

# Nexia TS

Listening, Thinking, Growing, Asia.

Associated with



## **MILK (Mainly I Love Kids) Fund**

(Registered under the Charities Act, Chapter 37)  
(Registered under the Societies Act, Chapter 311)  
(Incorporated in the Republic of Singapore)  
(UEN: T04SS0150L)

**Annual Report for the financial year ended  
31 March 2018**

### **Nexia TS Public Accounting Corporation**

UEN: 200507237N / Incorporated with limited liability  
Singapore • China • Malaysia • Myanmar

Nexia TS Public Accounting Corporation is a member of Nexia International, a worldwide network of independent accounting and consulting firms.  
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**EXECUTIVE COMMITTEE MEMBERS**

President	:	Mrs Joy Balakrishnan
Vice President	:	Mr Stanley Tan Poh Leng
Honorary Secretary	:	Ms Janet Lyn Yoke Chin
Honorary Treasurer	:	Mr Tan Wah Yeow

**TRUSTEES OF THE PROPERTY**

1. Mr Yeo Cheng Boon
2. Ms Janet Lyn Yoke Chin

**REGISTERED AND PRINCIPAL PLACE OF OFFICE**

1 Lorong 2 Toa Payoh  
#07-00 Yellow Pages Building  
Singapore 319637

**INDEPENDENT AUDITOR**

**Nexia TS Public Accounting Corporation**  
100 Beach Road  
Shaw Tower #30-00  
Singapore 189702  
**Director-in-charge: Lee Look Ling**  
**Appointed since financial year ended 31 March 2014**

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In the opinion of the Executive Committee, the financial statements of MILK (Mainly I Love Kids) Fund (the "Society") set out on pages 6 to 29 are drawn up so as to present fairly in all material respects, the financial position of the Society as at 31 March 2018 and the financial performance, changes in funds and cash flows of the Society for the financial year then ended in accordance with Singapore Financial Reporting Standards, the Singapore Charities Act, Chapter 37 and the Societies Act, Chapter 311.

On behalf of Executive Committee



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MR STANLEY TAN POH LENG  
VICE PRESIDENT



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MR TAN WAH YEOW  
HONORARY TREASURER

Singapore

20 AUG 2018

## Independent Auditor's Report to the Members of MILK (Mainly I Love Kids) Fund

### Report on the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of MILK (Mainly I Love Kids) Fund (the "Society") set out on pages 6 to 29, which comprise the statement of financial position as at 31 March 2018, the statement of financial activities, the statement of changes in funds and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements are properly drawn up in accordance with the provision of the Singapore Financial Reporting Standards ("FRSs"), the Charities Act, Chapter 37 ("the Charities Act"), and the Societies Act, Chapter 311 ("the Societies Act"), so as to give a true and fair view of the financial position of the Society as at 31 March 2018 and of the performance of financial activities, changes in funds and cash flows of the Society for the financial year ended on that date.

#### *Basis for Opinion*

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

#### *Other Information*

The Executive Committee is responsible for the other information. The other information comprises the Statement by Executive Committee set out on pages 1 to 2.

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.

**Independent Auditor's Report to the Members of  
MILK (Mainly I Love Kids) Fund  
(Cont'd)**

*Responsibilities of the Executive Committee for the Financial Statements*

The Executive Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Charities Act, the Societies Act 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, the Executive Committee is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

*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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.
- Conclude on the appropriateness of the Executive Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

**Independent Auditor's Report to the Members of  
MILK (Mainly I Love Kids) Fund  
(Cont'd)**

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

- 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 Executive 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, the accounting and other records required by regulations enacted under the Charities Act and the Societies Act to be kept by the Society have been properly kept in accordance with the provision of the respective Acts.

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

- a) the funds have not been used in accordance with the objectives of the Society as an institution of a public character; and
- b) the Society did not comply with the requirements of Regulation 11 (use of donations) in the Charities (Institutions of a Public Character) Regulations.

