

THE GIRLS' BRIGADE - SINGAPORE

UNIQUE ENTITY NUMBER: S61SS0001A

**REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2017

LO HOCK LING & CO

Chartered Accountants Singapore

盧鶴齡會計公司



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THE GIRLS' BRIGADE - SINGAPORE

(Registered under the Societies Act, Chapter 311)

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STATEMENT BY THE BRIGADE EXECUTIVE COMMITTEE

In our opinion, the financial statements set out on pages 5 to 33 are properly drawn up in accordance with the provisions of the Charities Act, Chapter 37, Societies Act, Chapter 311 and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of The Girls' Brigade - Singapore (the "Brigade") as at 31 December 2017 and of the financial performance, changes in funds and cash flows of the Brigade for the year ended on that date.

On behalf of the Brigade Executive Committee



MS EVANGELINE CHEW WHYE CHENG
BRIGADE COMMISSIONER



MS JOYCE GOH BEE LING
FINANCE CHAIRPERSON

Singapore, 9 March 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Girls' Brigade - Singapore (the "Brigade") set out on pages 5 to 33, which comprise the statement of financial position (balance sheet) as at 31 December 2017, and the statement of comprehensive income, 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 Charities Act, Chapter 37, Societies Act, Chapter 311 and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Brigade as at 31 December 2017 and of the financial performance, changes in funds and cash flows of the Brigade 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 Brigade in accordance with the Accounting and Corporate Regulatory Authority *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 information included in the Statement by the Brigade Executive 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.

Responsibilities of Management and the Brigade Executive Committee for the 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 Charities Act, Chapter 37, Societies Act, Chapter 311 and FRSs, and 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Brigade'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 Brigade or to cease operations, or has no realistic alternative but to do so.

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

We communicate with the Committee 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,

- (a) the accounting and other records required to be kept by the Brigade have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) the fund-raising appeal held during the year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund raising appeal.

Report on Other Legal and Regulatory Requirements (continued)

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

- (i) the Brigade 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
- (ii) the Brigade has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



LO HOCK LING & CO.
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS SINGAPORE

Singapore, 9 March 2018

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Statement of Income and Expenditure for the year ended 31 December 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		\$	\$
<u>Income</u>			
Brigade fortnight collections	3	634,337	615,023
Donations/contributions	4	348,631	423,851
Grant income	5	765,511	634,811
Interest income		70,834	65,588
Income from GB shop	6	8,454	25,176
Sundry income	7	48,603	81,083
		1,876,370	1,845,532
<u>Less: Expenditure</u>			
Training and development programmes	8	89,082	142,116
Brigade activities	9	70,697	80,283
Corporate communication		26,426	7,062
Extension programmes	10	189,374	150,599
90 th anniversary expenses (net)		276,448	-
Company programme expenses		279,016	328,741
GB company care support costs	11	13,976	12,490
GB headquarters expenses	12	750,304	767,353
		1,695,323	1,488,644
Surplus from operations		181,047	356,888
Net surplus/(deficit) from:			
BB/GB Campsite fund	20	67,954	72,569
GB HQ building fund	23	-	13,947
Special funds		(275,623)	(65,304)
Total (deficit)/surplus for the year		(26,622)	378,100

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

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Statement of Financial Position as at 31 December 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		\$	\$
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Property, plant and equipment	13	169,273	168,278
Investment property	14	65,852	67,011
		235,125	235,289
<u>Current Assets</u>			
Inventories	15	179,156	183,641
Trade and other receivables	16	301,562	259,457
Campsite assets	17	300,252	234,068
Fixed deposits	18	7,580,370	7,602,676
Cash and bank balances		1,248,732	1,051,888
		9,610,072	9,331,730
Total Assets		9,845,197	9,567,019
<u>FUNDS AND LIABILITIES</u>			
<u>Funds</u>			
General accumulated fund:			
- General fund		5,180,680	5,040,880
- GB companies programme fund	19	1,200,640	1,109,393
		6,381,320	6,150,273
BB Sembawang Campsite fund	20	225,099	207,145
Capital fund	21	171,963	171,963
Development fund	22	572,249	572,249
GB HQ building fund	23	1,323,468	1,323,468
Special funds	24	155,273	430,896
		8,829,372	8,855,994
<u>Current Liabilities</u>			
Accounts payable	25	68,701	133,607
Deferred grant income	28	914,568	539,737
Campsite liabilities	17	32,556	37,681
Total Liabilities		1,015,825	711,025
Total Funds And Liabilities		9,845,197	9,567,019

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

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Statement of Changes in Funds for the year ended 31 December 2017

	General accumulated fund		Restricted funds					
	General fund	GB companies programme fund	BB Sembawang Campsite fund	Capital fund	Development fund	GB HQ building fund	Special funds	Total funds
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 January 2016	4,579,205	1,086,616	262,140	171,963	572,249	1,309,521	496,200	8,477,894
Surplus/(deficit) for the year	356,888	-	72,569	-	-	13,947	(65,304)	378,100
Transfer of funds (note 20)	127,564	-	(127,564)	-	-	-	-	-
Transfer of funds (note 19)	(22,777)	22,777	-	-	-	-	-	-
Balance as at 31 December 2016	5,040,880	1,109,393	207,145	171,963	572,249	1,323,468	430,896	8,855,994
Surplus/(deficit) for the year	181,047	-	67,954	-	-	-	(275,623)	(26,622)
Transfer of funds (note 20)	50,000	-	(50,000)	-	-	-	-	-
Transfer of funds (note 19)	(91,247)	91,247	-	-	-	-	-	-
Balance as at 31 December 2017	5,180,680	1,200,640	225,099	171,963	572,249	1,323,468	155,273	8,829,372

