

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION  
(SINGAPORE BRANCH)**

(UEN: S93SS0148C)

**Statement by Directors and Financial Statements**

Year Ended 31 December 2011

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UEN: T09LL0008J

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**Statement by the Directors and Financial Statements**

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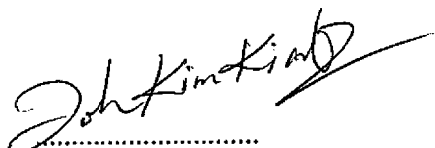
**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)**  
(UEN: S93SS0148C)

**Statement by the Directors**

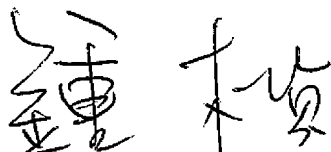
In the opinion of the directors, the accompanying financial statements of Buddhist Compassion Relief Tzu-Chi Foundation (Singapore Branch) (the "Foundation") are drawn up in accordance with the provisions with the Constitution of the Foundation, the Charities Act, Chapter 37, the Societies Act, Chapter 311 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Foundation as at 31 December 2011 and the results, changes in accumulated funds and cash flow of the Foundation for the reporting year ended on that date and at the date of this statement there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

The directors approved and authorised these financial statements for issue.

On Behalf of the Directors



.....  
Ms Toh Kim Kiat  
Chairman



.....  
Ms Chang Chung Kuei-Chan  
Honorary Treasurer



.....  
Mr Teo Chee Seng  
Honorary Secretary

Singapore  
11 May 2012

**Independent Auditors' Report to the Members of the  
Buddhist Compassion Relief Tzu-Chi Foundation (Singapore Branch) (UEN: S93SS0148C)**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Buddhist Compassion Relief Tzu-Chi Foundation (Singapore Branch) (the "Foundation"), which comprise the statement of financial position as at 31 December 2011, and the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

**Management' Responsibility for the provisions of Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Constitution of the Foundation, the Charities Act, Chapter 37, the Societies Act, Chapter 311 and Singapore Financial Reporting Standards for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of financial activities and statement of financial position and to maintain accountability of assets.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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 Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by council, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent Auditors' Report to the Members of the  
Buddhist Compassion Relief Tzu-Chi Foundation (Singapore Branch) (UEN: S93SS0148C)**

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**Opinion**

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Constitution of the Foundation, the Charities Act, Chapter 37, the Societies Act, Chapter 311 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Foundation as at 31 December 2011 and the results, changes in funds and cash flows of the Foundation for the reporting year ended on that date.

**Report on Other Legal and Regulatory Requirements**

In our opinion,

- (a) the accounting and other records required by the above regulations to be kept by the Foundation have been properly kept in accordance with those regulations;
- (b) the fund-raising appeals held during the reporting year have been carried out in accordance with regulation 6 of the Charities (Fund-raising appeals) Regulations 2007 issued under the Charities Act, Chapter 37 and proper accounts and other records have been kept for the fund-raising appeals.

During the course of our audit, nothing came to our attention that caused us to believe that:-

- (i) The Foundation did not comply with the requirements of Regulation 15(1) of the Charities Act, Chapter 37 (Institution of a Public Character) Regulations 2007 which states that the total fund-raising and sponsorship expensed for the financial period should not exceed 30% of the total gross receipts from fund-raising sponsorship for the period; and
- (ii) The use of donation money received is not in accordance with the Foundation's objectives.



RSM Chio Lim LLP  
Public Accountants and  
Certified Public Accountants  
Singapore

11 May 2012

Partner-in-charge of audit: Goh Swee Hong  
Effective from year ended 31 December 2010

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)**  
(UEN: S93SS0148C)

**Statement of Financial Activities**  
**For the Reporting Year Ended 31 December 2011**

	Unrestricted funds		Restricted funds				Sub- Total \$	Total \$
	General Fund \$	Local Relief Fund \$	International Relief Fund \$	Tsunami Fund \$	Local Building Fund \$	Total \$		
<b><u>INCOMING RESOURCES</u></b>								
Voluntary income	1,209,577	3,062,875	—	—	—	—	4,272,452	4,272,452
Charitable income	811,257	—	—	—	—	—	811,257	811,257
Funds generating activities	797,940	—	—	1,749,159	—	—	1,749,159	2,547,099
Sundry income	112,571	3,705	—	—	—	—	116,276	116,276
Total incoming resources	2,931,345	3,066,580	—	1,749,159	—	—	1,749,159	7,747,084
<b><u>RESOURCES EXPENDED</u></b>								
Costs of generating voluntary income: Fund raising	169,638	—	—	4,813	—	—	169,638	174,451
Costs of charitable activities: Welfare services and homecare support expenses	—	2,851,110	79,797	—	—	—	2,851,110	2,930,907
Costs of charitable activities: Overseas donations	—	—	—	1,744,346	—	—	1,744,346	1,744,346
Administrative costs	2,107,648	513	—	—	—	—	2,108,161	2,108,161
Total resources expended	2,277,286	2,851,623	79,797	1,749,159	—	—	5,128,909	6,957,865
Surplus/(deficit) for the reporting year	654,059	214,957	(79,797)	—	—	(79,797)	869,016	789,219
Balance at 1 January 2011	2,879,634	5,643,886	142,872	—	3,230,601	—	8,523,520	11,896,993
Balance at 31 December 2011	3,533,693	5,858,843	63,075	—	3,230,601	—	9,392,536	12,686,212

A further analysis of the above items is presented in the supplementary schedules.

