

## **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 2019**

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## **Fiducia LLP**

[UEN. T10LL0955L]

Public Accountants and  
Chartered Accountants of Singapore

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Singapore 408571  
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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 2019 and the results, changes in funds and cash flows of the Society for the year then ended.

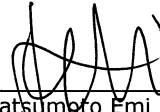
At the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

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

President	Thenuga Vijakumar	
Vice President	Amrys Wang Yun	(Appointed on 22 June 2019)
Treasurer	Matsumoto Emi	
Secretary	Nurul Nadiah Binte Hazman	(Appointed on 22 June 2019)
Committee Member	Fareena Mozeen Eliena Binte Mehr Omar	
Committee Member	Shelby Tisharmini Doshi	
Committee Member	Edward Foo Chee Mang	
Committee Member	Sonakshi Johar	(Appointed on 22 June 2019)
Committee Member	Katherine Yeo Yibin	(Appointed on 22 June 2019)
Committee Member	Deborah Ong Su Inn	(Appointed on 22 June 2019)

For and on behalf of the Management Committee,

  
\_\_\_\_\_  
Thenuga Vijakumar  
President

  
\_\_\_\_\_  
Matsumoto Emi  
Treasurer

Singapore, **19 NOV 2020**

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Independent auditor's report to the members of:

**CAT WELFARE SOCIETY**  
[UEN. S99SS0144E]

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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 as at 31 December 2019, and the statement of financial activities, 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 Society as at 31 December 2019 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)

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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 of the Charities (Institutions of a Public Character) Regulations.



**Fiducia LLP**  
Public Accountants and  
Chartered Accountants  
Singapore,

**19 NOV 2020**

Partner-in-charge: Soo Hon Weng  
PAB No.: 01089

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

		2019			
		Unrestricted fund	Restricted funds		Total unrestricted and restricted funds
	Note	General fund S\$	Mdm Khoo's Estate S\$	Cat Mediation Services S\$	S\$
<b>INCOME</b>					
<b>Income from generating funds</b>					
<u>Voluntary income</u>					
Donations		540,676	0	0	540,676
Grants		0	0	90,000	90,000
Membership subscriptions		1,500	0	0	1,500
SCSP – AVA reimbursement		172,297	0	0	172,297
		714,473	0	90,000	804,473
<u>Activities for generating funds</u>					
Event income		43,972	0	0	43,972
Merchandise sales		38,909	0	0	38,909
		82,881	0	0	82,881
<b>Other income</b>					
Wages credit scheme		5,008	0	0	5,008
Miscellaneous income		4,545	0	0	4,545
		9,553	0	0	9,553
<b>Total income</b>	5	806,907	0	90,000	896,907
<b>LESS: EXPENDITURE</b>					
<b>Cost of generating funds</b>					
Cat trapping and transport		57,499	0	0	57,499
Event expenses		827	0	0	827
Mediator claims		6,144	0	0	6,144
Mediator sterilisation		11,444	0	984	12,428
Purchases		26,628	0	0	26,628
Staff costs	7	81,210	0	0	81,210
Stray cat sterilisation programme		367,298	0	0	367,298
Transactional fees		12,338	0	0	12,338
		563,388	0	984	564,372

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

		2019			
		Unrestricted fund	Restricted funds		Total unrestricted and restricted funds
	Note	General fund S\$	Mdm Khoo's Estate S\$	Cat Mediation Services S\$	S\$
<b>EXPENDITURE (CONT'D)</b>					
<b>Governance and administrative costs</b>					
Accounting		13,086	0	0	13,086
Audit fee		4,800	0	0	4,800
Bank charges		439	0	0	439
Depreciation	10	23,758	0	0	23,758
General expenses		4,766	0	0	4,766
PO box rental		588	0	0	588
Staff costs	7	51,822	0	0	51,822
Telecommunications		4,064	0	0	4,064
Transport		12,345	0	0	12,345
Utilities		644	0	0	644
		116,312	0	0	116,312
<b>Finance cost</b>					
Interest on lease liability	12	1,489	0	0	1,489
<b>Total expenditure</b>		681,189	0	984	682,173
<b>Net income for the year</b>		125,718	0	89,016	214,734

