

THE GIRLS' BRIGADE - SINGAPORE

UNIQUE ENTITY NUMBER: S61SS0001A

**REPORT AND
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2018

LO HOCK LING & CO

Chartered Accountants Singapore

盧鶴齡會計公司



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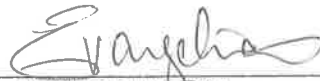
THE GIRLS' BRIGADE - SINGAPORE

(Registered under the Societies Act, Chapter 311)

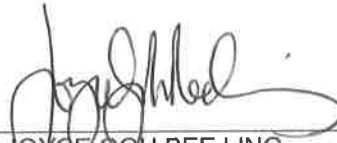
STATEMENT BY THE BRIGADE EXECUTIVE COMMITTEE

In our opinion, the financial statements set out on pages 5 to 36 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 2018 and of the financial performance, changes in funds and cash flows of the Brigade for the financial year covered by the financial statements.

On behalf of the Brigade Executive Committee



MS EVANGELINE CHEW WHYE CHENG
BRIGADE COMMISSIONER



MS JOYCE GOH BEE LING
FINANCE CHAIRPERSON

Singapore, 7 March 2019

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 36, which comprise the statement of financial position (balance sheet) as at 31 December 2018, 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 2018 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 and 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, 7 March 2019

THE GIRLS' BRIGADE - SINGAPORE
(Registered under the Societies Act, Chapter 311)

Statement of Comprehensive Income
for the financial year ended 31 December 2018

	Notes	2018 \$	2017 \$
<u>Income</u>			
Brigade fortnight collections	3	608,898	634,337
Donations/contributions	4	410,053	481,941
Grant income	5	602,943	765,511
Interest income		89,821	70,834
Income from GB shop	6	(27,601)	8,454
Sundry income	7	39,780	48,603
		1,723,894	2,009,680
<u>Less: Expenditure</u>			
Training and development programmes	8	159,453	89,082
Brigade activities	9	108,426	70,697
Corporate communication		13,407	26,426
Extension programmes	10	135,051	189,374
90th anniversary expenses (net)		-	276,448
Company programme expenses		360,920	412,326
GB company care support costs	11	62,125	13,976
GB headquarters expenses	12	788,102	750,304
		1,627,484	1,828,633
Surplus for the year transferred to General Fund		96,410	181,047
<u>Other Comprehensive Income</u>			
Items that may be reclassified subsequently to profit or loss:			
Movements in restricted funds:			
BB Sembawang Campsite fund			
- surplus for the year	20	62,652	67,954
Special funds			
- net funds utilised	24	(52,133)	(275,623)
Total comprehensive income for the year		106,929	(26,622)

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

THE GIRLS' BRIGADE - SINGAPORE

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Statement of financial position as at 31 December 2018

	Notes	2018	2017
		\$	\$
ASSETS			
<u>Non-Current Assets</u>			
Property, plant and equipment	13	184,401	169,273
Investment property	14	64,483	65,852
		<u>248,884</u>	<u>235,125</u>
<u>Current Assets</u>			
Inventories	15	158,505	179,156
Trade and other receivables	16	167,431	301,562
Campsite assets	17	339,926	300,252
Fixed deposits	18	7,671,170	7,580,370
Cash and bank balances		1,233,695	1,248,732
		<u>9,570,727</u>	<u>9,610,072</u>
Total Assets		<u>9,819,611</u>	<u>9,845,197</u>
FUNDS AND LIABILITIES			
<u>Funds</u>			
Unrestricted funds:			
- General fund		5,282,486	5,180,680
- GB companies programme fund	19	1,245,244	1,200,640
		<u>6,527,730</u>	<u>6,381,320</u>
Restricted funds:			
- BB Sembawang Campsite fund	20	237,751	225,099
- 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	103,140	155,273
		<u>8,936,301</u>	<u>8,829,372</u>
<u>Non-current liabilities</u>			
Campsite liabilities	17	7,800	-
<u>Current Liabilities</u>			
Accounts payable	25	53,502	68,701
Deferred grant income	28	773,673	914,568
Campsite liabilities	17	48,335	32,556
		<u>875,510</u>	<u>1,015,825</u>
Total Liabilities		<u>883,310</u>	<u>1,015,825</u>
Total Funds and Liabilities		<u>9,819,611</u>	<u>9,845,197</u>