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

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)**  
(UEN: S93SS0148C)

**Statement of Financial Activities  
For the Reporting Year Ended 31 December 2011**

	Unrestricted funds		Restricted funds				Sub- Total \$	Total \$
	General Fund \$	Local Relief Fund \$	International Relief Fund \$	Haiti Earthquake Fund \$	Local Building Fund \$	Sub- Total \$		
<b><u>INCOMING RESOURCES</u></b>								
Voluntary income	1,464,885	2,782,648	476,940	-	-	476,940	4,724,473	
Charitable income	572,804	-	-	-	-	-	572,804	
Funds generating activities	294,488	-	-	1,145,458	-	1,145,458	1,439,946	
Sundry income	21,383	-	-	-	-	-	21,383	
<b>Total incoming resources</b>	<b>2,353,560</b>	<b>2,782,648</b>	<b>476,940</b>	<b>1,145,458</b>	<b>-</b>	<b>1,622,398</b>	<b>6,758,606</b>	
<b><u>RESOURCES EXPENDED</u></b>								
Costs of generating voluntary income: Fund raising	97,456	-	-	188,858	-	188,858	286,314	
Costs of charitable activities: Welfare services and homecare support expenses	-	1,673,288	119,723	-	-	119,723	1,793,011	
Costs of charitable activities: Overseas donations	1,644,416	-	701,416	956,600	-	1,658,016	1,658,016	
Administrative costs	1,741,872	1,673,288	821,139	1,145,458	-	1,966,597	1,644,416	
<b>Total resources expended</b>	<b>611,688</b>	<b>1,109,360</b>	<b>(344,199)</b>	<b>-</b>	<b>-</b>	<b>(344,199)</b>	<b>1,376,849</b>	
<b>Surplus/(deficit) for the reporting year</b>	<b>2,267,946</b>	<b>4,534,526</b>	<b>487,071</b>	<b>-</b>	<b>3,230,601</b>	<b>3,717,672</b>	<b>10,520,144</b>	
Balance at 1 January 2010	2,879,634	5,643,886	142,872	-	3,230,601	3,373,473	11,896,993	
<b>Balance at 31 December 2010</b>								

A further analysis of the above items is presented in the supplementary schedules.

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



**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)**  
(UEN: S93SS0148C)

**Statement of Financial Position**  
**As at 31 December 2011**

	<u>Notes</u>	<u>2011</u> \$	<u>2010</u> \$
<b>ASSETS</b>			
<b><u>Non-Current Assets</u></b>			
Plant and Equipment	9	654,318	802,883
Other Assets, Non-Current	12	1,000,000	1,050,000
<b>Total Non-Current Assets</b>		<u>1,654,318</u>	<u>1,852,883</u>
<b><u>Current Assets</u></b>			
Inventories	10	144,483	303,671
Other Receivables	11	108,684	30,156
Other Assets, Current	12	162,122	190,199
Cash and Cash Equivalents	13	11,012,045	9,920,071
<b>Total Current Assets</b>		<u>11,427,334</u>	<u>10,444,097</u>
<b><u>Current Liabilities</u></b>			
Trade and Other Payables	14	395,440	399,987
<b>Total Current Liabilities</b>		<u>395,440</u>	<u>399,987</u>
<b>Net Assets</b>		<u>12,686,212</u>	<u>11,896,993</u>
<b>THE FUNDS OF THE FOUNDATION</b>			
<b><u>Unrestricted Funds</u></b>			
General Fund	15	3,533,693	2,879,634
Local Relief Fund	15	5,858,843	5,643,886
<b>Total Unrestricted Funds</b>		<u>9,392,536</u>	<u>8,523,520</u>
<b><u>Restricted Funds</u></b>			
International Relief Fund	15	63,075	142,872
Local Building Fund	15	3,230,601	3,230,601
<b>Total Restricted Funds</b>		<u>3,293,676</u>	<u>3,373,473</u>
<b>Total Funds</b>		<u>12,686,212</u>	<u>11,896,993</u>

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

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)**  
(UEN: S93SS0148C)

**Statement of Changes in Funds**  
**For the Reporting Year Ended 31 December 2011**

	<u>Accumulated Funds</u>
	\$
<b>Current Year:</b>	
Opening Balance at 1 January 2011	11,896,993
<b>Movements in Fund:</b>	
Surplus for the Year	789,219
<b>Closing Balance at 31 December 2011</b>	<u>12,686,212</u>
<b>Previous Year:</b>	
Opening Balance at 1 January 2010	10,520,144
<b>Movements in Fund:</b>	
Surplus for the Year	1,376,849
<b>Closing Balance at 31 December 2010</b>	<u>11,896,993</u>