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

	Note	2018			Total unrestricted and restricted funds S\$
		Unrestricted fund	Restricted funds		
		General fund S\$	Mdm Khoo's Estate S\$	Cat Mediation Services S\$	
<b>INCOME</b>					
<b>Income from generating funds</b>					
<u>Voluntary income</u>					
Donations		542,861	0	0	542,861
Grants		0	0	90,000	90,000
Sponsorship		16,100	0	0	16,100
Membership subscriptions		3,130	0	0	3,130
SCSP – AVA reimbursement		207,224	0	0	207,224
		<u>769,315</u>	<u>0</u>	<u>90,000</u>	<u>859,315</u>
<u>Activities for generating funds</u>					
Event income		27,268	0	0	27,268
Merchandise sales		42,547	0	0	42,547
		<u>69,815</u>	<u>0</u>	<u>0</u>	<u>69,815</u>
<b>Other income</b>					
Temporary employment credit		281	0	0	281
Wages credit scheme		3,655	0	0	3,655
Calendar sponsorship		18,190	0	0	18,190
Miscellaneous income		20	0	0	20
		<u>22,146</u>	<u>0</u>	<u>0</u>	<u>22,146</u>
<b>Total income</b>	5	861,276	0	90,000	951,276
<b>LESS: EXPENDITURE</b>					
<b>Cost of generating funds</b>					
Cat trapping and transport		13,238	0	56,496	69,734
Education and outreach		25,896	0	0	25,896
Event expenses		108	0	0	108
Freight		150	0	0	150
Low income sterilisation		30,574	0	0	30,574
Mediator claims		104	0	1,955	2,059
Mediator sterilisation		12,647	0	34,885	47,532
Purchases		45,521	0	0	45,521
Stray cat sterilisation Programme		393,837	0	0	393,837
Special projects		25,912	9,500	0	35,412
Staff costs	7	67,765	0	66,339	134,104
Sterilisation reimbursement		80	0	0	80
Transactional fees		5,270	0	0	5,270
		<u>621,102</u>	<u>9,500</u>	<u>159,675</u>	<u>790,277</u>



**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

		2018			
		Unrestricted fund	Restricted funds		Total unrestricted and restricted funds
	Note	General fund S\$	Mdm Khoo's Estate S\$	Cat Mediation Services S\$	S\$
<b>EXPENDITURE (CONT'D)</b>					
<b>Governance and administrative costs</b>					
Accounting		21,000	0	0	21,000
Audit fee		4,800	0	0	4,800
Bank charges		233	0	0	233
Depreciation	10	837	0	0	837
General expenses		3,009	0	0	3,009
PO box rental		213	0	0	213
Rental		23,271	0	0	23,271
Staff costs	7	2,430	0	19,341	21,771
Telecommunications		4,139	0	0	4,139
Transport		3,708	0	0	3,708
Utilities		965	0	0	965
		64,605	0	19,341	83,946
<b>Total expenditure</b>		685,707	9,500	179,016	874,223
<b>Net income (expenditure) for the year</b>		175,569	(9,500)	(89,016)	77,053

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

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Note	2019 S\$	2018 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	871,017	564,674
Other receivables	9	29,451	70,137
		<u>900,468</u>	<u>634,811</u>
<b>Non-current asset</b>			
Property, plant and equipment	10	<u>18,767</u>	<u>4,482</u>
<b>Total assets</b>		<u>919,235</u>	<u>639,293</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	84,419	35,943
Lease liability	12	<u>16,732</u>	<u>0</u>
<b>Total liabilities</b>		<u>101,151</u>	<u>35,943</u>
<b>NET ASSETS</b>		<u>818,084</u>	<u>603,350</u>
<b>FUNDS</b>			
<b>Unrestricted fund</b>			
Accumulated general fund	13	<u>764,303</u>	<u>638,585</u>
<b>Restricted funds</b>			
Mdm Khoo's Estate	13	53,781	53,781
Cat Mediation Services	13	<u>0</u>	<u>(89,016)</u>
		<u>53,781</u>	<u>(35,235)</u>
<b>TOTAL FUNDS</b>		<u>818,084</u>	<u>603,350</u>