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

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Statement of Cash Flows for the year ended 31 December 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Surplus from operations		181,047	356,888
Adjustments for:			
Depreciation expenses	27	54,225	51,917
Deferred grant amortised to income	28(a)	-	(817)
Interest income		(70,834)	(65,588)
Operating surplus before changes in working capital		164,438	342,400
Decrease/(increase) in inventories		4,485	(20,422)
Increase in receivables		(35,077)	(27,285)
Decrease in payables		(64,906)	(149,602)
Cash generated from operations		68,940	145,091
Interest received		63,806	80,177
Net cash from/(used in) other funds:			
- BB Sembawang Campsite fund		8,600	977
- GB HQ building fund		-	13,947
- Special funds		(275,623)	(65,304)
Net cash (used in)/from operating activities		(134,277)	174,888
<u>CASH FLOW FROM INVESTING ACTIVITY:</u>			
Purchase of property, plant and equipment	13	(66,016)	(110,579)
Net cash used in investing activity		(66,016)	(110,579)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>			
Decrease in MOE Grants for special projects		-	(20,252)
(Decrease)/increase in MOE Officers' Training Grant		(8,353)	20,128
Increase in MSF Care and Share Grant		383,184	102,378
Decrease in fixed deposits held as custodian for The Girls' Brigade – BB Sembawang Campsite		-	151,250
Decrease/(increase) in fixed deposits with original maturities over 3 months		22,306	(2,180,177)
Net cash from/(used in) financing activities		397,137	(1,926,673)
Net increase/(decrease) in cash and cash equivalents		196,844	(1,862,364)
Cash and cash equivalents at beginning of the year		1,051,888	2,914,252
Cash and cash equivalents at end of the year	30	1,248,732	1,051,888

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

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NOTES TO THE FINANCIAL STATEMENTS - 31 December 2017

The following notes form an integral part of the financial statements.

1. GENERAL INFORMATION

- (a) The Girls' Brigade - Singapore (the "Brigade") is registered in the Republic of Singapore under the Societies Act, Chapter 311. It is also a charity registered under the Charities Act, Chapter 37, and an Institution of a Public Character registered with the Ministry of Education. Its registered office is located at 795 Upper Serangoon Road, Singapore 534667.
- (b) The principal activities of the Brigade are to organise activities designed to help girls attain physical, mental and spiritual maturity, and encourage girls to express what they learn through practical service to homes, churches, the community and the world.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Brigade presents its financial statements in Singapore Dollars ("S\$"), which is also its functional currency. These financial statements are prepared in accordance with the historical cost convention and comply with Singapore Financial Reporting Standards (FRS), including related Interpretations promulgated by the Accounting Standards Council.

During the financial year, the Brigade adopted all the applicable new/revised FRSs which are effective on or before 1 January 2017. The adoption of these new/revised FRSs did not have any material effect on the Brigade's financial statements and did not result in substantial changes to the Brigade's accounting policies.

(b) Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Brigade's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(A) *Key Sources of Estimation Uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Depreciation on Property, Plant and Equipment and Investment Property*

The costs of property, plant and equipment and investment property are depreciated on a straight-line basis over their estimated useful lives. Management's estimates of the useful lives of these assets are disclosed in notes 2(h) and 2(i). Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amounts of property, plant and equipment and investment property and their respective depreciation charge for the year are disclosed in notes 13 and 14 to the financial statements.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant Accounting Estimates and Judgments (continued)

(A) *Key Sources of Estimation Uncertainty* (continued)

(ii) *Impairment of Trade Receivables*

The impairment policy for bad and doubtful debts of the Brigade is based on the evaluation of collectibility and ageing analysis of the accounts receivables and on management's judgment. At the balance sheet date, trade receivables amounting to \$62,240 (2016: \$14,637) were past due but regarded as not impaired. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each customer. If the financial condition of these customers were to deteriorate, resulting in an impairment of their ability to make payment, allowance for impairment will be required.

(iii) *Net Realisable Value of Inventories*

Net realisable value of inventories, which consist mainly of books and uniform accessories, is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. Management will reassess the estimations at the balance sheet date. The carrying amount of inventories is stated in note 15 to the financial statements.

(B) *Critical Judgments Made in Applying Accounting Policies*

In the process of applying the Brigade's accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of Non-Financial Assets

The carrying amounts of the Brigade's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated based on the higher of the value in use and the asset's fair value less cost of disposal. Estimating the value in use requires critical judgement on the part of the management to make an estimate of the expected future cash flows from the continuing use of the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) FRS issued but not yet effective

The Brigade has not applied any new FRS that has been issued but is not yet effective. The Executive Committee plans to adopt these FRSs in the financial year commencing on or after their respective effective dates.

The new FRSs issued but are not yet effective that are relevant to the Brigade's financial statements are as follows:

<u>New FRSs relevant to the Brigade's financial statements:</u>	<u>Effective for annual periods beginning on or after</u>
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FRSs issued but not yet effective (continued)

The nature of the impending changes in accounting policy on adoption of the above new FRSs are described below.

FRS 109 Financial Instruments

FRS 109, which replaces FRS 39 *Financial Instruments: Recognition and Measurement* when it becomes effective, introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting.

FRS 109 establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss, with the irrevocable option at inception to present changes in fair value in other comprehensive income. Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits within equity.

Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in other comprehensive income.

FRS 109 relaxes the rules-based hedge effectiveness testing by removing the 80% to 125% bright line threshold for hedge effectiveness testing. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

The impairment requirements in FRS 109 are based on an expected credit loss model, which replaces the FRS 39 incurred loss model. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, lease receivables, contract assets, loan commitments and certain financial guarantee contracts.

Potential impact on the financial statements

The Brigade will apply FRS 109 retrospectively on its effective date on 1 January 2018 when the Standard becomes effective for the Brigade.

The Brigade has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into appropriate categories under FRS 109.