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

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)**

(UEN: S93SS0148C)

**Statement of Cash Flows  
For the Reporting Year Ended 31 December 2011**

	<u>2011</u>	<u>2010</u>
	\$	\$
<b><u>Cash Flows From Operating Activities</u></b>		
Net surplus for the reporting year	789,219	1,376,849
Depreciation of Plant and Equipment	230,868	203,966
Loss on disposal of Plant and Equipment	17,980	6,780
Operating Cash Flow before Changes in Working Capital	<u>1,038,067</u>	<u>1,587,595</u>
Inventories	159,188	(104,805)
Other Receivables	(78,528)	(28,695)
Other Assets	78,077	15,488
Trade and Other Payables	(4,547)	153,673
<b>Net Cash Flows from Operating Activities</b>	<u>1,192,257</u>	<u>1,623,256</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of Plant and Equipment	(100,283)	(548,336)
Cash Restricted in Use	85,123	309,176
<b>Net Cash Flows used in Investing Activities</b>	<u>(15,160)</u>	<u>(239,160)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	1,177,097	1,384,096
Cash and Cash Equivalents, Cash Flow Statement, Beginning Balance	<u>7,241,047</u>	<u>5,856,951</u>
<b>Cash and Cash Equivalents, Cash Flow Statement, Ending Balance (Note 13A)</b>	<u>8,418,144</u>	<u>7,241,047</u>

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

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)**  
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules  
For the Reporting Year Ended 31 December 2011**

	2011		Unrestricted funds				Restricted funds				Total
	Note	4	General Fund		Local Relief Fund	Sub-Total	International Relief Fund	Japan		Sub-Total	
			Local	Relief Fund				Tsunami Fund	Local Building Fund		
			\$	\$	\$	\$	\$	\$	\$	\$	
<b>INCOMING RESOURCES</b>											
<b>Voluntary income</b>											
Tax deductible donations			895,840	2,475,627	3,371,467	-	-	-	-	-	3,371,467
Non-tax deductible			313,737	587,248	900,985	-	-	-	-	-	900,985
			<u>1,209,577</u>	<u>3,062,875</u>	<u>4,272,452</u>	-	-	-	-	-	<u>4,272,452</u>
<b>Charitable income</b>											
Children & youth classes			31,860	-	31,860	-	-	-	-	-	31,860
Continuing education center			102,188	-	102,188	-	-	-	-	-	102,188
Sales of goods			677,209	-	677,209	-	-	-	-	-	677,209
			<u>811,257</u>	-	<u>811,257</u>	-	-	-	-	-	<u>811,257</u>
<b>Funds generating activities</b>											
Chinese New Year charity fair			695,290	-	695,290	-	-	-	-	-	695,290
Placement of donation boxes			102,650	-	102,650	-	-	-	-	-	102,650
Japan Tsunami Relief donation drive			-	-	-	-	1,749,159	-	-	1,749,159	1,749,159
			<u>797,940</u>	-	<u>797,940</u>	-	<u>1,749,159</u>	-	-	<u>1,749,159</u>	<u>2,547,099</u>
<b>Others</b>											
Sundry income			112,571	3,705	116,276	-	-	-	-	-	116,276
<b>Total incoming resources</b>			<u>2,931,345</u>	<u>3,066,580</u>	<u>5,997,925</u>	-	<u>1,749,159</u>	-	-	-	<u>7,747,084</u>

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)**  
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules**  
**For the Reporting Year Ended 31 December 2011**

2011

Notes	Unrestricted funds			Restricted funds				Sub- Total \$	Total \$
	General Fund \$	Local Relief Fund \$	Sub- Total \$	International Relief Fund \$	Japan Tsunami Fund \$	Local Building Fund \$	Sub- Total \$		
<b>RESOURCES EXPENDED</b>									
<u>Costs of generating voluntary income: Fund raising</u>									
Chinese New Year charity fair	168,514	—	168,514	—	—	—	—	168,514	
Placement of donation boxes	1,124	—	1,124	—	—	—	—	1,124	
Japan Tsunami Relief donation drive	—	—	—	—	4,813	—	4,813	4,813	
	<u>169,638</u>	<u>—</u>	<u>169,638</u>	<u>—</u>	<u>4,813</u>	<u>—</u>	<u>4,813</u>	<u>174,451</u>	
<u>Costs of charitable activities: Welfare services and healthcare support expenses</u>									
Programme for the needy families	—	367,489	367,489	—	—	—	—	367,489	
Programme for the medical treatment	—	269,756	269,756	—	—	—	—	269,756	
Seed of Hope Programme	—	1,312,901	1,312,901	—	—	—	—	1,312,901	
Free clinic & FuHui Health Centre Service	—	900,964	900,964	—	—	—	—	900,964	
Medical mission	—	—	—	79,797	—	—	79,797	79,797	
	<u>—</u>	<u>2,851,110</u>	<u>2,851,110</u>	<u>79,797</u>	<u>—</u>	<u>—</u>	<u>79,797</u>	<u>2,930,907</u>	
<u>Costs of charitable activities: Overseas donations</u>									
Overseas donations	—	—	—	—	1,744,346	—	1,744,346	1,744,346	
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,744,346</u>	<u>—</u>	<u>1,744,346</u>	<u>1,744,346</u>	
<u>Administrative costs</u>									
Other social activities	645,908	—	645,908	—	—	—	—	645,908	
Other operating expenses	1,461,740	513	1,462,253	—	—	—	—	1,462,253	
	<u>2,107,648</u>	<u>513</u>	<u>2,108,161</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,108,161</u>	
<b>Total resources expended</b>	<u>2,277,286</u>	<u>2,851,623</u>	<u>5,128,909</u>	<u>79,797</u>	<u>1,749,159</u>	<u>—</u>	<u>1,828,956</u>	<u>6,957,865</u>	

