but not yet effective (Cont'd)

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Society's accounting periods beginning on or after 1 January 2018 and which the Society has not early adopted:

FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees- leases of "low value" assets and short-term leases which do not contain any purchase options. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Society is currently assessing the impact of new standard and plans to adopt the new standard on the required effective date. The Society expects no material impact upon adoption.

2.2 Income recognition

Income comprises the fair value of the consideration received or receivable in the ordinary course of the Society's activities. Income is recognised as follows:

2.2.1 Donations

Unrestricted donations are reported as income. The timing of income recognition is governed by the donor's intent. If the donor is silent, the donation is recognised as income in the year made. The timing of income recognition for restricted donations is the same as for unrestricted donations.

2.2.2 Membership subscription

Membership subscriptions are recognised on receipts basis, as they are not refundable.

2.2.3 Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.2.4 Government grants

Government grants are recognised as income in the financial statements over the periods necessary to match them with the related costs, which they are intended to compensate on a systematic basis.

2.2.5 Other income

Other income is recognised when received.

2. Significant accounting policies (Cont'd)

2.3 Expenditure recognition

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

2.3.1 Cost of charitable activities

Cost of charitable activities comprises all directly attributable costs incurred in the pursuit of the charitable objects of the Society and an apportionment of overhead and shared costs.

2.3.2 Governance and administrative costs

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

2.4 Property, plant and equipment

Measurement

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

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

Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The annual rates of depreciation for each category are based on the following useful lives:

	Useful lives
Computer and software	1 year
Equipment	3 years
Furniture and fittings	3 years

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

Subsequent expenditure

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

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

Disposal

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

Fully depreciated assets still in use are retained in the financial statements.

2.5 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

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

2.6 Financial assets

2.6.1 Classification

The Society classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are classified within "Cash and cash equivalents" and "Other receivables" on the statement of financial position.

2.6.2 Recognition and de-recognition

Usual purchases and sales of financial assets are recognised on trade-date – the date on which the Society commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

2.6.3 Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

2.6.4 Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using effective interest method.

2.6.5 Impairment

The Society assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments is considered indicators that the receivable is impaired.

An allowance for impairment of loans and receivables including other receivables, are recognised when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the amount becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment losses decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.7 Cash and cash equivalents

Cash and cash equivalents include deposits with financial institutions, which are subject to an insignificant risk of changes in value.

2.8 Other receivables

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

2.9 Financial liabilities

Financial liabilities are recognised when the Society becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liability includes "Other payables".

2. Significant accounting policies (Cont'd)

2.9 Financial liabilities (Cont'd)

Financial liabilities which are due to be settled within 12 months after the reporting date are presented as current liabilities in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue. Other financial liabilities due to be settled more than 12 months after the reporting date are presented as non-current liabilities in the statement of financial position.

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

2.10 Other payables

Other payables, excluding accruals, are recognised at their transaction price, excluding transaction cost, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable and are normally settled within 12 months after the end of the financial reporting date.

2.11 Provisions for other liabilities and charges

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

2.12 Operating leases as lessee

Finance leases which transfer to the Society substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Society will obtain ownership by the end of the lease term.

Payments made under operating leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.13 Employee compensation

2.13.1 Defined contribution plans

The Society makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Significant accounting policies (Cont'd)

2.13 Employee compensation (Cont'd)

2.13.2 Employee leave entitlement

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 if the Society 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.

2.14 Foreign currencies

Transactions in foreign currencies are measured in Singapore Dollar and recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at the reporting date. All exchange differences are recognised in the statement of financial activities.

2.15 Funds

Restricted fund balances are restricted by outside sources and may only be utilised in accordance with the purposes for which they are established. Designated funds are earmarked for specific purposes and are largely made up of funds allocated at the discretion of the Management Committee. These designated funds are treated as restricted funds as they contain funds restricted by outside sources.

The Management Committee retains full control over the use of unrestricted funds for any of the Society's purposes.

2.16 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

2.17 Events after the reporting date

Post year-end events that provide additional information about the Society's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant accounting judgements and estimates

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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

4. Income tax

The Society is a charity registered under the Charities Act since 28 June 2004. Consequently, the income of the Society is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap.134.

5. Tax-deductible receipts

	2017 S\$	2016 S\$
Tax deductible donations	282,169	413,835
Non-tax deductible donations	<u>103,011</u>	<u>193,741</u>
	<u>385,180</u>	<u>607,576</u>

The donations were allocated as follows:

• Donations	358,275	591,115
• Special appeal	10,523	16,331
• Special project	<u>16,382</u>	<u>130</u>
	<u>385,180</u>	<u>607,576</u>

6. Staff costs

	2017 S\$	2016 S\$
Staff salaries	77,460	108,132
Staff bonuses	10,550	9,450
CPF contributions	14,962	18,051
SDL	200	280
Medical claims	128	211
Staff welfare	0	200
Staff recruitment	<u>0</u>	<u>203</u>
	<u>103,300</u>	<u>136,527</u>

The staff costs were allocated as follows:

Cost of generating funds	100,609	72,458
Governance and administrative costs	<u>2,691</u>	<u>64,069</u>
	<u>103,300</u>	<u>136,527</u>

7. Cash and cash equivalents

	2017 S\$	2016 S\$
Cash on hand	226	0
Cash at banks	<u>393,258</u>	<u>736,226</u>
	<u>393,484</u>	<u>736,226</u>

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

8. Other receivables

	2017 S\$	2016 S\$
Deposits	5,900	4,000
Other receivables	133,288	66,396
Prepayments	<u>14,567</u>	<u>18,841</u>
	<u>153,755</u>	<u>89,237</u>