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

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Statement of Changes in Funds
for the financial year ended 31 December 2018

	Unrestricted funds			Restricted funds				Total funds
	General fund	GB companies programme fund	BB Sembawang Campsite fund	Capital fund	Development fund	GB HQ building fund	Special funds	
Balance as at 1 January 2017	\$ 5,040,880	\$ 1,109,393	\$ 207,145	\$ 171,963	\$ 572,249	\$ 1,323,468	\$ 430,896	\$ 8,855,994
Total comprehensive income for the year	181,047	-	67,954	-	-	-	(275,623)	(26,622)
Transfer from General fund (note 19)	(91,247)	91,247	-	-	-	-	-	-
Transfer to General fund (note 20)	50,000	-	(50,000)	-	-	-	-	-
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
Total comprehensive income for the year	96,410	-	62,652	-	-	-	(52,133)	106,929
Transfer from General fund (note 19)	(44,604)	44,604	-	-	-	-	-	-
Transfer to General fund (note 20)	50,000	-	(50,000)	-	-	-	-	-
Balance as at 31 December 2018	5,282,486	1,245,244	237,751	171,963	572,249	1,323,468	103,140	8,936,301

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

THE GIRLS' BRIGADE - SINGAPORE
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Statement of Cash Flows
for the financial year ended 31 December 2018

	<u>Note</u>	<u>2018</u>	<u>2017</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Surplus from operations		96,410	181,047
Adjustments for:			
Depreciation expenses	27	71,906	54,225
Interest income		(89,821)	(70,834)
Operating surplus before changes in working capital		78,495	164,438
Decrease in inventories		20,651	4,485
Decrease/(increase) in receivables		142,754	(35,077)
Decrease in payables		(15,199)	(64,906)
Cash generated from operations		226,701	68,940
Interest received		81,198	63,806
Net cash from/(used in) other funds:			
- BB Sembawang Campsite fund		51,680	8,600
- Special funds		(52,133)	(275,623)
Net cash from/(used in) operating activities		307,446	(134,277)
<u>CASH FLOWS FROM INVESTING ACTIVITY</u>			
Purchase of property, plant and equipment		(90,788)	(66,016)
Net cash used in investing activity		(90,788)	(66,016)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase/(decrease) in MOE Officers' Training Grant		34,830	(8,353)
(Decrease)/increase in MSF Care and Share Grant		(175,725)	383,184
(Increase)/decrease in fixed deposits with original maturities over 3 months		(90,800)	22,306
Net cash (used in)/from financing activities		(231,695)	397,137
Net (decrease)/increase in cash and cash equivalents		(15,037)	196,844
Cash and cash equivalents at beginning of the year		1,248,732	1,051,888
Cash and cash equivalents at end of the year		1,233,695	1,248,732

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

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Notes to the Financial Statements for the financial year ended 31 December 2018

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

1. GENERAL INFORMATION

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.

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

2.1 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 2018.

2.1.1 Adoption of FRSs effective in 2018

On 1 January 2018, the Brigade adopted the new or amended FRSs that are mandatory for application for the current financial year. Changes to the Brigade's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs, as disclosed below.

(a) Adoption of FRS 109 Financial Instruments

The Brigade has adopted the new Standard retrospectively from 1 January 2018, in line with the transition provisions permitted under the Standard. Comparatives for financial year 2017 are not restated and any difference between the carrying amounts at 31 December 2017 and 1 January 2018 are recognised in the opening retained earnings. The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.12.

The effects on adoption of FRS 109 are described below:

There was no significant change to the measurement basis arising from the new classification and measurement model under FRS 109.

Cash and cash equivalents and receivables, previously classified as "loans and receivables" under FRS 39 and measured on amortised cost basis, continue to be accounted for using the amortised cost model under FRS 109.