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)**  
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules**  
**For the Reporting Year Ended 31 December 2011**

	Note	Unrestricted funds			Restricted funds				Total	
		General Fund		Sub-Total	International Relief Fund		Earthquake Fund			Sub-Total
		Local	Relief		Local	Building	Haiti	Local		
		Fund	Fund	Total	Fund	Fund	Fund	Fund	Fund	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>INCOMING RESOURCES</b>										
<b>Voluntary income</b>	4	177,700	1,605,805	1,783,505	-	-	-	-	-	1,783,505
Tax deductible donations		1,287,185	1,176,843	2,464,028	476,940	-	-	476,940	-	2,940,968
Non-tax deductible		1,464,885	2,782,648	4,247,533	476,940	-	-	476,940	-	4,724,473
<b>Charitable income</b>		32,840	-	32,840	-	-	-	-	-	32,840
Children & youth classes		101,257	-	101,257	-	-	-	-	-	101,257
Continuing education center		438,707	-	438,707	-	-	-	-	-	438,707
Sales of goods		572,804	-	572,804	-	-	-	-	-	572,804
<b>Funds generating activities</b>		-	-	-	-	1,145,458	-	1,145,458	-	1,145,458
Chinese New Year charity fair		41,078	-	41,078	-	-	-	-	-	41,078
New year cookies		90,560	-	90,560	-	-	-	-	-	90,560
Charity musical concert		162,850	-	162,850	-	-	-	-	-	162,850
Mid-autumn charity fair		294,488	-	294,488	-	1,145,458	-	1,145,458	-	1,439,946
<b>Others</b>		21,383	-	21,383	-	-	-	-	-	21,383
Sundry income		2,353,560	2,782,648	5,136,208	476,940	1,145,458	-	1,622,398	-	6,758,606
<b>Total incoming resources</b>										

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)**  
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules**  
**For the Reporting Year Ended 31 December 2011**

Notes	Unrestricted funds			Restricted funds				Sub- Total	Sub- Total	Total
	General Fund	Local Relief Fund	Local Building Fund	International Relief Fund	Haiti		Local Building Fund			
					Earthquake Fund	Local Building Fund				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>RESOURCES EXPENDED</b>										
<b>Costs of generating voluntary income: Fund raising</b>										
Chinese New Year charity fair	–	–	–	–	188,858	–	–	–	188,858	188,858
New year cookies	12,932	–	–	–	–	–	–	–	–	12,932
Charity musical concert	37,961	–	–	–	–	–	–	–	–	37,961
Mid-autumn charity fair	46,563	–	–	–	–	–	–	–	–	46,563
	97,456	–	–	–	188,858	–	–	–	188,858	286,314
<b>Costs of charitable activities: Welfare services and homecare support expenses</b>										
Programme for the needy families	–	144,513	–	–	–	–	–	–	–	144,513
Programme for the medical treatment	–	241,586	–	–	–	–	–	–	–	241,586
Institutional care	–	17,168	–	–	–	–	–	–	–	17,168
Seed of Hope Programme	–	664,601	–	–	–	–	–	–	–	664,601
Free clinic & FuHui Health Centre Service	–	592,840	–	–	–	–	–	–	–	592,840
Other relief services	–	12,580	–	–	–	–	–	–	–	12,580
Medical mission	–	–	–	119,723	–	–	–	–	119,723	119,723
	–	1,673,288	–	119,723	–	–	–	–	119,723	1,793,011
<b>Costs of charitable activities: Overseas donations</b>										
Overseas donations	–	–	–	701,416	956,600	–	–	–	1,658,016	1,658,016
	–	–	–	701,416	956,600	–	–	–	1,658,016	1,658,016
<b>Administrative costs</b>										
Other social activities	449,052	–	–	–	–	–	–	–	–	449,052
Other operating expenses	1,195,364	–	–	–	–	–	–	–	–	1,195,364
	1,644,416	–	–	–	–	–	–	–	–	1,644,416
<b>Total resources expended</b>	1,741,872	1,673,288	3,415,160	821,139	1,145,458	–	–	–	1,966,597	5,381,757

**Notes to the Financial Statements**  
**31 December 2011**

**1. General**

Buddhist Compassion Relief Tzu-Chi Foundation (Singapore Branch) ("the "Foundation") is established in Singapore under the Societies Act, Chapter 311. The financial statements are presented in Singapore dollars.