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

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

	At beginning of financial year S\$	Net income for the financial year S\$	At end of financial year S\$
<b>2019</b>			
<b>Unrestricted fund</b>			
Accumulated general fund	638,585	125,718	764,303
<b>Restricted funds</b>			
Mdm Khoo's Estate	53,781	0	53,781
Cat Mediation Services	(89,016)	89,016	0
	(35,235)	89,016	53,781
<b>Total funds</b>	603,350	214,734	818,084
	At beginning of financial year S\$	Net income/ (expenditure) for the financial year S\$	At end of financial year S\$
<b>2018</b>			
<b>Unrestricted fund</b>			
Accumulated general fund	463,016	175,569	638,585
<b>Restricted funds</b>			
Mdm Khoo's Estate	63,281	(9,500)	53,781
Cat Mediation Services	0	(89,016)	(89,016)
	63,281	(98,516)	(35,235)
<b>Total funds</b>	526,297	77,053	603,350

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

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

	Note	2019 S\$	2018 S\$
<b>Cash flows from operating activities</b>			
Net income for the financial year		214,734	77,053
Adjustment for:			
Depreciation	10	23,758	837
Interest on lease liability	12	1,489	0
Operating cash flow before changes in working capital		239,981	77,890
Changes in working capital			
- Other receivables		40,686	83,618
- Trade and other payables		48,476	14,347
<b>Net cash generated from operating activities</b>		<u>329,143</u>	<u>175,855</u>
<b>Cash flow from investing activity</b>			
Purchase of property, plant and equipment	10	0	(4,665)
<b>Net cash used in investing activity</b>		<u>0</u>	<u>(4,665)</u>
<b>Cash flows from financing activities</b>			
Payment of lease liability		(21,311)	0
Interest paid		(1,489)	0
<b>Net cash used in financing activities</b>		<u>(22,800)</u>	<u>0</u>
<b>Net increase in cash and cash equivalents</b>		306,343	171,190
Cash and cash equivalents at beginning of financial year		564,674	393,484
<b>Cash and cash equivalents at end of financial year</b>	8	<u>871,017</u>	<u>564,674</u>

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

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

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 office and principal place of business is located 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 12 August 2020.

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**

These 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). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

**2.1.1 Interpretations and amendments to published standards effective in 2019**

The Society has adopted the new or revised FRSs and Interpretations to FRSs ("INT FRSs") that are mandatory for application from that date. Changes to the Society's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRSs and INT FRSs.

Except for the adoption of FRS 116 Leases as described below, the adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the accounting policies of the Society and had no material effect on the amounts reported for the current or prior financial years.

**Adoption of FRS 116**

The Society has adopted the new standard using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Society has recognised the right-of-use asset for the lease based on an amount equal to the lease liability, as a result of this, no adjustment to the opening balance of retained earnings was provided at the date of initial adoption as of 1 January 2019. The Society elected to use the transition practical expedient to not assess whether a contract is, or contains a lease at 1 January 2019. Instead, the Society applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

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

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

#### 2.1.1 Interpretations and amendments to published standards effective in 2019 (Cont'd)

##### Lease previously accounted for as operating lease

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis. The Society's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2.7.

The Society recognised right-of-use asset and lease liability for the lease previously classified as operating lease, except for short-term leases and leases of low-value assets. The right-of-use asset for the leases were recognised based on an amount equal to the lease liabilities, adjusted for previously recognised prepaid or accrued lease payments. Lease liability was recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Society also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- right-of-use asset of S\$38,043 was recognised and presented within property, plant and equipment; and
- lease liability of S\$38,043 was recognised.

The following is the reconciliation of the impact arising from initial application of the new FRS 116 on 1 January 2019 to the financial statements of the Society:

	1 January 2019 (As previously stated) S\$	FRS 116 adjustment S\$	1 January 2019 (As restated) S\$
<b><u>Statement of financial position</u></b>			
Property, plant and equipment	4,482	38,043	42,525
Lease liability	<u>0</u>	<u>(38,043)</u>	<u>(38,043)</u>

The lease liability as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	S\$
Operating lease commitment as at 31 December 2018	39,900
Less: Discounting effect using incremental borrowing rate of 5.25%	<u>(1,857)</u>
Lease liability as at 1 January 2019	<u>38,043</u>

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

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

#### **2.1.2 Standards issued but not yet effective**

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

Description	Effective for annual periods beginning on or after
Amendments to:	
References to the Conceptual Framework in FRS Standards	1 January 2020
FRS 1 and FRS 8 <i>Definition of Material</i>	1 January 2020
FRS 103 <i>Definition of a Business</i>	1 January 2020
FRS 109, FRS 39 and FRS 107: Interest Rate Benchmark Reform	1 January 2020
FRS 110 and FRS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Date to be determined
FRS 116 Covid-19-Related Rent Concessions	1 June 2020

The Management Committee believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the year of initial application.