Receivables are assessed for impairment on a forward-looking basis under the expected credit loss impairment model of FRS 109, whereas previously, impairment under FRS 39 was recognised only when there is objective evidence of incurred losses. The adoption of FRS 109 did not result in additional impairment allowances recognised as at 1 January 2018.

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Notes to the Financial Statements
for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

2.1.1 Adoption of FRSs effective in 2018 (continued)

(b) Adoption of FRS 115 Revenue from Contracts with Customers

The Brigade has adopted the new Standard using the modified retrospective approach with the cumulative impact of the adoption recognised in the opening retained earnings at 1 January 2018. Comparative information for 2017 are not restated.

The adoption of FRS 115 on 1 January 2018 did not result in significant changes to the recognition criteria for the Brigade's revenue arrangements. The accounting policies for revenue from contracts with customers under FRS 115 are disclosed in note 2.4.

2.2 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*

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 2.8 and 2.9. 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.

(ii) *Expected Credit Losses on Trade Receivables*

Expected credit losses (ECLs) are probability-weighted estimates of credit losses over the life of a financial instrument. In estimating ECLs to determine the probability of default of its debtors, the Brigade has used historical information, such as past credit loss experience. Where applicable, historical data are adjusted to reflect the effects of current conditions as well as the management's assessment of future economic conditions based on observable market information, which involved significant estimates and judgement.

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Notes to the Financial Statements
for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant Accounting Estimates and Judgments (continued)

(A) *Key sources of estimation uncertainty (continued)*

(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.

(i) *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.

2.3 FRSs 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 following is the only new FRS issued but is not yet effective that is relevant to the Brigade's financial statements:

<u>New FRS relevant to the Brigade's financial statements:</u>	<u>Effective for annual periods beginning on or after</u>
FRS 116 Leases	1 January 2019

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

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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Notes to the Financial Statements
for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 FRS issued but not yet effective (continued)

Potential impact on financial statements

The Brigade will adopt FRS 116 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 management expects most of the lease commitments to be short-term 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.

2.4 Revenue Recognition

The accounting policies for revenue recognition from 1 January 2018 under FRS 115 are as follows:

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

Revenue is recognised when the Brigade satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

- (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.

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Notes to the Financial Statements
for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Employee Benefits

(a) *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.

(b) *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.

2.6 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.

2.7 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.

2.8 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

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Notes to the Financial Statements
for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Property, Plant and Equipment (continued)

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.

2.9 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.

2.10 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.

2.11 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.

2.12 Financial Assets

The accounting for financial assets from 1 January 2018 under FRS 109 is as follows:

Financial assets are classified into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The basis of classification depends on the Brigade's business model and the contractual cash flow characteristics of the financial assets.

At initial recognition

At initial recognition, the Brigade measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

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Notes to the Financial Statements
for the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial Assets (continued)

At subsequent measurement

There are three prescribed subsequent measurement categories - at amortised cost, FVOCI and FVPL, depending on the Brigade's business model in managing the financial assets and the cash flow characteristics of the assets.

The Brigade's financial assets, comprising mainly receivables, and cash and cash equivalents, are measured at amortised cost subsequent to initial recognition, as these are contractual cash flows which represent solely payments of principal and interest. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

2.13 Trade and Other Receivables

Trade and other receivables that do not have a significant financing component are measured at their transaction price at initial recognition, and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses, as explained in Note 2.15.

2.14 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.

2.15 Impairment of Financial Assets

The Brigade assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost, and recognises a loss allowance accordingly.

At each reporting date, the debt instruments are assessed to determine whether there is significant increase in credit risk on the debt instruments since initial recognition. If there is a significant increase in credit risk since initial recognition, lifetime expected credit losses will be calculated and recognised in the loss allowance. If credit risk on the debt instrument has not increased significantly since initial recognition, the loss allowance is measured based on 12-month expected credit losses. Adjustments to the loss allowance are recognised in profit or loss as an impairment gain or loss.