The Brigade does not expect a significant change to the measurement basis arising from the new classification and measurement model under FRS 109.

Cash and cash equivalents and receivables, currently classified as "loans and receivables" measured on amortised cost basis, will continue to be accounted for using the amortised cost model under FRS 109.

Impairment of financial assets

Trade and other receivables, will be subject to impairment assessment under the expected credit loss impairment model under FRS 109.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FRSs issued but not yet effective (continued)

Impairment of financial assets (continued)

Based on the Executive Committee's assessment, the Brigade does not expect to incur significant impairment losses on its receivables when FRS 109 expected credit loss impairment model is adopted.

FRS 115 Revenue from Contracts with Customers

FRS 115, which replaces FRS 11 Construction Contracts, FRS 18 Revenue and the related Interpretations when it becomes effective, establishes a five-step model that will apply to revenue arising from contracts.

The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised when (or as) a performance obligation is satisfied by the transfer of control of the promised good or service to the customer. Control refers to the ability to direct the use of, and obtain substantially all the remaining benefits from, the good or service.

FRS 115 also includes a cohesive set of disclosure requirements that will provide sufficient information in the financial statements to enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Potential impact on financial statements

The Brigade will adopt FRS 115 retrospectively in accordance with the requirements of the Standard on its effective date on 1 January 2018 when the Standard becomes effective for the Brigade.

Based on the Executive Committee's assessment, the Brigade does not expect significant changes to the recognition criteria for most of its existing revenue arrangements.

FRS 116 Leases

FRS 116, which replaces FRS 17 Leases and the related Interpretations when it becomes effective, requires lessees to recognise most leases on the balance sheet to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees - short-term leases and leases of 'low value' assets.

Lessor accounting requirements under FRS 116 are substantially the same as the current FRS 17. A lessor continues to classify its leases as either operating leases or finance leases, and to account for those two types of leases differently.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FRSs issued but not yet effective (continued)

FRS 116 Leases (continued)

Potential impact on financial statements

FRS 116 requires a lessee to apply this Standard retrospectively in accordance with the requirements of the Standard on its effective date on 1 January 2019 when the Standard becomes effective for the Brigade.

Based on preliminary assessment of the Brigade's existing operating lease arrangements as a lessee, the Executive Committee expects most of the lease commitments to be short-term and low-value leases that will qualify for recognition exemption under the Standard. As such, the Brigade does not expect the adoption of the new Standard to have significant impact on the financial statements.

(d) Revenue Recognition

- (i) Brigade fortnight collections, donations and contributions are recognised as income upon receipt.
- (ii) Government grants are recognised when there is reasonable assurance that the Brigade will comply with the conditions attaching to the grants and that the grants will be received.

Government grants related to assets are recognised as deferred income in the balance sheet, and are amortised to income over the useful life of the assets to match the depreciation of the property, plant and equipment purchased with the related grants.

Grants related to income are recognised in the statement of income and expenditure on a systematic basis over the periods in which the Brigade recognises as expenses the related costs for which the grant is intended to compensate.

- (iii) Interest on fixed deposits and savings accounts are recognised as income on a time proportion basis.
- (iv) Revenue from sale of goods is recognised upon delivery of the goods and acceptance by the customer.
- (v) Rental income from operating lease is recognised on a straight line basis over the lease period.

(e) Employee Benefits

(i) Defined Contribution Plans

The Brigade makes contributions to the state provident fund (Central Provident Fund). Such contributions are recognised as compensation expenses in the same period as the employment that gave rise to the contributions.

(ii) Short-term Compensated Absences

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

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases

Operating Leases

Leases whereby the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases.

When the Brigade is the lessor, assets leased out under operating leases are included in investment property. Income arising from such operating lease is recognised on a straight line basis over the lease term.

When the Brigade is the lessee, operating lease payments are recognised as an expense on a straight line basis over the lease term.

(g) Income Taxes

As a registered charity under the Charities Act, Chapter 37, the Brigade's income is exempt from income tax under Section 13(1)(zm) of the Income Tax Act, Chapter 134.

(h) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Brigade and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Any estimated costs of dismantling and removing the property, plant and equipment and reinstating the site to its original condition (reinstatement costs) are capitalised as part of the cost of the property, plant and equipment.

Depreciation is calculated on the straight line basis so as to write off the cost, less the residual value, of the assets over their estimated useful lives. The estimated useful lives are as follows:

Campsite equipment and canoes	2 years
Computers	3 years
Office equipment	2 to 5 years
Furniture and fittings	2 to 10 years
Renovations	2 to 5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognised in profit or loss in the year the asset is derecognised.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investment Property

The investment property which is held on a long term basis for investment potential and rental income is stated at cost less accumulated depreciation and any impairment loss. Depreciation is calculated on the straight line basis so as to write off the cost, less residual value, of the leasehold property over the remaining lease period which expires in 2069.

(j) Interest in BB Sembawang Campsite (formerly known as BB/GB Campsite)

The Girls' Brigade – BB Sembawang Campsite (the "Campsite") is administered jointly on an equal sharing basis by the Brigade and The Boys' Brigade in Singapore. They have equal rights to the assets and obligations for the liabilities relating to the Campsite.

As the Campsite is a jointly controlled asset, the Brigade recognises in its financial statements its share of assets and liabilities of the Campsite jointly held by or incurred with the other joint operator and its share of income and expenditure earned or incurred by the Campsite.

(k) Inventories

Inventories are stated at lower of cost and net realisable value after adequate allowance has been made for deteriorated, damaged, obsolete or slow-moving inventories. Cost is determined on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(l) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Receivables with a short duration are not discounted.

When there is objective evidence that the Brigade will not be able to collect all amounts due according to the original terms of the receivables, an impairment loss is recognised. The amount of the impairment loss is measured as the difference between the carrying value of the receivable and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the receivable is reduced directly or through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The amount of the reversal shall be recognised in profit or loss.