The board of directors approved and authorised these financial statements for issue on 11 May 2012.

The principal objectives of the Foundation are to promote the spirit of compassion and unselfish giving as well as peaceful and equitable love, through missions and activities of charity, medical treatment, educational development and cultural promotion to the needy.

The registered office address is 9, Elias Road, Singapore 519937.

**2. Summary of Significant Accounting Policies**

**Accounting Convention**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") issued by the Singapore Accounting Standards Council. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

**Basis of Preparation of the Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the Foundation's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.



## **2. Summary of Significant Accounting Policies (Cont'd)**

### **Revenue Recognition**

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Foundation and it is shown net of related tax and subsidies.

*(i) Donations and corporate cash sponsorships*

Revenue from donations and corporate cash sponsorships are accounted for when received, except for committed donations and corporate cash sponsorships that are recorded when the commitments are signed.

*(ii) Fund raising*

Revenue from special event is recognised when the event takes place.

*(iii) Sale of goods*

Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

*(iv) Other revenue*

Interest revenue is recognised on a time-proportion basis using the effective interest rate.

### **Employee Benefits**

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Central Provident Fund in Singapore (a government managed retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

### **Income Tax**

As a charity, the Foundation is exempt from tax on income and gains falling within section 13U(1) of the Income Tax Act to the extent that these are applied to its charitable objects. No tax charges have arisen in the Foundation.

## **2. Summary of Significant Accounting Policies (Cont'd)**

### **Foreign Currency Transactions**

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

### **Plant and Equipment**

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Renovations	5 years
Office equipment	3- 5 years
Furniture and fittings	10 years
Motor vehicles	6 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost 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. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

## **2. Summary of Significant Accounting Policies (Cont'd)**

### **Leased Assets**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

### **Impairment of Non-Financial Assets**

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year, non-financial assets with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

### **Financial Assets**

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

## **2. Summary of Significant Accounting Policies (Cont'd)**

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at year end date there were no financial assets classified in this category.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.
4. Available-for-sale financial assets: As at end of the reporting year, there were no financial assets classified in this category.

### **Cash and cash equivalents**

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand, if any, that form an integral part of cash management.

## **2. Summary of Significant Accounting Policies (Cont'd)**

### **Financial Liabilities**

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Financial liabilities at fair value through profit or loss: As at end of the reporting year, there were no financial liabilities classified in this category.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables are classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

### **Fair Value of Financial Instruments**

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. The fair value of a financial instrument is derived from an active market or by using an acceptable valuation technique. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or for liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

## **2. Summary of Significant Accounting Policies (Cont'd)**

### **Inventories**

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

### **Gifts In Kind**

A gift in kind is included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received.

### **Funds**

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes if any by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes.

### **Provisions**

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

### **Grants**

A grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. Grants related to depreciable assets are allocated to income over the period in which such assets are used in the project subsidised by the grant. Grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

**2. Summary of Significant Accounting Policies (Cont'd)**

**Critical Judgements, Assumptions and Estimation Uncertainties**

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

**3. Related Party Relationships and Transactions**

**3.1. Related party:**

A related party includes the board members and key management of the Foundation. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons; members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

The board of directors, or people connected with them, have not received remuneration, or other benefits, from the Foundation for which they are responsible, or from institutions connected with the Foundation.

There is no claim by the directors for services provided to the Foundation, either by reimbursement to the directors or by providing the directors with an allowance or by direct payment to a third party.

All directors, chairman of sub-committees and staff members of the Foundation are required to read and understand the conflict of interest policy in place and make full disclosure of interests, relationships and holding that could potentially result in conflict of interests. When a conflict of interest situation arises, the members or staff shall abstain from participating in the discussion, decision making and voting on the matter.

There are transactions and arrangements between the Foundation and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related parties balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Significant related company transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	<u>Director's related company</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
Purchases of goods	<u>569,189</u>	<u>383,412</u>
	<u>Related party --Tzu-Chi Taiwan</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
Rental expense	<u>50,012</u>	<u>50,012</u>

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**3. Related Party Relationships and Transactions (Cont'd)**

**3.2. Key management compensation:**

	<u>2011</u>	<u>2010</u>
	\$	\$
Salaries and other short-term employee benefits	<u>30,000</u>	<u>30,000</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. Key management personnel comprise the chief executive officer and the directors of the Foundation.

The above amounts are included in employee benefits expense (Note 6).