*Nexia TS*

**Nexia TS Public Accounting Corporation  
Public Accountants and Chartered Accountants**

**Singapore**

**20 August 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	3	3,364,666	3,792,028
Donation and other receivables	4	241,863	1,479
Other current assets	5	5,102	5,451
		<u>3,611,631</u>	<u>3,798,958</u>
Non-current asset held for sale	7	<u>579,730</u>	-
<b>Non-current assets</b>			
Investment property	6	-	594,886
<b>Total assets</b>		<u>4,191,361</u>	<u>4,393,844</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	<u>246,747</u>	25,725
<b>NET ASSETS</b>		<u>3,944,614</u>	<u>4,368,119</u>
<b>FUNDS</b>			
<b>Unrestricted funds</b>			
Local work:			
General fund	9	3,844,614	3,741,402
Designated funds	10	100,000	-
		<u>3,944,614</u>	<u>3,741,402</u>
<b>Unrestricted funds</b>			
Non-local work:			
General fund	9	-	-
Designated funds		-	-
		<u>-</u>	<u>-</u>
		<u>3,944,614</u>	<u>3,741,402</u>
<b>Restricted funds</b>			
Care and Share Matching Grant (CSMG)	11	-	626,717
<b>Total funds</b>		<u>3,944,614</u>	<u>4,368,119</u>

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

MILK (Mainly I Love Kids) Fund  
Annual Report

Statement of Financial Activities  
For the financial year ended 31 March 2018

	2018	Unrestricted Funds		Restricted Funds		Total Funds 2018	\$
		Local Work General Funds 2018	Local Work Designated Funds 2018	Non-Local Work General Funds 2018	Local Work CSMG Funds 2018		
<b>Income</b>							
<b>Income generated from funds</b>							
- Voluntary income	12	292,757	100,000	-	239,283	632,040	
<b>Other income</b>							
- Interest income		18,765	-	-	-	18,765	
- Rental income	6	55,184	-	-	-	55,184	
- Others		42	-	-	-	42	
<b>Total income</b>		<b>366,748</b>	<b>100,000</b>	<b>-</b>	<b>239,283</b>	<b>706,031</b>	
<b>Expenditure</b>							
Cost of generating voluntary income	13	-	-	-	-	-	
Charitable activities							
- Programme disbursements	15	63,911	-	-	866,000	929,911	
- Manpower and related costs	18	58,035	-	-	-	58,035	
Total charitable activities		121,946	-	-	866,000	987,946	
Governance costs	16	141,590	-	-	-	141,590	
<b>Total expenditure</b>		<b>263,536</b>	<b>-</b>	<b>-</b>	<b>866,000</b>	<b>1,129,536</b>	
<b>Net income/(expenditure), representing</b>							
<b>Net movement in funds</b>		<b>103,212</b>	<b>100,000</b>	<b>-</b>	<b>(626,717)</b>	<b>(423,505)</b>	

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



MILK (Mainly I Love Kids) Fund  
Annual Report

Statement of Financial Activities  
For the financial year ended 31 March 2018

	2017	Unrestricted Funds			Restricted Funds		Total Funds 2017 \$
		Local Work General Funds 2017 \$	Local Work Designated Funds 2017 \$	Non-Local Work General Funds 2017 \$	Local Work CSMG Funds 2017 \$		
<b>Income</b>							
<b>Income generated from funds</b>							
- Voluntary income	12	1,253,722	-	-	626,717	1,880,439	
<b>Other income</b>							
- Interest income		5,813	-	-	-	5,813	
- Rental income	6	57,402	-	-	-	57,402	
<b>Total income</b>		1,316,937	-	-	626,717	1,943,654	
<b>Expenditure</b>							
Cost of generating voluntary income	13	76,934	-	-	-	76,934	
Charitable activities							
- Programme disbursements	15	83,955	41,189	363,899	-	489,043	
- Manpower and related costs	18	62,150	-	-	-	62,150	
<b>Total charitable activities</b>		146,105	41,189	363,899	-	551,193	
Governance costs	16	123,207	-	-	-	123,207	
<b>Total expenditure</b>		346,246	41,189	363,899	-	751,334	
<b>Net income/(expenditure), representing</b>							
<b>Net movement in funds</b>		970,691	(41,189)	(363,899)	626,717	1,192,320	