For trade receivables, the Brigade applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Prior to 1 January 2018, an impairment loss is only recognised when there is objective evidence that the Brigade will not be able to collect all amounts due according to the original terms of the receivable. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 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 (except for impairment loss on goodwill) 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.

2.17 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.

2.18 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 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.

2.20 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 the others).
 - (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 company or to the parent of the Brigade.

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3. BRIGADE FORTNIGHT COLLECTIONS

	<u>2018</u>	<u>2017</u>
	\$	\$
Brigade fortnight collections		
- tax exempt	299,205	301,112
- non-tax exempt	316,810	338,476
	616,015	639,588
Less: Allocation of funding		
Office expenses	7,117	5,251
	<u>7,117</u>	<u>5,251</u>
	<u>608,898</u>	<u>634,337</u>

4. DONATIONS/CONTRIBUTIONS

	<u>2018</u>	<u>2017</u>
	\$	\$
General donations		
- tax exempt	80,591	183,555
- non-tax exempt	39,237	31,609
Donation in kind	800	-
Contributions from users of GB Centre	289,425	266,777
	<u>410,053</u>	<u>481,941</u>

5. GRANT INCOME

	<u>2018</u>	<u>2017</u>
	\$	\$
Grants from Ministry of Education		
- Capitation Grant	63,329	115,617
- Singapore Land Authority Grant	338,719	338,719
- Uniformed Group Training Grant [note 28(c)]	25,170	68,353
Grant from Ministry of Social and Family Development		
- Care and Share Grant [note 28(d)]	175,725	242,822
	<u>602,943</u>	<u>765,511</u>

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6. INCOME FROM GB SHOP

	<u>2018</u>	<u>2017</u>
	\$	\$
Sales	160,226	181,661
Less: Cost of sales		
Inventories at beginning of the year	179,156	183,641
Purchases	103,449	123,656
Stocks written off	4,448	-
Inventories at end of the year (note 15)	(158,505)	(179,156)
	<u>128,548</u>	<u>128,141</u>
Surplus from sales	31,678	53,520
Less:		
Support staff costs (note 26)	<u>59,279</u>	<u>45,066</u>
Net (deficit)/surplus	<u>(27,601)</u>	<u>8,454</u>

7. SUNDRY INCOME

	<u>2018</u>	<u>2017</u>
	\$	\$
Gain in foreign exchange	25	-
Government grant		
- special employment credit	3,587	4,127
- temporary employment credit	967	2,328
- wage credit scheme	7,922	6,905
Central Singapore CDC Grant	-	10,000
Miscellaneous income	3,279	1,243
Rental income	<u>24,000</u>	<u>24,000</u>
	<u>39,780</u>	<u>48,603</u>

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8. TRAINING AND DEVELOPMENT PROGRAMMES

	Support/ fees received	Expenses incurred	Net expenditure
	\$	\$	\$
<u>2018</u>			
<u>Junior, Secondary & Post-Secondary</u>			
Training conferences, course and activities	30,795	62,084	31,289
Support staff costs (note 26)	-	44,921	44,921
	<u>30,795</u>	<u>107,005</u>	<u>76,210</u>
<u>Officers' Development</u>			
Training seminars, workshops and courses	16,890	53,959	37,069
Support staff costs (note 26)	-	46,174	46,174
	<u>16,890</u>	<u>100,133</u>	<u>83,243</u>
Total	<u>47,685</u>	<u>207,138</u>	<u>159,453</u>
<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>

9. BRIGADE ACTIVITIES

	Support/ fees received	Expenses incurred	Net expenditure
	\$	\$	\$
<u>2018</u>			
Exco retreats	-	2,214	2,214
Ceremony and meeting expenses	-	42,322	42,322
Other activities	-	1,289	1,289
Support staff costs (note 26)	-	62,601	62,601
Total	<u>-</u>	<u>108,426</u>	<u>108,426</u>
<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>

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10. EXTENSION PROGRAMMES

	<u>2018</u>	<u>2017</u>
	\$	\$
Donations received	1,000	9,738
- tax exempt		
Programme fees received	-	5,790
	1,000	15,528
Less:		
Extension expenses	90	4,147
** GB Friendship Day	103,966	113,122
Support staff costs (note 26)	31,995	87,633
	<u>136,051</u>	<u>204,902</u>
	<u>135,051</u>	<u>189,374</u>