The directors of the Foundation do not receive any compensation from the Foundation. The above amounts are for salary paid to the chief executive officer.

**3.3 Other receivables from and other payables to related parties:**

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	<u>Related party – Tzu-Chi Taiwan</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
<u>Other payables:</u>		
Balance at beginning of the year	(19,723)	–
Amounts paid out and settlement of liabilities on behalf of another party	19,723	–
Amounts paid in and settlement of liabilities on behalf of the foundation	–	(19,723)
Balance at end of the year	<u>–</u>	<u>(19,723)</u>

**4. Tax Deductible Receipts**

The Foundation enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deductions for the donations made to the Foundation. The Institutions of Public Character status granted to the Foundation is for the period 10 November 2011 to 9 November 2013.

	<u>2011</u>	<u>2010</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u>3,371,467</u>	<u>1,783,505</u>



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**5. Overseas Donations**

	<u>2011</u>	<u>2010</u>
	\$	\$
Donation to Tzu-Chi Taiwan – Japan Tsunami Relief	1,744,346	–
Donation to Tzu-Chi Taiwan – Haiti Earthquake	–	956,600
Donation to Tzu-Chi Taiwan – International Relief	–	701,416
	<u>1,744,346</u>	<u>1,658,016</u>

**6. Employee Benefits Expense**

	<u>2011</u>	<u>2010</u>
	\$	\$
Employee benefits expense	934,401	684,280
Contributions to defined contribution plan	84,391	67,819
Total employee benefits expense	<u>1,018,792</u>	<u>752,099</u>

The employee benefits expense is presented in the Statement of Financial Activities as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Other operating expenses	700,716	626,088
Charitable expenses	318,076	126,011
Total employee benefits expense	<u>1,018,792</u>	<u>752,099</u>

**7. Other operating expenses**

The major components include the following:

	<u>2011</u>	<u>2010</u>
	\$	\$
Audit fees paid to independent auditors		
- Current auditors	12,500	12,500
- Others auditors	–	3,421
Inventories written down	90,165	–
Inventories written off	11,650	–
Loss on disposal of plant and equipment	17,980	–
Rental expenses (Note 16)	197,312	174,271
Repair and maintenance	34,410	36,492
Employee benefit expenses (Note 6)	700,716	626,088
Utilities	79,902	71,114
Printing costs	<u>51,307</u>	<u>59,562</u>

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**8. Income tax**

The Foundation is exempted from tax on income and gain falling within Section 13U (1) of the Singapore Income Tax Act to the extent that these are applied to its charitable objects. Therefore, no provision for income tax has been made in the financial statements.

**9. Plant and Equipment**

	<u>Renovations</u>	<u>Office</u>	<u>Furniture</u>	<u>Motor</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<u>Cost</u>					
At 1 January 2010	366,001	780,144	488,712	93,027	1,727,884
Additions	249,183	239,838	59,315	–	548,336
Disposals	–	(11,514)	–	–	(11,514)
At 31 December 2010	615,184	1,008,468	548,027	93,027	2,264,706
Additions	–	71,335	28,948	–	100,283
Disposals	–	(15,415)	(58,712)	–	(74,127)
At 31 December 2011	615,184	1,064,388	518,263	93,027	2,290,862
<u>Accumulated Depreciation</u>					
At 1 January 2010	258,010	684,368	247,631	72,582	1,262,591
Depreciation for the year	60,155	61,509	67,417	14,885	203,966
Disposals	–	(4,734)	–	–	(4,734)
At 31 December 2010	318,165	741,143	315,048	87,467	1,461,823
Depreciation for the year	85,072	86,837	54,110	4,849	230,868
Disposals	–	(14,961)	(41,186)	–	(56,147)
At 31 December 2011	403,237	813,019	327,972	92,316	1,636,544
<u>Net book value:</u>					
At 1 January 2010	107,991	95,776	241,081	20,445	465,293
At 31 December 2010	297,019	267,325	232,979	5,560	802,883
At 31 December 2011	211,947	251,369	190,291	711	654,318

Fully depreciated plant and equipment still in use had a cost of \$1,040,286 (2010: \$406,295).

The depreciation expense is presented in the Statement of Financial Activities as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Administrative costs	77,698	95,628
Charitable expenses	153,170	108,338
Total depreciation expense	<u>230,868</u>	<u>203,966</u>

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**10. Inventories**

	<u>2011</u> \$	<u>2010</u> \$
Inventories at cost	<u>144,483</u>	<u>303,671</u>

There are no inventories pledged as security for liabilities.