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

	Unrestricted Funds Local Work \$	Unrestricted Funds Non-Local Work \$	Restricted Funds Local Work \$	Total \$
<b>At 1 April 2016</b>	2,811,900	363,899	-	3,175,799
Net income/(expenditure)	929,502	(363,899)	626,717	1,192,320
<b>At 31 March 2017</b>	3,741,402	-	626,717	4,368,119
Net income/(expenditure)	203,212	-	(626,717)	(423,505)
<b>At 31 March 2018</b>	<b>3,944,614</b>	<b>-</b>	<b>-</b>	<b>3,944,614</b>

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

	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Net income/(expenditure) for the financial year		(423,505)	1,192,320
Adjustments for:			
Depreciation of investment property	6	15,156	15,156
Interest income		(18,765)	(5,813)
		<u>(427,114)</u>	<u>1,201,663</u>
Changes in working capital			
- Donation and other receivables		(240,384)	8,296
- Other current assets		349	(243)
- Trade and other payables		221,022	2,263
Cash (used in)/generated from operations		<u>(446,127)</u>	<u>1,211,979</u>
Interest income		<u>18,765</u>	<u>5,813</u>
<b>Net cash (used in)/provided by operating activities, representing net (decrease)/increase in cash and bank balances</b>		<b>(427,362)</b>	<b>1,217,792</b>
Cash and bank balances at beginning of financial year		3,792,028	2,574,236
<b>Cash and bank balances at end of financial year</b>	3	<b><u>3,364,666</u></b>	<b><u>3,792,028</u></b>

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

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

## 1 General information

MILK (Mainly I Love Kids) Fund (the "Society" or the "MILK Fund") is registered as a society in the Republic of Singapore under the Societies Act, Chapter 311 since 23 June 2004 and its registered office is located at 1 Lorong 2 Toa Payoh, #07-00 Yellow Pages Building, Singapore 319637. The MILK Fund is registered as a charity under the Charities Act, Chapter 37 since 6 July 2004 and is a member of the National Council of Social Service (Associate Member: 1 August 2004 – 31 January 2016; Full Member since 1 February 2016).

The principal activities of the Society are reaching out to disadvantaged children in the hope of developing them into contributing members of society.

The Society is approved as an Institution of a Public Character ("IPC") under the provision of the Income Tax Act. Its IPC status has been extended from 1 January 2017 to 30 June 2019.

## 2 Summary of significant accounting policies

### (a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Charities Act, Singapore Societies Act and Singapore Financial Reporting Standards (FRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires the Executive Committee to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

### *Interpretations and amendments to published standards effective in 2018*

On 1 April 2017, the Society adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Society's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

**2 Summary of significant accounting policies (Cont'd)**

**(b) Investment property**

Investment property includes leasehold commercial building that is held for long-term rental yields and/or for capital appreciation.

Investment property is initially recognised at cost and subsequently carried at cost and less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 41 years. The residual values, useful lives and depreciation method of investment property are reviewed, and adjusted as appropriate, at each balance sheet date.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

**(c) Impairment of non-financial assets**

Leasehold property is reviewed for impairment whenever there is any indication that these assets may be impaired.

The carrying amounts of the Society's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. All impairment losses are recognised in the statement of financial activities when the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation and had no impairment loss been recognised. All reversals of impairment are recognised in the statement of financial activities.

**(d) Non-current asset held for sale**

Non-current asset is classified as held for sale when its carrying amount is to be recovered principally through sale transactions and sales are considered highly probable. It is stated at the lower of carrying amount and fair value less costs to sell.

**(e) Other payables**

Other payables represent liabilities for goods and services provided to the Society prior to the end of the financial year. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

## 2 Summary of significant accounting policies (Cont'd)

### (f) *Financial assets*

The Society classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. The Executive Committee determines the classification of its financial assets at initial recognition.