**Total expenses incurred for GB Friendship Day for the year, amounting to \$139,631 (2017: \$113,122), were funded by following:

	<u>2018</u>	<u>2017</u>
	\$	\$
Care and Share Grant [note 28(d)]	103,966	90,000
GB90 Go and Grow Fund [note 24(f)]	35,665	-
Amount not funded	-	23,122
	<u>139,631</u>	<u>113,122</u>

11. GB COMPANY CARE SUPPORT COSTS

	<u>2018</u>	<u>2017</u>
	\$	\$
Support fee received	-	-
Less:		
Salaries and related costs (note 26)	32,922	13,117
Company care support expenses	2,578	859
Depreciation expenses (note 27)	26,625	-
	<u>62,125</u>	<u>13,976</u>
	<u>62,125</u>	<u>13,976</u>

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12. GB HEADQUARTERS EXPENSES

	<u>2018</u>	<u>2017</u>
	\$	\$
Accounting fee	24,018	14,925
Bank charges	4,520	7,749
Computer maintenance	5,845	5,020
Depreciation expenses (note 27)	45,281	54,225
Foreign workers' levy	2,789	8,485
Insurance	19,457	18,300
Loss on exchange	-	80
Medical expense and staff welfare	7,993	9,459
Miscellaneous expenses	4,736	6,133
Newsletter and other publications	1,290	-
Office expenses	1,490	6,296
Operating lease expense	338,719	338,719
Professional fees	9,038	7,688
Repairs and maintenance	37,742	50,836
Salaries, related costs and CPF contributions (note 26)	217,055	170,696
Stationery, postage and telephone	19,123	14,886
Subcontract services	15,423	8,547
Utilities and conservancy charges	33,583	28,260
	<u>788,102</u>	<u>750,304</u>

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13. PROPERTY, PLANT AND EQUIPMENT

	<u>The Brigade</u>	<u>The Campsite</u>	<u>Total</u>
	\$	\$	\$
<u>31 December 2018</u>			
Cost	634,909	171,429	806,338
Accumulated depreciation	<u>(454,468)</u>	<u>(167,469)</u>	<u>(621,937)</u>
Carrying amount	<u>180,441</u>	<u>3,960</u>	<u>184,401</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>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 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 and 1 January 2018	126,970	66,897	79,741	272,193	545,801
Additions	<u>9,716</u>	<u>649</u>	<u>250</u>	<u>78,493</u>	<u>89,108</u>
At 31 December 2018	<u>136,686</u>	<u>67,546</u>	<u>79,991</u>	<u>350,686</u>	<u>634,909</u>
<u>Accumulated Depreciation</u>					
At 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 and 1 January 2018	34,768	46,510	58,863	243,790	383,931
Charge for the year	<u>36,031</u>	<u>8,968</u>	<u>2,831</u>	<u>22,707</u>	<u>70,537</u>
At 31 December 2018	<u>70,799</u>	<u>55,478</u>	<u>61,694</u>	<u>266,497</u>	<u>454,468</u>
<u>Carrying amount</u>					
At 31 December 2018	<u>65,887</u>	<u>12,068</u>	<u>18,297</u>	<u>84,189</u>	<u>180,441</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>

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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 2017	60,957	1,007	19,126	87,771	168,861
Additions	800	-	-	7,800	8,600
At 31 December 2017 and 1 January 2018	61,757	1,007	19,126	95,571	177,461
Additions	1,680	-	-	-	1,680
Written off	(5,006)	-	(1,252)	(1,454)	(7,712)
At 31 December 2018	<u>58,431</u>	<u>1,007</u>	<u>17,874</u>	<u>94,117</u>	<u>171,429</u>
<u>Accumulated Depreciation</u>					
At 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 and 1 January 2018	60,623	1,007	18,057	90,371	170,058
Charge for the year	1,237	-	1,069	2,817	5,123
Written off	(5,006)	-	(1,252)	(1,454)	(7,712)
At 31 December 2018	<u>56,854</u>	<u>1,007</u>	<u>17,874</u>	<u>91,734</u>	<u>167,469</u>
<u>Carrying amount</u>					
At 31 December 2018	<u>1,577</u>	<u>-</u>	<u>-</u>	<u>2,383</u>	<u>3,960</u>
At 31 December 2017	<u>1,134</u>	<u>-</u>	<u>1,069</u>	<u>5,200</u>	<u>7,403</u>