(m) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and bank deposits that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value and with maturity of three months or less from the date of acquisition.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of Non-Financial Assets

The carrying amounts of the Brigade's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less cost of disposal and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

An impairment loss on a non-revalued asset is recognised in profit or loss. An impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. 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 if no impairment loss had been recognised.

(o) Funds

General accumulated fund comprises the general fund and GB companies programme fund as disclosed in note 19. Other funds are disclosed in notes 20 to 24 of the financial statements. Unless specifically indicated, fund balances are not represented by any specific assets but are represented by the total net assets of the Brigade.

(p) Financial Liabilities

Financial liabilities include trade and other payables, payables to related parties, and interest-bearing loans and borrowings.

Financial liabilities are recognised on the balance sheet when the Brigade becomes a party to the contractual provisions of the financial instrument.

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

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at fair value through profit or loss, including derivatives, which are measured at fair value. Financial liabilities with a short duration are not discounted.

A financial liability is derecognised when the contractual obligation is discharged or cancelled or expires. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(q) Provisions

Provisions are recognised when the Brigade has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Related Parties

A related party is defined as follows:

- (A) A person or a close member of that person's family is related to the Brigade if that person:
- (i) Has control or joint control over the Brigade;
 - (ii) Has significant influence over the Brigade; or
 - (iii) Is a member of the key management personnel of the Brigade or of a parent of the Brigade.
- (B) An entity is related to the Brigade if any of the following conditions applies:
- (i) The entity and the Brigade are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to each other).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Brigade or an entity related to the Brigade. If the Brigade is itself such a plan, the sponsoring employers are also related to the Brigade.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).
 - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Brigade or to the parent of the Brigade.

3. BRIGADE FORTNIGHT COLLECTIONS

	<u>2017</u>	<u>2016</u>
	\$	\$
Brigade fortnight collections		
- tax exempt	301,163	308,111
- non-tax exempt	338,425	348,619
	639,588	656,730
Less: Allocation of funding		
Transfer to GB HQ Building Fund (note 23)	-	13,947
Transfer to Extension Programmes	-	25,297
Office expenses	5,251	2,463
	5,251	41,707
	634,337	615,023

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4.	<u>DONATIONS/CONTRIBUTIONS</u>	<u>2017</u>	<u>2016</u>
		\$	\$
	General donations		
	- tax exempt	53,345	50,673
	- non-tax exempt	28,509	29,702
	Contributions from users of GB Centre	266,777	343,476
		348,631	423,851
5.	<u>GRANT INCOME</u>	<u>2017</u>	<u>2016</u>
		\$	\$
	Grants from Ministry of Education		
	- Capitation Grant	115,617	84,308
	- Singapore Land Authority Grant	338,719	338,719
	- Uniformed Group Training Grant [note 28(d)]	68,353	39,872
	- Other grants	-	28,421
	Grant from Ministry of Social and Family Development		
	- Care and Share Grant [note 28(e)]	242,822	143,491
		765,511	634,811
6.	<u>INCOME FROM GB SHOP</u>	<u>2017</u>	<u>2016</u>
		\$	\$
	Sales	181,661	199,165
	Less: Cost of sales		
	Inventories at beginning of the year	183,641	163,219
	Purchases	123,656	157,030
	Inventories at end of the year (note 15)	(179,156)	(183,641)
		128,141	136,608
	Surplus from sales	53,520	62,557
	Less:		
	Support staff costs (note 26)	45,066	37,381
	Net surplus	8,454	25,176
7.	<u>SUNDRY INCOME</u>	<u>2017</u>	<u>2016</u>
		\$	\$
	Gain in exchange	-	14
	Government grant:		
	- special employment credit	4,127	10,465
	- temporary employment credit	2,328	4,046
	- wage credit scheme	6,905	26,069
	Central Singapore CDC grant	10,000	-
	Membership dues	-	9,496
	Miscellaneous income	1,243	6,176
	MOE maintenance grant [note 28(a)]	-	817
	Rental income	24,000	24,000
		48,603	81,083

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8. TRAINING AND DEVELOPMENT PROGRAMMES

	Support/ fees received	Expenses incurred	Net expenditure
	\$	\$	\$
<u>2017</u>			
<u>Junior, Secondary & Post-Secondary</u>			
Training conferences, course and activities	37,051	38,573	1,522
Support staff costs (note 26)	-	40,349	40,349
	<u>37,051</u>	<u>78,922</u>	<u>41,871</u>
<u>Officers' Development</u>			
Training seminars, workshops and courses	5,110	6,150	1,040
Support staff costs (note 26)	-	46,171	46,171
	<u>5,110</u>	<u>52,321</u>	<u>47,211</u>
Total	<u>42,161</u>	<u>131,243</u>	<u>89,082</u>
<u>2016</u>			
<u>Junior, Secondary & Post-Secondary</u>			
Training conferences, course and activities	49,645	72,079	22,434
Support staff costs (note 26)	-	41,921	41,921
	<u>49,645</u>	<u>114,000</u>	<u>64,355</u>
<u>Officers' Development</u>			
Training seminars, workshops and courses	20,902	41,777	20,875
Other activities	17,665	56,307	38,642
Support staff costs (note 26)	-	18,244	18,244
	<u>38,567</u>	<u>116,328</u>	<u>77,761</u>
Total	<u>88,212</u>	<u>230,328</u>	<u>142,116</u>