Loans and receivables include "cash and bank balances (Note 3)" and "donation and other receivables (Note 4)" in the statement of financial position.

These financial assets are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets.

The Society assesses at each reporting date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

### (g) *Income*

(i) Donations received are recognised when the Society obtains the right to receive the donations; it is probable that the economic benefits associated with the donations will flow to the Society; and the amount of the donations can be measured reliably.

(ii) Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and the Society will comply with all attached conditions.

(iii) Employment credit received from the government in relation to the Special Employment Credit (SEC), Temporary Employment Credit (TEC) and Wage Credit Scheme (WCS) are recognised upon receipt. Such credits are provided to defray the wage costs incurred by the organisation and are offset against manpower and related costs in the financial statements.

(iv) Interest income on bank current accounts and fixed deposits placed with banks are recognised on an accrual basis.

(v) Rental income from an operating lease is recognised on a straight-line basis over the lease term.

### (h) *Expenditure*

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

#### (i) *Costs of generating funds from fund-raising activities*

These costs are directly attributable to the fund-raising activities, separate from those costs incurred in undertaking charitable activities.

**2 Summary of significant accounting policies (Cont'd)**

**(h) Expenditure (cont'd)**

*(ii) Charitable activities*

Programme disbursements comprise all disbursements made in relation to the charitable objects of the Society. The total costs of charitable expenditure include an apportionment of overhead and shared costs.

*(iii) Governance costs*

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

**(i) Employee compensation**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

*Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid.

**(j) Currency translation**

The financial statements are presented in Singapore Dollar, which is the functional currency of the Society.

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the income statement. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

**(k) Funds structure**

The unrestricted funds comprise designated and general funds available that are for use at the discretion of the Executive Committee in furtherance of the Society's objects.

For administrative reasons, unrestricted funds may be designated by the Executive Committee for use under specific purposes.

Restricted funds are funds which are available to be used for specific purpose programmes.

**2 Summary of significant accounting policies (Cont'd)**

**(l) Fair value estimation of financial assets and liabilities**

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

**(m) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions which are subject to an insignificant risk of change in value.

**(n) Operating leases**

When the Society is the lessor:

The Society leases investment property under operating leases to non-related parties.

Leases of investment properties where the Society retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Initial direct cost incurred by the Society in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the statement of financial activities over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in statement of financial activities when earned.

**3 Cash and bank balances**

	2018 \$	2017 \$
Cash at bank	437,788	1,379,996
Fixed deposits with financial institutions	<u>2,926,878</u>	<u>2,412,032</u>
	<u>3,364,666</u>	<u>3,792,028</u>

**4 Donation and other receivables**

	2018 \$	2017 \$
Grant receivable (Note 11)	239,283	-
Interest receivable	<u>2,580</u>	<u>1,479</u>
	<u>241,863</u>	<u>1,479</u>

**5 Other current assets**

	2018 \$	2017 \$
Prepayment	<u>5,102</u>	<u>5,451</u>



**6 Investment property**

	2018 \$	2017 \$
<b>Cost</b>		
Beginning of financial year	615,232	615,232
Transfer to non-current asset held for sale (Note 7)	<u>(615,232)</u>	<u>-</u>
End of financial year	<u>-</u>	<u>615,232</u>
<b>Accumulated depreciation</b>		
Beginning of financial year	20,346	5,190
Depreciation charge	15,156	15,156
Transfer to non-current asset held for sale (Note 7)	<u>(35,502)</u>	<u>-</u>
End of financial year	<u>-</u>	<u>20,346</u>
<b>Net book value at end of financial year</b>	<u>-</u>	<u>594,886</u>

Investment property located at 1 Kaki Bukit Road 1, #02-10 Enterprise One, Singapore 415934 is held in trust by Mr Yeo Cheng Boon and Ms Janet Lyn Yoke Chin upon acquisition. The lease tenure is 60 years with period of lease from 9 July 1996 to 8 July 2056. The leasehold property is depreciated with effect from 1 January 2008 subsequent to the acquisition of the property by the Society on 21 December 2007.