14. INVESTMENT PROPERTY

	2018	2017
	\$	\$
Leasehold office premises - at cost	110,000	110,000
Less: Accumulated depreciation		
Balance as at 1 January	44,148	42,989
Charge for the year	1,369	1,159
Balance as at 31 December	<u>45,517</u>	<u>44,148</u>
	<u>64,483</u>	<u>65,852</u>

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14. INVESTMENT PROPERTY (continued)

The fair values of the above investment property as at 31 December 2018, 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 \$930,000 (2017: \$781,983). 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 amounted to \$5,971 (2017: \$9,485).

15. INVENTORIES

	<u>2018</u>	<u>2017</u>
	\$	\$
Inventories at GB Shop, carried at cost	186,935	232,884
Less: Amounts written down to net realisable value		
Balance at beginning of the year	53,728	56,266
* Reversal of write-down in current year	(25,298)	(2,538)
Balance at end of the year	<u>28,430</u>	<u>53,728</u>
Total carrying amount of inventories at lower of cost and net realisable value	<u>158,505</u>	<u>179,156</u>

The cost of inventories recognised as an expense and included as cost of sales (note 6) amounted to \$128,548 (2017: \$128,141).

- * The reversal on the written down of inventories amounting to \$25,298 (2017: \$2,538) 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>2018</u>	<u>2017</u>
	\$	\$
Trade receivables:		
- due from GB Companies	3,323	54,924
- due from others	70	7,316
Grant receivable	35,129	110,160
Interest receivable	36,184	27,561
Other receivables	<u>2,169</u>	<u>3,787</u>
	76,875	203,748
Deposits	80,780	82,220
Prepayments	<u>9,776</u>	<u>15,594</u>
	<u>167,431</u>	<u>301,562</u>

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

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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>2018</u>	<u>2017</u>
	\$	\$
<u>Current assets</u>		
Receivables	40,890	36,706
Cash and bank balances	299,036	263,546
	<u>339,926</u>	<u>300,252</u>
 <u>Non-current liabilities</u>		
Payables	<u>7,800</u>	<u>-</u>
 <u>Current liabilities</u>		
Payables	<u>48,335</u>	<u>32,556</u>

18. FIXED DEPOSITS

The fixed deposits of the Brigade have original maturities of 6 to 12 months (2017: 6 to 12 months) and earn interest at rates ranging from 0.20% to 1.70% (2017: 0.20% to 1.25%) per annum.

19. GB COMPANIES PROGRAMME FUND

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance at beginning of the year	1,200,640	1,109,393
Transfer of funds from General Fund		
Donations received	26,226	31,660
Allocation of GB Fortnight collections	366,549	381,199
Company programme expenses	(381,630)	(310,522)
GB companies in recess	33,459	(11,090)
	<u>44,604</u>	<u>91,247</u>
Balances at end of the year	<u>1,245,244</u>	<u>1,200,640</u>

This is an unrestricted fund designated to fund the activities of GB companies.