9. BRIGADE ACTIVITIES

	Support/ fees received	Expenses incurred	Net (surplus)/ expenditure
	\$	\$	\$
<u>2017</u>			
Exco retreats	-	5,374	5,374
Ceremony and meeting expenses	-	10,659	10,659
Other activities	-	1,614	1,614
Support staff costs (note 26)	-	53,050	53,050
Total	<u>-</u>	<u>70,697</u>	<u>70,697</u>
<u>2016</u>			
Exco retreats	1,180	7,734	6,554
Ceremony and meeting expenses	-	17,187	17,187
Other activities	229	79	(150)
Support staff costs (note 26)	-	56,692	56,692
Total	<u>1,409</u>	<u>81,692</u>	<u>80,283</u>

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10. <u>EXTENSION PROGRAMMES</u>	<u>2017</u>	<u>2016</u>
	\$	\$
Donations received		
- tax exempt	9,738	500
- non-tax exempt	9,172	38,959
	18,910	39,459
Less:		
Extension expenses	6,662	38,558
GB Friendship Day	113,989	84,467
Support staff costs (note 26)	87,633	67,033
	208,284	190,058
	189,374	150,599
11. <u>GB COMPANY CARE SUPPORT COSTS</u>	<u>2017</u>	<u>2016</u>
	\$	\$
Support fee received	-	-
Less:		
Salaries and related costs (note 26)	13,117	12,490
Company care support expenses	859	-
	13,976	12,490
	13,976	12,490
12. <u>GB HEADQUARTERS EXPENSES</u>	<u>2017</u>	<u>2016</u>
	\$	\$
Bad debts written off - trade	-	112
Bank charges	7,749	7,763
Computer maintenance	5,020	5,000
Conference and seminars expenses	-	1,423
Depreciation expenses (note 27)	54,225	51,917
Foreign worker levy	8,485	13,066
Insurance	18,300	19,346
Loss on exchange	80	-
Medical expense and staff welfare	9,459	380
Miscellaneous expenses	6,085	9,867
Office expenses	6,296	17,586
Operating lease expense	338,719	338,719
Professional fees	22,613	8,632
Repairs and maintenance	50,836	56,786
Salaries, related costs and CPF contributions (note 26)	170,696	166,723
Stationery, postage and telephone	14,886	5,170
Subcontract services	8,547	32,410
Subscription and membership fees	48	4,801
Transport	-	354
Utilities and conservancy charges	28,260	27,298
	750,304	767,353

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13. PROPERTY, PLANT AND EQUIPMENT

	<u>The Brigade</u>	<u>The Campsite</u>	<u>Total</u>
<u>31 December 2017</u>	\$	\$	\$
Cost	545,801	177,461	723,262
Accumulated depreciation	<u>(383,931)</u>	<u>(170,058)</u>	<u>(553,989)</u>
Carrying amount	<u>161,870</u>	<u>7,403</u>	<u>169,273</u>
<u>31 December 2016</u>			
Cost	488,385	168,861	657,246
Accumulated depreciation	<u>(330,865)</u>	<u>(158,103)</u>	<u>(488,968)</u>
Carrying amount	<u>157,520</u>	<u>10,758</u>	<u>168,278</u>

	<u>Computers</u>	<u>Office equipment</u>	<u>Furniture and fittings</u>	<u>Renovations</u>	<u>Total</u>
The Brigade	\$	\$	\$	\$	\$
<u>Cost</u>					
At 1 January 2016	35,706	61,024	61,562	236,253	394,545
Additions	<u>65,236</u>	<u>3,845</u>	<u>15,759</u>	<u>9,000</u>	<u>93,840</u>
At 31 December 2016 and 1 January 2017	100,942	64,869	77,321	245,253	488,385
Additions	<u>26,028</u>	<u>2,028</u>	<u>2,420</u>	<u>26,940</u>	<u>57,416</u>
At 31 December 2017	<u>126,970</u>	<u>66,897</u>	<u>79,741</u>	<u>272,193</u>	<u>545,801</u>
<u>Accumulated depreciation</u>					
At 1 January 2016	24,134	28,505	53,762	173,812	280,213
Charge for the year	<u>5,088</u>	<u>10,623</u>	<u>2,457</u>	<u>32,484</u>	<u>50,652</u>
At 31 December 2016 and 1 January 2017	29,222	39,128	56,219	206,296	330,865
Charge for the year	<u>5,546</u>	<u>7,382</u>	<u>2,644</u>	<u>37,494</u>	<u>53,066</u>
At 31 December 2017	<u>34,768</u>	<u>46,510</u>	<u>58,863</u>	<u>243,790</u>	<u>383,931</u>
<u>Carrying amount</u>					
At 31 December 2017	<u>92,202</u>	<u>20,387</u>	<u>20,878</u>	<u>28,403</u>	<u>161,870</u>
At 31 December 2016	<u>71,720</u>	<u>25,741</u>	<u>21,102</u>	<u>38,957</u>	<u>157,520</u>

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13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Campsite equipment and canoes	Office equipment	Furniture and fittings	Renovations	Total
The Campsite	\$	\$	\$	\$	\$
<u>Cost</u>					
At 1 January 2016	87,530	7,158	43,669	305,454	443,811
Additions	11,642	-	5,097	-	16,739
Written off	(38,215)	(6,151)	(29,640)	(217,683)	(291,689)
At 31 December 2016 and 1 January 2017	60,957	1,007	19,126	87,771	168,861
Additions	800	-	-	7,800	8,600
At 31 December 2017	61,757	1,007	19,126	95,571	177,461
<u>Accumulated depreciation</u>					
At 1 January 2016	85,947	6,603	43,669	305,454	441,673
Charge for the year	6,298	503	1,318	-	8,119
Written off	(38,215)	(6,151)	(29,640)	(217,683)	(291,689)
At 31 December 2016 and 1 January 2017	54,030	955	15,347	87,771	158,103
Charge for the year	6,593	52	2,710	2,600	11,955
At 31 December 2017	60,623	1,007	18,057	90,371	170,058
<u>Carrying amount</u>					
At 31 December 2017	1,134	-	1,069	5,200	7,403
At 31 December 2016	6,927	52	3,779	-	10,758

14. INVESTMENT PROPERTY

	<u>2017</u>	<u>2016</u>
	\$	\$
Leasehold office premises - at cost	110,000	110,000
Less: Accumulated depreciation		
Balance as at 1 January	42,989	41,724
Charge for the year	1,159	1,265
Balance as at 31 December	44,148	42,989
	65,852	67,011

The fair values of the above investment property as at 31 December 2017, determined by the Brigade Executive Committee on the basis of comparable sales by reference to market evidence of transaction prices for similar properties, is approximately \$781,983 (2016: \$816,000). In the Brigade Executive Committee's opinion, there is no impairment in the carrying amount of the above property.