With effect from 27 November 2015, the Society transferred the leasehold property to investment property consequent to the Society's decision to move out of the property and putting it up for lease.

On 29 January 2018, the Society signed an option to purchase agreement to sell the investment property with a potential buyer at selling price of S\$888,888. The buyer duly exercised the option on 21 February 2018 and the transaction was completed on 16 May 2018. Accordingly the Society has reclassified the property as non-current asset held for sale for the financial year ended 31 March 2018 (Note 7).

The property has been leased out to a non-related party under operating lease from 1 January 2016 until the date of completion of the transaction.

**Fair value of Investment property**

As at 31 March 2017, the fair value of the leasehold property has been determined at \$1 million.

**Valuation process**

The fair value of the investment property as at 31 March 2017 was estimated by the Executive Committee. The Society uses the sales comparison approach to determine the fair value of the investment property for the financial year ended 31 March 2017.

**Valuation techniques used to derive Level 2 fair value**

Level 2 fair value of the Society's investment property has been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square feet.

**6 Investment property (continued)**

The amounts recognised in profit or loss are as follows:

	2018 \$	2017 \$
Rental income	55,184	57,402
Direct operating expenses arising from:		
Investment property that generate rental income	<u>(10,628)</u>	<u>(10,869)</u>

**7 Non-current asset held for sale**

	2018 \$	2017 \$
Beginning of financial year	-	-
Transfer from investment property (Note 6)	<u>579,730</u>	-
End of financial year	<u>579,730</u>	<u>-</u>

**8 Trade and other payables**

	2018 \$	2017 \$
Trade payables – non-related parties	13,164	16,158
Other payables – non-related parties	<u>233,583</u>	<u>9,567</u>
	<u>246,747</u>	<u>25,725</u>

Included in the other payables – non-related parties of FY2018 is an amount of \$216,606 (2017: Nil) received from a donor that is pending donor's confirmation of its use.

9 General Funds

	Unrestricted Funds		
	Local Work \$	Non-Local Work \$	Total \$
Balance as at 1 April 2016	2,770,711	363,899	3,134,610
Income	1,316,937	-	1,316,937
Expenditure	(346,246)	(363,899)	(710,145)
	970,691	(363,899)	606,792
Balance as at 31 March 2017	3,741,402	-	3,741,402
Balance as at 1 April 2017	3,741,402	-	3,741,402
Income	366,748	-	366,748
Expenditure	(263,536)	-	(263,536)
	103,212	-	103,212
Balance as at 31 March 2018	3,844,614	-	3,844,614

10 Designated funds for local work

(i) Education Fund for Children

	Unrestricted Funds	
	2018 \$	2017 \$
At beginning of financial year	-	-
Donations received (Note 12)	100,000	-
At end of financial year	100,000	-

The donor donated the fund to support MILK's education programmes for children and requested for update on utilisation of the fund.

(ii) MILK Education Fund

	Unrestricted Funds	
	2018 \$	2017 \$
At beginning of financial year	-	41,189
Disbursements - MILK Scholarship	-	(41,189)
At end of financial year	-	-

MILK Education Fund was conceived to provide disadvantaged children with the opportunity to reach their full potential through tertiary education. The programme specifically targets deserving children from low-income households who are facing family problems and pecuniary hardship, who would otherwise have to forego the opportunity to attain tertiary qualifications.

11 Care and Share Matching Grant (CSMG)

	Restricted Funds	
	2018	2017
	\$	\$
At beginning of financial year	626,717	-
Grant receivable/received (Note 12)	239,283	626,717
Grant disbursed (Note 15)	(866,000)	-
At end of financial year	-	626,717

Per the Variation to the Funding Agreement for the Care and Share Matching Grant (the "CSMG") between the Ministry of Social and Family Development (the "MSF") and the Society dated 30 September 2015 (the "Agreement"):