### **2.2 Income recognition**

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

Income is recognised when the Society satisfies a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation. Income is recognised as follows:

#### **2.2.1 Donations**

Donations are recognised in the statement of financial activities upon receipt. Donations with a specific intent that specify the time period in which the expenditure can take place are accounted for as deferred income and recognised as a liability until the financial period when the donation will be used.

#### **2.2.2 Membership subscription**

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

#### **2.2.3 Sale of goods**

Income from the sale of goods is recognised when the Society has delivered the products to customers; the customer has accepted the products and the collectability of the related receivables are reasonably assured.

#### **2.2.4 Other income**

Other income is recognised when received.

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

### **2.3 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to the statement of financial activities over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

### **2.4 Cost and 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.

#### **2.4.1 Cost of generating funds**

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

#### **2.4.2 Governance and administrative costs**

Governance and administrative 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.

### **2.5 Employee compensation**

#### **2.5.1 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.

#### **2.5.2 Employee leaves entitlement**

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

### **2.6 Borrowing costs**

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in statement of financial activities in the period in which they are incurred.



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

### **2.7 Leases**

#### **2.7.1 The accounting policy for leases before 1 January 2019 are as follows:**

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the statement of financial activities on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the statement of financial activities when incurred.

#### **2.7.2 The accounting policy for leases from 1 January 2019 are as follows:**

At the inception of the contract, the Society assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

##### Right-of-use assets

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9. The Society's right-of-use asset is presented within Property, plant and equipment in Note 10.

##### Lease liabilities

At the commencement date of the lease, the Society recognises lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating the lease, if the lease term reflects the Society exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Society uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

### **2.7 Leases (Cont'd)**

#### Short term and low value leases

The Society has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to the statement of financial activities on a straight-line basis over the lease term.

### **2.8 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.

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

#### Depreciation

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

	<u>Useful lives</u>
Computer and software	1 to 3 years
Equipment	3 years
Furniture and fittings	3 years
Leasehold premises	Over the remaining lease term

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.

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

#### 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 repairs and maintenance expenses are recognised in the statement of financial activities when incurred.

#### 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.

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

### **2.9 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.

### **2.10 Financial assets**

#### **(A) Classification and measurement**

The Society classifies its financial assets into the measurement category of amortised cost.

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

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

#### At initial recognition

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

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

### **2.10 Financial assets (Cont'd)**

#### At subsequent measurement

##### Debt instrument

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

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

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

##### **(B) Impairment**

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

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

##### **(C) Recognition and derecognition**

Regular way 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.

On disposal of debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to the asset is reclassified to profit or loss.

### **2.11 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in values.

### **2.12 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 liabilities includes "Trade and other payables" and "Lease liability".

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

### **2.12 Financial liabilities (Cont'd)**

Financial liabilities are derecognised when the obligations under the liability are discharged or cancelled or expire. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or 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.

### **2.13 Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Society prior to the end of financial year, which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

### **2.14 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.

### **2.15 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.

### **2.16 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.

### **2.17 Events after the reporting period**

Events after the reporting period that provide additional information about the Society's position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting period that are non-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. Revenue

	Note	2019 S\$	2018 S\$
Donations	6	540,676	542,861
Grants		90,000	90,000
Sponsorship		0	16,100
Membership subscriptions		1,500	3,130
SCSP – AVA reimbursement		172,297	207,224
Event income		43,972	27,268
Merchandise sales		38,909	42,547
Other income		9,553	22,146
		<u>896,907</u>	<u>951,276</u>

#### a) Disaggregation of revenue from contracts with customers

	2019 S\$	2018 S\$
<b>Revenue from:</b>		
Donations	540,676	542,861
Sponsorship	0	16,100
Membership subscriptions	1,500	3,130
Event income	43,972	27,268
Merchandise sales	38,909	42,547
Other income	4,545	18,210
	<u>629,602</u>	<u>650,116</u>

All the revenue are recognised at a point in time.