Direct operating expenses arising from the above income generating investment property during the year amount to \$9,485 (2016: \$5,971).

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15. INVENTORIES

	<u>2017</u>	<u>2016</u>
	\$	\$
Inventories at GB Shop, carried at cost	232,884	239,907
Less: Amounts written down to net realisable value		
Balance at beginning of the year	56,266	88,013
* Reversal of write-down in current year	(2,538)	(31,747)
Balance at end of the year	53,728	56,266
Total carrying amount of inventories at lower of cost and net realisable value	179,156	183,641

The cost of inventories recognised as an expense and included as cost of sales (note 6) amounted to \$128,141 (2016: \$136,608).

* The reversal on the written down of inventories amounting to \$2,538 (2016: \$31,747) was due to changes in estimates used to mark down slow moving items and items sold in the current year.

16. TRADE AND OTHER RECEIVABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Trade receivables:		
- due from GB Companies	54,924	14,397
- due from others	7,316	240
Grant receivable	110,160	65,654
Interest receivable	27,561	20,533
Other receivables	3,787	5,538
Deposits	203,748	106,362
Prepayments	82,220	81,220
	15,594	71,875
	301,562	259,457

Trade and other receivables are unsecured, non-interest bearing and expected to be repayable within 90 days or on demand.

17. CAMPSITE ASSETS AND LIABILITIES

Campsite assets and liabilities presented below represent the Brigade's 50% share of the current assets and current liabilities of the BB Sembawang Campsite (formerly known as BB/GB Campsite).

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>Current assets</u>		
Receivables	36,706	38,965
Cash and bank balances	263,546	195,103
	300,252	234,068
<u>Current liabilities</u>		
Payables	32,556	37,681

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18. FIXED DEPOSITS

The fixed deposits of the Brigade have original maturities of 6 to 12 months (2016: 6 to 12 months) and earn interest at rates ranging from 0.20% to 1.25% (2016: 0.28% to 1.50%) per annum.

19. GB COMPANIES PROGRAMME FUND

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance at beginning of the year	1,109,393	1,086,616
Transfer of funds from General Fund:		
Donations received	31,660	31,683
Allocation of GB Fortnight collections	381,199	338,519
Company programme expenses	(310,522)	(328,741)
GB companies in recess	(11,090)	(18,684)
	91,247	22,777
Balance at end of the year	1,200,640	1,109,393

This fund is part of the general accumulated fund, designated to fund the activities of GB companies.

20. BB SEMBAWANG CAMPSITE FUND

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>Income</u>		
Rental income	172,367	172,333
Grant income	103,587	103,382
Interest income	31	1,078
Other income	36,896	36,620
	312,881	313,413
<u>Less: Expenditure</u>		
Depreciation on property, plant and equipment (note 13)	11,955	8,119
Land rent	103,587	103,382
Management fee	90,000	45,000
Employee benefits expense (note 26)	-	47,022
Other expenditure	39,385	37,321
	244,927	240,844
Surplus for the year	67,954	72,569
Balance at beginning of the year	207,145	262,140
Transfer to general fund	(50,000)	(127,564)
Balance at end of the year	225,099	207,145

This fund represents the Brigade's interests in the BB Sembawang Campsite (formerly known as BB/GB Campsite).

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21. CAPITAL FUND

	<u>2017</u>	<u>2016</u>
	\$	\$
Capital fund	171,963	171,963

This represents the initial fund set up for establishing The Girls' Brigade - Singapore.

22. DEVELOPMENT FUND

	<u>2017</u>	<u>2016</u>
	\$	\$
Development fund	572,249	572,249

This fund was set up for the purpose of financing the development and expansion of facilities, including the purchase of a premise.

23. GB HQ BUILDING FUND

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance at beginning of the year	1,323,468	1,309,521
GB fortnight donations (note 3)	-	13,947
Balance at end of the year	1,323,468	1,323,468

This represents funds raised to finance the purchase of a headquarter.

24. SPECIAL FUNDS

	Balance as at <u>1 January</u>	Funds received	Funds utilised	Balance as at <u>31 December</u>
	\$	\$	\$	\$
<u>2017</u>				
Bible fund (a)	8,252	-	-	8,252
GB Club (b)	4,058	-	(1,348)	2,710
Elsie Lyne Scholarship Fund (c)	47,594	-	(3,283)	44,311
LGT Challenge and One Chance project				
- Cambodia (d)	70,759	-	(70,759)	-
Florence Ko fund (e)	300,233	-	(300,233)	-
GB90 Grow and GO fund (f)	-	100,000	-	100,000
	430,896	100,000	(375,623)	155,273
<u>2016</u>				
Bible fund (a)	9,252	-	(1,000)	8,252
GB Club (b)	4,058	-	-	4,058
Elsie Lyne Scholarship Fund (c)	48,059	-	(465)	47,594
LGT Challenge and One Chance project				
- Cambodia (d)	132,760	875	(62,876)	70,759
Florence Ko fund (e)	302,071	-	(1,838)	300,233
	496,200	875	(66,179)	430,896

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24. SPECIAL FUNDS (continued)

The above funds are to be used for the following designated purposes, according to the intentions of the donors:

- (a) Bible fund : To finance the printing or buying of bibles for resale or free distribution for extension programmes.
- (b) GB Club : To finance Girls' Brigade alumni activities.
- (c) Elsie Lyne Scholarship Fund : To provide financial assistance to deserving GB girls in the area of education and leadership training.
- (d) LGT Challenge and One Chance project - Cambodia : To provide financial assistance for needy children and community projects in Cambodia.
- (e) Florence Ko fund : To provide funding for extension of God's Kingdom among girls and women overseas and the Brigade's mission of developing women.
- (f) GB90 Grow and GO fund : To provide financial assistance to deserving GB girls in the area of education both local and overseas.