Subject to the terms and conditions of the agreement and operating rules of CSMG, MSF agrees to give the Society a grant of up to \$2,250,000 which shall be computed on the basis that MSF will disburse a dollar and twenty-five cents for every eligible donation dollar for the first \$1,000,000 and a dollar for every eligible donation dollar for the subsequent \$1,000,000 that the Society raises between 1 December 2013 and 31 March 2016 (the matching period). The Society has up to 31 March 2019 to utilise the grant. The qualifying uses of the grant - to develop social service related programmes to better serve the beneficiaries in the following areas:

- (i) Capability Building
- (ii) Capacity Building
- (iii) New Initiatives/Expansion of existing services
- (iv) Critical Existing Needs (up to 20% of the grant)

On 4 August 2016, MSF approved the Society's submission of proposed grant usage and eligible donations of \$1,839,055 that the Society raised during the matching period. Subject to the terms and conditions of the agreement and operating rules, the Society will be eligible to receive a matched grant of up to \$2,089,055. CSMG disbursement by MSF will be made in phases based on the Society's utilisation of the grant, and on the amount that the Society proposes to use and subject to the proposed use of the grant meeting the qualifying uses set by MSF.

At the end of financial year, the Society recorded CSMG to be received amounting to \$239,283 (2017: Nil) (Note 4).

12 Voluntary income

2018	Unrestricted Funds		Restricted Funds	Total Funds 2018
	Local Work General Funds 2018	Local Work Designated Funds 2018	Local Work CSMG Funds 2018	
	\$	\$	\$	\$
- Direct donations from MILK Fund Members	16,100	-	-	16,100
- Donations	276,309	100,000	-	376,309
- MILK Charity Dinner	-	-	-	-
- Sponsorships in kind (Note 14)	348	-	-	348
- Government grant (Note 11)	-	-	239,283	239,283
<b>Total</b>	<b>292,757</b>	<b>100,000</b>	<b>239,283</b>	<b>632,040</b>

2017	Unrestricted Funds		Restricted Funds	Total Funds 2017
	Local Work General Funds 2017	Local Work Designated Funds 2017	Local Work CSMG Funds 2017	
	\$	\$	\$	\$
- Direct donations from MILK Fund Members	17,500	-	-	17,500
- Donations	244,916	-	-	244,916
- MILK Charity Dinner	933,500	-	-	933,500
- Sponsorships in kind (Note 14)	57,806	-	-	57,806
- Government grant (Note 11)	-	-	626,717	626,717
<b>Total</b>	<b>1,253,722</b>	<b>-</b>	<b>626,717</b>	<b>1,880,439</b>

Included in the voluntary income for local work are tax deductible donations of \$380,892 (2017: \$1,052,397)

**13 Costs of generating voluntary income**

The following items form the cost of generating voluntary income:

	2018 \$	2017 \$
MILK Charity Dinner (Note 14)	<u>-</u>	<u>76,934</u>

**14 Sponsorships in-kind**

Sponsorships in-kind received were as follows:

	2018 \$	2017 \$
MILK Charity Dinner		
- Cost of food and venue	-	43,735
- Cost to organise event	-	13,723
	<u>-</u>	<u>57,458</u>
Other – website hosting services (Note 16)	<b>348</b>	348
Total	<u><b>348</b></u>	<u>57,806</u>

The value of each of the items was advised by the sponsor of the item.

15 Programme disbursements

2018

	Unrestricted Funds			Restricted Funds		Total Funds 2018 \$
	Local Work General Funds 2018 \$	Local Work Designated Funds 2018 \$	Non-Local Work General Funds 2018 \$	Local Work CSMG Funds 2018 \$		
<b>Local work</b>						
KeyStart Housing Stability	-	-	-	600,000		600,000
MILK Bursary for Assumption Pathway School Students	49,043	-	-	-		49,043
MILK Bursary for St Anthony's Canossian Secondary School Students	14,868	-	-	-		14,868
MILK-New Life Support Fund	-	-	-	266,000		266,000
<b>Total</b>	<b>63,911</b>	<b>-</b>	<b>-</b>	<b>866,000</b>		<b>929,911</b>
<b>Non-local work</b>						
Mainly I Love Kids (International) Limited	-	-	-	-		-
<b>Total programme disbursements</b>	<b>63,911</b>	<b>-</b>	<b>-</b>	<b>866,000</b>		<b>929,911</b>