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20. BB SEMBAWANG CAMPSITE FUND

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>Income</u>		
Rental income	167,481	172,367
Grant income	104,733	103,587
Interest income	-	31
Other income	36,830	36,896
	<u>309,044</u>	<u>312,881</u>
<u>Less: Expenditure</u>		
Depreciation on property, plant and equipment (note 13)	5,123	11,955
Land rent	104,733	103,587
Management fee	90,000	90,000
Other expenditure	46,536	39,385
	<u>246,392</u>	<u>244,927</u>
Surplus for the year	62,652	67,954
Balance at beginning of the year	225,099	207,145
Transfer to general fund	(50,000)	(50,000)
Balance at end of the year	<u>237,751</u>	<u>225,099</u>

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

21. CAPITAL FUND

	<u>2018</u>	<u>2017</u>
	\$	\$
Capital fund	<u>171,963</u>	<u>171,963</u>

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

22. DEVELOPMENT FUND

	<u>2018</u>	<u>2017</u>
	\$	\$
Development fund	<u>572,249</u>	<u>572,249</u>

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

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23. GB HQ BUILDING FUND

	2018	2017
	\$	\$
GB HQ Building fund	<u>1,323,468</u>	<u>1,323,468</u>

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

24. SPECIAL FUNDS

	Balance as at 1 January	Funds received	Funds utilised	Balance as at 31 Decembe
	\$	\$	\$	\$
<u>2018</u>				
Bible fund (a)	8,252	-	-	8,252
GB Club (b)	2,710	-	-	2,710
Elsie Lyne Scholarship Fund (c)	44,311	-	(14,160)	30,151
GB90 Grow and GO fund (f)	100,000	-	(37,973)	62,027
	<u>155,273</u>	<u>-</u>	<u>(52,133)</u>	<u>103,140</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
	<u>430,896</u>	<u>100,000</u>	<u>(375,623)</u>	<u>155,273</u>

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.

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for the financial year ended 31 December 2018**25. ACCOUNTS PAYABLE**

	<u>2018</u>	<u>2017</u>
	\$	\$
Non-trade payables	-	16,311
Accrued operating expenses	30,514	25,542
Deposits received	20,457	26,848
Deferred income	2,531	-
	<u>53,502</u>	<u>68,701</u>

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

26. EMPLOYEE BENEFITS EXPENSES

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Salaries and related costs	437,147	405,131
Employer's contributions to Central Provident Fund	57,800	50,951
	<u>494,947</u>	<u>456,082</u>

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

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>General fund</u>		
GB shop (note 6)	59,279	45,066
Training and development programmes		
- Junior, Secondary and Post-Secondary (note 8)	44,921	40,349
- Officers' Development (note 8)	46,174	46,171
Brigade activities (note 9)	62,601	53,050
Extension programmes (note 10)	31,995	87,633
GB company care support costs (note 11)	32,922	13,117
GB HQ expenses (note 12)	217,055	170,696
	<u>494,947</u>	<u>456,082</u>

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27. DEPRECIATION EXPENSES

	<u>2018</u>	<u>2017</u>
	\$	\$
Property, plant and equipment (note 13)	70,537	53,066
Investment property (note 14)	1,369	1,159
	<u>71,906</u>	<u>54,225</u>

The depreciation expenses are allocated as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
GB company care support costs (note 11)	26,625	-
GB headquarters expenses (note 12)	45,281	54,225
	<u>71,906</u>	<u>54,225</u>

28. DEFERRED GRANT INCOME

	<u>2018</u>	<u>2017</u>
	\$	\$
(a) MOE special project grants	101,500	101,500
(b) MOE Secondary Programme Project Grant	28,861	28,861
(c) MOE Officers' Training Grant		
Balance at 1 January	56,210	64,563
Funds received	60,000	60,000
Funds utilised (note 5)	(25,170)	(68,353)
Balance at 31 December	91,040	56,210
(d) MSF Care and Share Grant		
Balance at 1 January	727,997	344,813
Funds received	-	626,006
Funds utilised (note 5)	(175,725)	(242,822)
Balance at 31 December	552,272	727,997
	<u>773,673</u>	<u>914,568</u>

(a) 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.

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28. DEFERRED GRANT INCOME(continued)

(b) 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.

(c) 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.

(d) 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 must be utilised by March 2021. Thereafter, any unutilised funds are to be returned to MSF.

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance of deferred grant income	552,272	727,997
Unamortised balance pertaining to assets purchased with grant	<u>(163,363)</u>	<u>(210,863)</u>
	<u>388,909</u>	<u>517,134</u>

29. TAX EXEMPT DONATIONS

	<u>2018</u>	<u>2017</u>
	\$	\$
Corporate donors	24,006	43,854
Individual donors	<u>356,790</u>	<u>450,551</u>
	<u>380,796</u>	<u>494,405</u>

30. CASH AND CASH EQUIVALENT

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.