25. ACCOUNTS PAYABLE

	<u>2017</u>	<u>2016</u>
	\$	\$
Non-trade payables	16,311	-
Accrued operating expenses	25,542	60,545
Deposits received	26,848	19,584
Sundry payables	-	53,478
	<u>68,701</u>	<u>133,607</u>

Accounts payable are unsecured, non-interest bearing and are normally settled within 30 days or on demand.

26. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense charged to the income and expenditure statement is as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>The Brigade</u>		
Salaries and related costs	405,131	353,564
Employer's contributions to Central Provident Fund	50,951	46,920
	<u>456,082</u>	<u>400,484</u>
<u>The Campsite</u>		
Share of employee benefits expense (note 20)	-	47,022
	<u>456,082</u>	<u>447,506</u>

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26. EMPLOYEE BENEFITS EXPENSE (continued)

The above employee benefits expenses are represented by staff costs charged to:

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>General fund</u>		
GB shop (note 6)	45,066	37,381
Training and development programmes		
- Junior, Secondary and Post-Secondary (note 8)	40,349	41,921
- Officers' Development (note 8)	46,171	18,244
Brigade activities (note 9)	53,050	56,692
Extension programmes (note 10)	87,633	67,033
GB company care support costs (note 11)	13,117	12,490
GB HQ expenses (note 12)	170,696	166,723
	456,082	400,484
<u>BB Sembawang Campsite fund</u>		
Employee benefits expense (note 20)	-	47,022
	456,082	447,506

27. DEPRECIATION EXPENSES

	<u>2017</u>	<u>2016</u>
	\$	\$
Depreciation on:		
Property, plant and equipment (note 13)	53,066	50,652
Investment property (note 14)	1,159	1,265
	54,225	51,917

28. DEFERRED GRANT INCOME

	<u>2017</u>	<u>2016</u>
	\$	\$
(a) MOE grant for enhancement of GB HQ		
Balance at 1 January	-	817
Amortised to income during the year (note 7)	-	(817)
Balance at 31 December	-	-
(b) MOE special project grants		
Balance at 1 January	101,500	116,213
Funds utilised	-	(14,713)
Balance at 31 December	101,500	101,500

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28. DEFERRED GRANT INCOME (continued)

	<u>2017</u>	<u>2016</u>
	\$	\$
(c) <u>MOE Secondary Programme Project Grant</u>		
Balance at 1 January	28,861	34,400
Funds received	-	(5,539)
Balance at 31 December	28,861	28,861
(d) <u>MOE Officers' Training Grant</u>		
Balance at 1 January	64,563	44,435
Funds received	60,000	60,000
Funds utilised (note 5)	(68,353)	(39,872)
Balance at 31 December	56,210	64,563
(e) <u>MSF Care and Share Grant</u>		
Balance at 1 January	344,813	242,435
Funds received	626,006	245,869
Funds utilised (note 5)	(242,822)	(143,491)
Balance at 31 December	727,997	344,813
	914,568	539,717

(a) MOE Grant for Enhancement of GB HQ

This grant is a subsidy for the enhancement of training facilities relating to safety and hygiene at GB HQ.

(b) MOE Special Project Grants

These special grants for uniformed groups are provided by MOE in relation to approved projects to be carried out for the benefit of the Brigade's members. The Brigade's approved projects comprise the production of Handbooks, Primary and Core Curriculum Training Package and Training Videos. MOE has accepted that these projects are ongoing and the balance fund will continue to be utilised until it is expended.

(c) MOE Secondary Programme Project Grant

This grant is provided by MOE in relation to approved projects to be carried out for the benefit of the Brigade's members. The Brigade's approved projects comprise the revision of curriculum and design of package. MOE has accepted that these projects are ongoing and the balance fund will continue to be utilised until it is expended.

(d) MOE Officers' Training Grant

This grant is provided by MOE to help enhance the Brigade's teachers' and officers' capacities in enriching students experience through co-curricular activities. The grant covers training costs of teach officers, volunteer adult leaders and HQ registered volunteers. There is no expiry for the usage of this grant.

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28. DEFERRED GRANT INCOME (continued)

(e) MSF Care and Share Grant

This grant is provided by the Ministry of Social and Family Development ("MSF"). The Care and Share movement is a national fund-raising and volunteerism movement for the social service sector, with the objectives of bringing the nation together to show care and concern for the less fortunate, and to invest in building capability in the social service sector to meet future needs. The grant should be utilised by December 2019. Thereafter, any unutilised funds are to be returned to MSF.

The remaining Care and Share grant available for use is as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance of deferred grant income	727,997	344,813
Unamortised balance pertaining to assets purchased with the grant	<u>(210,863)</u>	<u>(117,293)</u>
	<u>517,134</u>	<u>227,520</u>

29. TAX EXEMPT DONATIONS

	<u>2017</u>	<u>2016</u>
	\$	\$
Corporate donors	43,854	15,174
Individual donors	<u>450,551</u>	<u>344,110</u>
	<u>494,405</u>	<u>359,284</u>

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances as shown in the statement of financial position. For the purpose of the statement of cash flows, fixed deposits with maturities more than 3 months are excluded from cash and cash equivalents.