There are no contract liabilities balances.

## 6. Donations

	2019 S\$	2018 S\$
Tax deductible donations	257,438	407,577
Non-tax deductible donations	283,238	135,284
	<u>540,676</u>	<u>542,861</u>

During the financial year, the Society issued tax-deductible receipts, for donations totalling S\$257,438 (2018: S\$407,577) pursuant to its Institutions of a Public Character ("IPC") status.

## 7. Staff costs

	2019 S\$	2018 S\$
Staff salaries	112,764	121,731
Staff bonuses	0	11,018
Employer's contribution to CPF	19,166	22,570
SDL	269	320
Medical claims	712	236
Insurance	121	0
	<u>133,032</u>	<u>155,875</u>

### The staff costs were allocated as follows:

- Cost of generating funds	81,210	134,104
- Governance and administrative costs	51,822	21,771
	<u>133,032</u>	<u>155,875</u>

## 8. Cash and cash equivalents

	2019 S\$	2018 S\$
Cash on hand	0	841
Cash at banks	818,768	550,124
Cash with other financial institution	52,249	13,709
	<u>871,017</u>	<u>564,674</u>

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

## 9. Other receivables

	2019 S\$	2018 S\$
Other receivables	22,812	55,732
Deposits	5,300	5,300
Prepayments	1,339	9,105
	<u>29,451</u>	<u>70,137</u>

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

**10. Property, plant and equipment**

	Computer and software S\$	Equipment S\$	Furniture and fittings S\$	Leasehold premises S\$	Total S\$
<b>Cost</b>					
At 1 January 2018	134	1,311	402	0	1,847
Additions	4,665	0	0	0	4,665
At 31 December 2018	4,799	1,311	402	0	6,512
Effect of adopting FRS 116	0	0	0	38,043	38,043
At 1 January 2019 (as restated)	4,799	1,311	402	38,043	44,555
Additions	0	0	0	0	0
At 31 December 2019	4,799	1,311	402	38,043	44,555
<b>Accumulated depreciation</b>					
At 1 January 2018	134	1,025	34	0	1,193
Depreciation	518	186	133	0	837
At 31 December 2018	652	1,211	167	0	2,030
Depreciation	1,778	100	141	21,739	23,758
At 31 December 2019	2,430	1,311	308	21,739	25,788
<b>Carrying amount</b>					
31 December 2018	4,147	100	235	0	4,482
1 January 2019 (as restated)	4,147	100	235	38,043	42,525
31 December 2019	2,369	0	94	16,404	18,767

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 12.



## 11. Trade and other payables

	2019 S\$	2018 S\$
Trade payables	72,307	18,427
Other payables	0	2,590
Accrued operating expenses	4,800	8,600
Accrued staff costs	7,312	6,326
	<u>84,419</u>	<u>35,943</u>

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

## 12. Leases

The Society's lease liability is as follows:

	2019 S\$	2018 S\$
Current	<u>16,732</u>	<u>0</u>

The carrying amount of right-of-use assets classified within Property, plant and equipment is as follows:

	Leasehold premises S\$
At 1 January 2019	38,043
Depreciation	<u>(21,739)</u>
At 31 December 2019	<u>16,404</u>

The amounts recognised in statement of financial activities related to lease liability are as follows:

	2019 S\$
Depreciation of right-of-use asset	21,739
Interest on lease liability	<u>1,489</u>

The Society had total cash outflows for lease of S\$22,800 in 2019.

A reconciliation of liabilities arising from financing activities is as follows:

	1 January 2019 S\$	Cash flows S\$	Non-cash changes		31 December 2019 S\$
			Accretion of interests S\$	Others S\$	
Lease liability					
- Current	21,311	(22,800)	1,489	16,732	16,732
- Non-current	<u>16,732</u>	<u>0</u>	<u>0</u>	<u>(16,732)</u>	<u>0</u>
	<u>38,043</u>	<u>(22,800)</u>	<u>1,489</u>	<u>0</u>	<u>16,732</u>

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**13. Funds**

**13.1 Unrestricted fund**

Accumulated general fund

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

**13.2 Restricted funds**

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.

Cat Mediation Services

Cat Mediation Service Project is supported by Agri-Food and Veterinary Authority (AVA) under AVA First Responder Protocol (RF 1201) Fund for sterilisation and trapping of cats for the period from 1 April 2018 to 31 March 2019.