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31. RELATED PARTIES

For the purposes of these financial statements, the definition of a related party is disclosed in note 2.20 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.

Key management personnel (continued)

The three highest paid executives employed by the Brigade receive annual remuneration of less than \$100,000 (2017: less than \$100,000) each.

32. OPERATING LEASE COMMITMENTS

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>2018</u>	<u>2017</u>
	\$	\$
Payable within 1 year	338,719	316,560
Payable after 1 year but not later than 5 years	<u>254,039</u>	<u>553,980</u>
	<u>592,758</u>	<u>870,540</u>

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.

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32. OPERATING LEASE COMMITMENTS (continued)

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>2018</u>	<u>2017</u>
	\$	\$
Receivable within 1 year	22,000	24,000
Receivable after 1 year but not later than 5 years	-	22,000
	<u>22,000</u>	<u>46,000</u>

The above operating leases do not provide for contingent rents.

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:

(a) 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.

(i) *Risk Management*

The Brigade's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, including cash and cash equivalents, the Brigade mitigates credit risks by transacting with high credit rating counter parties and financial institutions which are regulated.

Credit reviews are performed on new customers before acceptance. Ongoing credit reviews are conducted for existing customers. Credit reviews take into account evaluation of financial strength, the Brigade's past experiences with the customers and other relevant factors.

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

(ii) *Recognition of expected credit losses (ECL)*

The Brigade's financial assets that are subject to credit losses where the expected credit loss model has been applied are trade receivables. The Brigade assesses on forward looking basis the expected credit losses on its trade receivables, and recognises a loss allowance in accordance with FRS 109.

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33. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

(ii) *Recognition of expected credit losses (ECL)* (continued)

Based on the Brigade's historical collection trend, most trade receivables are settled within the credit term of 30 days. Any trade receivables that are settled after their due date are not significant, and there is a low risk of default. Trade receivables are assessed on a collective basis to determine whether there are changes in credit risk. Lifetime expected credit losses are recognised for specific receivables for which credit risk is deemed to have increased significantly.

As at the balance sheet date, there were no material trade receivables that are subject to ECLs.

Impairment recognition in FY2017

Prior to 1 January 2018, the Brigade conducts ongoing credit evaluations on all customers and, where necessary, maintains an allowance for doubtful receivables which will adequately provide for potential credit risks. 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. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The amount of the loss is recognised in profit or loss.

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 as at 31 December 2017. These trade receivables are unsecured and the analysis of their aging at 31 December 2017 were as follows:

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

As at 31 December 2017, there were no financial assets that were impaired.

(b) 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)

(c) 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 VALUE 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.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The aggregate carrying amounts of financial instruments by category, as specified in FRS 109, as at 31 December 2018 are as follows:

	\$
Loans and receivables	9,401,016
Financial liabilities at amortised cost	68,534

The aggregate carrying amounts of financial instruments by category, as specified in FRS 39, as at 31 December 2017 are as follows:

	\$
Loans and receivables	9,414,354
Financial liabilities at amortised cost	72,475

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Expenses for the year ended 31 December 2018

36. RESERVE MANAGEMENT POLICY

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Unrestricted funds		
- General fund	5,282,486	5,180,680
- GB companies programme fund (note 19)	<u>1,245,244</u>	<u>1,200,640</u>
	6,527,730	6,381,320
Restricted funds		
- BB Sembawang Campsite fund (note 20)	237,751	225,099
- 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>103,140</u>	<u>155,273</u>
	<u>8,936,301</u>	<u>8,829,372</u>
Actual operating expenditure	<u>1,627,484</u>	<u>1,828,633</u>
Ratio of reserves to actual operating expenditure	<u>5.5</u>	<u>4.8</u>

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.

37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2018 were authorised for issue by the Brigade Executive Committee on 7 March 2019.