The inventories are stated after allowance. Movement in allowance:

Charged to profit or loss included in other operating expenses (Note 7)	<u>90,165</u>	<u>-</u>
Balance at end of year	<u>90,165</u>	<u>-</u>

**11. Other Receivables**

	<u>2011</u> \$	<u>2010</u> \$
<u>Other receivables:</u>		
Outside parties	<u>108,684</u>	<u>30,156</u>

**12. Other Assets**

	<u>2011</u> \$	<u>2010</u> \$
Deposits to secure services	28,042	25,832
Prepayments (Note A)	<u>1,134,080</u>	<u>1,214,367</u>
	<u>1,162,122</u>	<u>1,240,199</u>

Presented as:

Other assets, current	162,122	190,199
Other assets, non-current	<u>1,000,000</u>	<u>1,050,000</u>

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**12. Other Assets (Cont'd)**

Note A:

Included in prepayments is an amount of \$1,050,000 (2010: \$1,100,713) that is related to the utilisation of Local Building Fund for the construction of main administrative building located at 9 Elias Road Singapore 519937, which is currently occupied by the Foundation.

The analysis of the amount is as follows:

	\$
<u>Cost:</u>	
Cost of building	5,003,258
Amount paid by Tzu-Chi Taiwan	<u>(3,852,545)</u>
Amount funded by Local Building Fund	<u>1,150,713</u>
<u>Accumulated effect of offsetting against rental payable:</u>	
At 1 January 2010	—
Rental offsetting during the year	<u>50,000</u>
At 31 December 2010	50,000
Rental offsetting during the year	<u>50,713</u>
At 31 December 2011	<u>100,713</u>
<u>Net amount recognised as prepayment in the statement of financial position:</u>	
At 1 January 2010	<u>1,150,713</u>
At 31 December 2010	<u>1,100,713</u>
At 31 December 2011	<u>1,050,000</u>

Prior to 2007, the Foundation had raised funds from local public donations and contribution from a related party, Buddhist Compassion Relief Tzu-Chi Foundation, registered and incorporated in Taiwan (the "Tzu-Chi Taiwan") to construct the aforesaid building. The building was built on a piece of land that was leased by Tzu-Chi Taiwan from the Singapore Land Authority for a period of 30 years effective from 26 January 1998.

The Foundation has partially paid \$1,150,713 for the construction costs on behalf of Tzu-Chi Taiwan. The amount has been recorded in the statement of financial position as a prepayment. Upon completion of the construction of the building, the Foundation has entered into an agreement with Tzu-Chi Taiwan to lease the land for 30 years at a rent of \$1 per year. In 2010, Tzu-Chi Taiwan and the Foundation have further entered into a lease agreement to lease the building for 23 year effective from 1 January 2010 at a rent of \$50,000 per year. The lease agreement further stipulates that the rental for the lease will be offset against the prepayment. Consequently, the Foundation has in 2010 commenced the amortisation of the prepayment over the lease period.

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**13. Cash and Cash Equivalents**

	<u>2011</u>	<u>2010</u>
	\$	\$
Not restricted in use	8,418,144	7,241,047
Restricted in use (Note A)	<u>2,593,901</u>	<u>2,679,024</u>
	<u>11,012,045</u>	<u>9,920,071</u>

Note A : Cash and cash equivalents restricted in use are deposits placed in banks under the restricted funds (Note 15).

The interest earning balances are not significant.

**13A. Cash and Cash Equivalents in the Statement of Cash Flow:**

	<u>2011</u>	<u>2010</u>
	\$	\$
Amount as shown above	11,012,045	9,920,071
Restricted in use	<u>(2,593,901)</u>	<u>(2,679,024)</u>
Cash and cash equivalents for Statement of Cash Flows purposes at end of year	<u>8,418,144</u>	<u>7,241,047</u>

**14. Trade and Other Payables**

	<u>2011</u>	<u>2010</u>
	\$	\$
<u>Trade payables:</u>		
Outside parties and accrued liabilities	122,294	116,842
Related party (Note 3)	<u>27,912</u>	<u>59,242</u>
Sub-total	<u>150,206</u>	<u>176,084</u>
<u>Other payables:</u>		
Related party (Note 3)	—	19,723
Other payables	<u>245,234</u>	<u>204,180</u>
Sub-total	<u>245,234</u>	<u>223,903</u>
Total trade and other payables	<u>395,440</u>	<u>399,987</u>

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**15. Fund Account Balances**

	<u>2011</u>	<u>2010</u>
	\$	\$
<u>Unrestricted Funds:</u>		
General Fund	3,533,693	2,879,634
Local Relief Fund	5,858,843	5,643,886
Total unrestricted funds	<u>9,392,536</u>	<u>8,523,520</u>
<u>Restricted Funds:</u>		
International Relief Fund	63,075	142,872
Local Building Fund	3,230,601	3,230,601
Total restricted funds	<u>3,293,676</u>	<u>3,373,473</u>
Total funds	<u>12,686,212</u>	<u>11,896,993</u>
Ratio of Reserves to Annual Operating Expenditure (times)*	<u>1.83</u>	<u>2.50</u>

\* Annual Operating Expenditure represents total resources expended for unrestricted funds.