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

9. Property, plant and equipment

	Computer and software S\$	Equipment S\$	Furniture and fittings S\$	Total S\$
Cost				
At 1 January 2016	134	1,011	0	1,145
Additions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
At 31 December 2016	134	1,011	0	1,145
Additions	<u>0</u>	<u>300</u>	<u>402</u>	<u>702</u>
At 31 December 2017	<u>134</u>	<u>1,311</u>	<u>402</u>	<u>1,847</u>
Accumulated depreciation				
At 1 January 2016	134	688	0	822
Depreciation charge	<u>0</u>	<u>146</u>	<u>0</u>	<u>146</u>
At 31 December 2016	134	834	0	968
Depreciation charge	<u>0</u>	<u>191</u>	<u>34</u>	<u>225</u>
At 31 December 2017	<u>134</u>	<u>1,025</u>	<u>34</u>	<u>1,193</u>
Carrying amount				
31 December 2016	<u>0</u>	<u>177</u>	<u>0</u>	<u>177</u>
31 December 2017	<u>0</u>	<u>286</u>	<u>368</u>	<u>654</u>

10. Other payables

	2017 S\$	2016 S\$
Accrued operating expenses	14,664	76,220
Accrued staff costs	<u>6,932</u>	<u>7,777</u>
	<u>21,596</u>	<u>83,997</u>

At the reporting date, the carrying amounts of other payables approximate their fair values.

11. Funds

11.1 Unrestricted fund

Accumulated general fund

Accumulated general fund is for the purpose of meeting operating expenses incurred by the Society.

11. Funds (Cont'd)

11.2 Restricted fund

Mdm Khoo's Estate

Mdm Khoo's estate is bequeath from Mdm Khoo to the Society solely for the upkeep and care of the cats that belong to Mdm Khoo at KittyCare Haven.

12. Operating lease commitments

The Society leases office premise from non-related party under non-cancellable operating lease agreements. The lease has varying terms, escalating clauses and renewal rights.

The future minimum rental payable under non-cancellable operating lease contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	2017 S\$	2016 S\$
Not later than one year	<u>17,100</u>	<u>14,445</u>

13. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transaction with related party took place at terms agreed between the parties during the financial year:

	2017 S\$	2016 S\$
Education and outreach services provided by a committee member	<u>3,250</u>	<u>7,150</u>

During the current and previous year, none of the Management Committee members and key management personnel received any remuneration from the Society.

14. Employees' remuneration

None of the Society's employees were remunerated more than or equal to S\$100,000 during the financial years ended 31 December 2017 and 2016.

15. Financial instruments

The financial assets and liabilities of the Society as at the financial reporting date are as follows:

	2017 S\$	2016 S\$
<u>Financial assets</u>		
Cash and cash equivalents	393,484	736,226
Other receivables (excluding prepayments)	<u>139,188</u>	<u>70,396</u>
	<u>532,672</u>	<u>806,622</u>
<u>Financial liability</u>		
Other payables	<u>21,596</u>	<u>83,997</u>

16. Financial risk management

The Society is mainly exposed to credit risk and liquidity risk.

Risk management is carried out under policies approved by the Management Committee. The Management Committee reviews and agrees on policies and procedures for management of these risks.

16.1 Credit risk

Credit risk is the potential financial loss resulting from customer defaulting on its contractual obligations to the Society.

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

16.2 Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its financial obligations due to shortage of funds. The Society exposure to liquidity risk primarily from mismatches of the maturities of financial assets or liabilities. Management Committee monitors and ensure the Society maintains a level of cash and cash equivalents deemed adequate to finance the Society's operations.

The table below summarises the maturity profile of the Society's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2017			
Financial assets			
Cash and cash equivalents	393,484	0	393,484
Other receivables (excluding prepayments)	<u>139,188</u>	<u>0</u>	<u>139,188</u>
	532,672	0	532,672
Financial liability			
Other payables	<u>(21,596)</u>	<u>0</u>	<u>(21,596)</u>
	<u>511,076</u>	<u>0</u>	<u>511,076</u>
	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2016			
Financial assets			
Cash and cash equivalents	736,226	0	736,226
Other receivables (excluding prepayments)	<u>70,396</u>	<u>0</u>	<u>70,396</u>
	806,622	0	806,622
Financial liability			
Other payables	<u>(83,997)</u>	<u>0</u>	<u>(83,997)</u>
	<u>722,625</u>	<u>0</u>	<u>722,625</u>

17. Fair values

As at 31 December 2017, the carrying amounts of financial assets and liabilities recorded in the financial statements of the Society approximate their fair values due to their short-term nature.

18. Reserve position and policy

The Society's reserve position for financial year ended 31 December 2017 and 2016 is as follows:

		2017	2016	Increase/ (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted funds			
	General fund	463	678	(31.71)
B	Restricted and designated funds			
	Mdm Khoo's Estate	63	63	0
C	Endowment fund	N/A	N/A	
D	Total funds	526	741	(29.01)
E	Total annual operating expenditure	814	627	29.98
F	Ratio of funds to annual operating expenditure (A/E)	0.57	1.18	

Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a society to spend as grants.
- D. Total funds include unrestricted, restricted / designated and endowment funds.
- E. Total annual operating expenditure includes expenses related to Cost of Generating Funds and Governance and Administrative costs.

The Society's reserve policy is as follows:

The reserve of the Society provide financial stability and the means for the development of the Society's activities. The Management Committee intends to maintain the reserves at a level sufficient for its operating needs. The Society reviews the level of reserves regularly for the Society's continuing obligations.

19. Management of conflict of interest

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

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

20. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Management Committee on

22 JUN 2018