15 Programme disbursements (Cont'd)

2017

	Unrestricted Funds			Restricted Funds		Total Funds 2017 \$
	Local Work General Funds 2017 \$	Local Work Designated Funds 2017 \$	Non-Local Work General Funds 2017 \$	Local Work CSMG Funds 2017 \$		
<b>Local work</b>						
Family Partnership Platform	2,650	-	-	-	-	2,650
MILK Bursary	500	-	-	-	-	500
MILK Bursary for Assumption Pathway School Students	50,805	-	-	-	-	50,805
MILK Bursary for St Anthony's Canossian Secondary School Students	30,000	-	-	-	-	30,000
MILK Scholarship*	-	41,189	-	-	-	41,189
<b>Total</b>	<b>83,955</b>	<b>41,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,144</b>
<b>Non-local work</b>						
Mainly I Love Kids (International) Limited	-	-	363,899	-	-	363,899
<b>Total programme disbursements</b>	<b>83,955</b>	<b>41,189</b>	<b>363,899</b>	<b>-</b>	<b>-</b>	<b>489,043</b>

\*Included in MILK Scholarship of FY2017 is a disbursement of \$11,000 to South Central Community Family Service Centre Limited (Note 20).



16 Governance costs

	Unrestricted Funds	
	Local Work General Funds	
	2018 \$	2017 \$
Audit fee	10,165	10,165
Bank charges	502	658
Building maintenance (Note 6)	6,408	6,409
Courier	147	59
Depreciation of investment property (Note 6)	15,156	15,156
Office related expenses (Note 20)	16,435	11,642
Insurance	1,078	993
IT services (Note 14)*	1,784	1,500
NCSS membership fee	125	125
Manpower and related costs (Note 18)	77,375	61,926
Printing and stationery	3,564	3,691
Property tax (Note 6)	4,220	4,460
Registry of Societies charges	-	130
Giving.sg charges	788	1,294
Staff benefit and welfare	348	671
Telecommunications	3,112	3,924
Transport	383	404
<b>Total</b>	<b>141,590</b>	<b>123,207</b>

\* Included in IT services of FY2018 is sponsored expense for website hosting services of \$348 (2017: \$348).

17 Reserves

Reserves are to be built up continuously as much as is necessary to achieve the Society's vision of "no child capable of developing into a contributing member of the society will be marginalised because of disability, illness, poverty or social circumstances" for as long as there exists a need, immediate or otherwise, and accordingly, no set desired level of reserves is necessary.

Investment of reserves must only be in Singapore Dollar denominated bank deposit and with banks within Singapore only.

The reserves policy will be reviewed from time to time on a need basis.

**18 Employee compensation**

	2018	2017
	\$	\$
Wages and salaries	118,335	127,273
Employer's contribution to Central Provident Fund	17,075	18,331
	<u>135,410</u>	<u>145,604</u>
Reimbursement from Compassion Fund Ltd (Note 20)	-	(21,528)
	<u>135,410</u>	<u>124,076</u>

The above employee compensation is allocated to charitable activities \$58,035 (2017: \$62,150) and governance costs \$77,375 (2017: \$61,926) as disclosed in the face of statement of financial activities and Note 16.

Employer's contribution to Central Provident Fund is presented net of cash grant from Special Employment Credit of \$20 (2017: \$20) and Temporary Employment Credit of \$1,012 (2017: \$1,294).

Wages and salaries is presented net of cash grant from Wage Credit Scheme of \$1,480 (2017: \$1,480).

	No of staff	
	2018	2017
Annual remuneration		
- between \$100,001 to \$200,000	Nil	Nil
- more than \$200,000	Nil	Nil
	<u>Nil</u>	<u>Nil</u>

**19 Commitment**

At the end of the financial year, the Society is committed to support MILK-New Life Support Fund.