- (i) The General Fund is set up to finance the operation of the Foundation and all other expenses to carry out the missions of the Foundation.
- (ii) The Local Relief Fund is set up to maintain donations (both tax deductible and non-tax deductible) received from the public to be utilised for the purpose of provision of financial/non-financial assistance to the needy so as to benefit the community in Singapore as a whole regardless of race, gender and religion.
- (iii) The International Relief Fund is set up to undertake humanitarian support to overseas states by carrying out various activities such as overseas medical missions, medical treatment and etc.
- (iv) Local Building Fund is set up to undertake future maintenance and improvements of the building premises occupied by the Foundation.

The accumulated funds of the Foundation provide financial stability and the means for the development of the Foundation's activities. The Foundation intends to maintain the funds at a level sufficient for its operating needs. The board members review the level of funds regularly for the Foundation's continuing obligations.

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**16. Operating Lease Payment Commitments**

At the end of reporting year the total of future minimum lease payments commitments under non-cancellable operating leases are as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Not later than one year	255,891	122,475
Later than one year and not later than five years	169,590	87,532
Total	<u>425,481</u>	<u>210,007</u>
Rental expense for the year (Note 7)	<u>197,312</u>	<u>174,271</u>

Operating lease payments are for rentals payable by the Foundation for its office premises and office equipment. The leases for certain office premises and office equipment are negotiated for an average term of two to five years.

**17. Financial Instruments: Information on Financial Risks**

**17A. Classification of Financial Assets and Liabilities**

The following table summarises the carrying amount of financial assets and financial liabilities recorded at the end of the reporting year by FRS 39 categories:

	<u>2011</u>	<u>2010</u>
	\$	\$
<u>Financial assets:</u>		
Cash and cash equivalents	11,012,045	9,920,071
Other receivables	108,684	30,156
At end of the year	<u>11,120,729</u>	<u>9,950,227</u>
<u>Financial liabilities:</u>		
Trade and other payables measured at amortised cost	395,440	399,987
At end of the year	<u>395,440</u>	<u>399,987</u>

Further quantitative disclosures are included throughout these financial statements.

**17. Financial Instruments: Information on Financial Risks (Cont'd)**

**17B. Financial Risk Management**

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Foundation's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market price risk comprising interest rate, currency risk and price risk exposures. The management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff and board members. All financial risk management activities are carried out following good market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk

**17C. Fair Values of Financial Instruments**

The financial assets and financial liabilities at amortised cost are at a carrying amount that is a reasonable approximation of fair value.

**17D. Credit Risk on Financial Assets**

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. Credit risk on cash balances with banks and derivative financial instruments is limited because the counter-parties are banks with acceptable credit ratings.

As at the end of reporting year there were no amounts that were impaired.

Other receivables are normally with no fixed terms and therefore there is no maturity (Note 11).

**17E. Liquidity risk**

All liabilities are due within a year.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2010: 30 days). In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.



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**17. Financial Instruments: Information on Financial Risks (Cont'd)**

**17F. Interest Rate Risk**

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant.

**17G. Foreign Currency Risks**

There is insignificant exposure to foreign currency risk as part of its normal business.

Sensitivity analysis: The effect on post-tax surplus is not significant.

**18. Changes and Adoption of Financial Reporting Standards**

For the reporting year ended 31 December 2011 the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 1	Presentation of Financial Statements Disclosures (Amendments)
FRS 24	Related Party Disclosures (revised)
FRS 27	Consolidated and Separate Financial Statements (Amendments) (*)
FRS 32	Classification Of Rights Issues (Amendments) (*)
FRS 34	Interim Financial Reporting (Amendments) (*)
FRS 103	Business Combinations (Amendments) (*)
FRS 107	Financial Instruments: Disclosures (Amendments)
FRS 107	Financial Instruments: Disclosures (Amendments) - Transfers of Financial Assets (*)
INT FRS 113	Customer Loyalty Programmes (Amendments) (*)
INT FRS 114	Prepayments of a Minimum Funding Requirement (revised) (*)
INT FRS 115	Agreements for the Construction of Real Estate (*)
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments (*)

(\*) Not relevant to the entity.

**19. Future Changes in Financial Reporting Standards**

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year:

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 1	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income	1 Jul 2012
FRS 12	Deferred Tax (Amendments) – Recovery of Underlying Assets (*)	1 Jan 2012
FRS 19	Employee Benefits	1 Jan 2013
FRS 27	Consolidated and Separate Financial Statements (Amendments) (*)	1 Jul 2011
FRS 27	Separate Financial Statements (*)	1 Jan 2013
FRS 28	Investments in Associates and Joint Ventures (*)	1 Jan 2013
FRS 107	Financial Instruments: Disclosures (Amendments) - Transfers of Financial Assets (*)	1 Jul 2011
FRS 110	Consolidated Financial Statements (*)	1 Jan 2013
FRS 111	Joint Arrangements (*)	1 Jan 2013
FRS 112	Disclosure of Interests in Other Entities (*)	1 Jan 2013
FRS 113	Fair Value Measurements	1 Jan 2013

(\*) Not relevant to the entity.