**14. Operating lease commitments**

The Society leases office premise from non-related party under non-cancellable operating lease agreements.

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:

	2019 S\$	2018 S\$
Not later than one year	<u>0</u>	<u>39,900</u>

As disclosed in Note 2.1, the Society has adopted FRS 116 Leases on 1 January 2019. These lease payments have been recognised as ROU assets and lease liability on the statement of financial positions as at 31 December 2019 and disclosed in Note 12.

**15. Related party transactions**

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

**16. 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 2019 and 31 December 2018.

## 17. Financial instruments by category

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

	2019 S\$	2018 S\$
Financial assets, at amortised cost	899,129	625,706
Financial liabilities, at amortised cost	<u>101,519</u>	<u>35,943</u>

## 18. 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.

### 18.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Society.

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

#### *Risk Management*

The Society adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Society mitigates its credit risks by transacting only with high credit rating counterparties.

For other receivables, the Society manages its credit risk by ensuring that the counterparty has sufficient financial assets and other committed credit lines to settle its financial and contractual obligations to the Society, as when they fall due.

The Society has no significant concentration of credit risk.

#### *Impairment of financial assets*

The Society does not expect to incur material credit losses on their risk management of financial assets.

Financial assets that are neither past due nor impaired are mainly deposits with banks with credit-ratings assigned by international credit-rating agencies. Trade and other receivables are neither past due nor impaired are with creditworthy debtors with good payment record with the Society.

There is no credit loss allowance provided as at 31 December 2019 and 2018.

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

### 18.2 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 mis-matches 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\$
<b>2019</b>			
<b>Financial assets, at amortised cost</b>			
Cash and cash equivalents	871,017	0	871,017
Other receivables (excluding prepayments)	28,112	0	28,112
	<u>899,129</u>	<u>0</u>	<u>899,129</u>
<b>Financial liabilities</b>			
Trade and other payables	(84,419)	0	(84,419)
Lease liability	(17,100)	0	(17,100)
	<u>(101,519)</u>	<u>0</u>	<u>(101,519)</u>
<b>Net financial assets</b>	<u>797,610</u>	<u>0</u>	<u>797,610</u>
	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
<b>2018</b>			
<b>Financial assets, at amortised cost</b>			
Cash and cash equivalents	564,674	0	564,674
Other receivables (excluding prepayments)	61,032	0	61,032
	<u>625,706</u>	<u>0</u>	<u>625,706</u>
<b>Financial liabilities</b>			
Trade and other payables	(35,943)	0	(35,943)
<b>Net financial assets</b>	<u>589,763</u>	<u>0</u>	<u>589,763</u>

## 19. Fair values

As at 31 December 2019, 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.

The carrying amount of lease liability approximate their fair value as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

## 19. Reserve position and policy

The Society's reserve position for financial year ended 31 December 2019 and 2018 is as follows:

		2019	2018	Increase
		S\$'000	S\$'000	%
A	Unrestricted funds			
	General fund	764	549	39
B	Restricted and designated funds			
	Mdm Khoo's Estate	54	54	0
	Cat Mediation Services	0	0	0
C	Endowment fund	N/A	N/A	
D	Total funds	818	603	36
E	Total annual operating expenditure	682	874	(22)
F	Ratio of funds to annual operating expenditure (A/E)	1.12	0.63	

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 intends to maintain the reserves at a level sufficient at all times of at least six (6) months' value for its operating needs. The Society reviews the level of reserves regularly for the Society's continuing obligations.

## 20. 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 Management Committee members shall abstain from any discussion and decision making on the issue and shall not vote on the transaction or contract. 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.

**21. Events occurring after the reporting period**

The novel coronavirus (COVID-19) outbreak in early 2020 did not have material impact on the performance of the Society. However, since the outbreak was declared a Public Health Emergency of International Concern, the measures taken to contain the spread of the virus, including quarantines, social distancing and closures of non-essential services have triggered a disruption to the Society's activities resulting to rescheduling of its projects and events.

The Management Committee determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of activities as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of COVID-19 pandemic, as well as the effectiveness of the government's responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Society for future periods.

**22. Authorisation of financial statements**

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Management Committee on

**19 NOV 2020**