31. RELATED PARTIES

For the purposes of these financial statements, the definition of a related party is disclosed in note 2(r) to the financial statements.

The Brigade is governed by the Brigade Council. The administration of the Brigade is vested in the Brigade Executive Committee which supervises and manages the affairs of the Brigade.

The Brigade has in place a conflict of interests policy in its code of conduct. All members of the Brigade Executive Committee and senior management are required to declare their interests yearly.

Key management personnel

The key management personnel comprise members of the Brigade Executive Committee and senior management staff employed by the Brigade. Members of the Brigade Executive Committee are volunteers and receive no monetary remuneration for their contribution, except for reimbursement of out-of-pocket expenses.

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31. RELATED PARTIES (continued)

Key management personnel (continued)

The three highest paid executives employed by the Brigade receive annual remuneration of less than \$100,000 (2016: less than \$100,000) each.

32. OPERATING LEASE COMMITMENT

(a) Operating Lease Commitments - Where the Brigade is Lessee

The Brigade leases its operating premises from The Singapore Land Authority (SLA) under non-cancellable operating lease.

As at the balance sheet date, the Brigade had the following lease commitments under non-cancellable operating lease where the Brigade is a lessee:

	<u>2017</u>	<u>2016</u>
	\$	\$
Payable within 1 year	316,560	237,420
Payable after 1 year but not later than 5 years	553,980	-
	870,540	237,420

The above operating lease commitment is based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

The Brigade also has a funding agreement with Ministry of Education Singapore which provides a monthly rental grant to fully subsidise the rent payable to SLA under the aforementioned operating lease agreement.

(b) Operating Lease Commitments - Where the Brigade is Lessor

During the year, the Brigade leased its investment property to a non-related party under non-cancellable operating lease.

As at balance sheet date, lease commitments under non-cancellable operating lease where the Brigade is the lessor are as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Receivable within 1 year	24,000	22,000
Receivable after 1 year but not later than 5 years	22,000	-
	46,000	22,000

The above operating leases do not provide for contingent rents.

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33. FINANCIAL RISK MANAGEMENT

The Brigade is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, liquidity risk and interest rate risk. The Executive Committee reviews and agrees on policies for managing each of these risks and they are summarised below:

(i) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other counterparties to settle their financial and contractual obligations to the Brigade as and when they fall due.

The Brigade's main financial assets consist of cash and cash equivalents. Cash and bank deposits are placed with financial institutions which are regulated.

The Executive Committee has credit policies in place to minimise exposure to credit risk.

Credit evaluations are performed on all tenants. Tenants are required to place security deposits with the Brigade at the commencement of each tenancy term.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Brigade.

Financial assets that are past due but not impaired

The Brigade has trade receivables that are past due but not impaired. These trade receivables are unsecured and the analysis of their aging at balance sheet date is as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Trade receivables past due:		
1 to 30 days	4,191	289
31 to 60 days	13,264	621
more than 60 days	<u>44,785</u>	<u>13,727</u>
	<u>62,240</u>	<u>14,637</u>

(ii) Liquidity risk

Liquidity risk is the risk that the Brigade will encounter difficulty in meeting financial obligations due to shortage of funds.

The Executive Committee monitors the liquidity risk of the Brigade and maintains a level of cash and cash equivalents deemed adequate to finance the Brigade's operations and to mitigate the effects of fluctuations in cash flows.

All financial liabilities of the Brigade are repayable on demand or will mature within one year.

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33. FINANCIAL RISK MANAGEMENT (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Brigade's financial instruments will fluctuate because of changes in market interest rates.

The Brigade does not have any interest-bearing financial liabilities. Its only exposure to interest rate risk relates to interest-earning bank deposits. The Executive Committee monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

The interest rates and terms of maturity of financial assets of the Brigade are disclosed in note 18 to the financial statements.

34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of cash and cash equivalents, receivables and payables classified as current assets and current liabilities, which are measured on the amortised cost basis, approximate their fair values due to their short term nature.

Financial Instruments by Category

The aggregate carrying amounts of financial instruments classified as loans and receivables and financial liabilities at amortised cost are as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Loans and receivables	9,415,322	9,076,214
Financial liabilities at amortised cost	101,257	171,288

35. RESERVES MANAGEMENT POLICY

The Brigade's reserves position at balance sheet date are as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
General accumulated fund		
- General fund	5,180,680	5,040,880
- GB companies programme fund (note 19)	<u>1,200,640</u>	<u>1,109,393</u>
	6,381,320	6,150,273
Restricted funds		
- BB Sembawang Campsite fund (note 20)	225,099	207,145
- Capital fund (note 21)	171,963	171,963
- Development fund (note 22)	572,249	572,249
- GB HQ building fund (note 23)	1,323,468	1,323,468
- Special funds (note 24)	<u>155,273</u>	<u>430,896</u>
	<u>8,829,372</u>	<u>8,855,994</u>
Actual operating expenditure	<u>1,695,323</u>	<u>1,488,644</u>
Ratio of reserves to actual operating expenditure	<u>5.2</u>	<u>6.0</u>

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35. RESERVES MANAGEMENT POLICY (continued)

The primary objective of the Brigade's reserves management policy is to provide financial stability and the means to support its ongoing programmes and develop its principal activities.

Restricted / designated funds are only used for the specific purposes for which the funds were set up.

The Executive Committee periodically reviews the amount of reserves that are required to ensure that they are adequate to fulfill the Brigade's continuing obligations.

The Brigade is not subject to externally imposed reserves requirements.

There were no changes to the Brigade's approach to reserves management since the previous financial year.

36. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2017 were authorised for issue by the Brigade Executive Committee on 9 March 2018.