	2018	2017
	\$	\$
Not later than one year	267,000	-
Between one and five years	267,000	-
	<u>534,000</u>	<u>-</u>

Operating lease commitments – where the Society is a lessor

The Society leases investment property under operating leases to a non-related party under non-cancellable operating lease agreements.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet but not recognised as assets, are as follows:

	2018	2017
	\$	\$
Not later than one year	6,132	43,051
	<u>6,132</u>	<u>43,051</u>

## 20 Related party transactions

For the purposes of these financial statements, parties are considered to be related to the MILK Fund if MILK Fund has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where MILK Fund and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

### Mission House Investment Pte Ltd

MILK Fund undertakes to allow Mission House Investment Pte Ltd (the "Mission House") and all those authorised by Mission House, without charge, the free and unlimited access and use of MILK Fund's leasehold property located at No.1 Kaki Bukit Road 1, #02-10 Enterprise One, Singapore 415934, including but not limited to storage purposes. Mission House Investment Pte Ltd is a company incorporated under the Companies Act with its registered address at 60 Paya Lebar Road #08-13 Paya Lebar Square Singapore 409051. Mr Stanley Tan Poh Leng (Vice President of the MILK Fund) is the Director of Mission House. Mr Yeo Cheng Boon (a member of the MILK Fund and one of the trustees of MILK Fund's leasehold property) was a Director of Mission House until his resignation on 12 May 2017.

Mission House is the registered owner of leasehold property located at No.1 Kaki Bukit Road 1, #02-09 Enterprise One, Singapore 415934 and as a gesture of goodwill and in its aim of assisting the charitable work of MILK Fund, Mission House undertakes to allow MILK Fund, without charge:

- a) the free and unlimited access and use of unit #02-09 for its operations
- b) the free and unlimited access and use of all equipments, including and not limited to computers, printers, fax machines, work stations and all other machines and equipment located at unit #02-09.

The above arrangement ceased with effect from 27 November 2015.

### Global Yellow Pages Limited

With effect from 15 April 2015, Global Yellow Pages Limited (the "GYP") provided support services to the MILK Fund at the premises 1 Lorong 2 Toa Payoh, #02-08 Yellow Pages Building, Singapore 319637 in the form of office facilities including but not limited to utilities, cleaning services, office maintenance services and drinking water. The work space at the premises was shared by MILK Fund and Compassion Fund Ltd (Note 20). GYP charges each organisation with a monthly fee of \$640. The fee is subject to GST and will be reviewed yearly.

With effect from 1 November 2016, Compassion Fund Ltd moved out of the shared premises and GYP charges the monthly fee for full amount of \$1,280 to the MILK Fund. Total cost incurred in the financial year amounted to \$16,435 (2017: \$11,642) (Note 16). In the financial year, GYP made a donation to MILK Fund of Nil (2017: \$40,000).

On 14 May 2018, MILK Fund moved to premises at 1 Lorong 2 Toa Payoh, #07-00 Yellow Pages Building, Singapore 319637 which GYP provides free-of-charge office facilities. The value of sponsorship is \$15,240 per year.

Mr Stanley Tan Poh Leng, Vice President of MILK Fund is the Director of GYP. Mr Mah Bow Tan, the spouse of Dr Sheryn Mah (Former President of MILK Fund) is Non-Executive Chairman and Independent Director of GYP.

20 Related party transactions (Cont'd)

**Mainly I Love Kids (International) Limited**

Mainly I Love Kids (International) Limited (the "MILKIL") is incorporated as a company limited by guarantee under the Companies Act on 14 October 2010 and is registered as a charity since 15 February 2011. MILKIL focuses on overseas work for disadvantaged children, community development and poverty alleviation. Mr Stanley Tan Poh Leng (Vice President of MILK Fund) is the Director of MILKIL. Dr Sheryn Mah (Former President of MILK Fund) and Mrs Joy Balakrishnan (President of MILK Fund) were the Directors of MILKIL from 7 August 2013 until 3 March 2015. Mr Mah Bow Tan, the spouse of the Former President of MILK Fund was appointed as Director of MILKIL on 8 January 2015 and Chairman of MILKIL on 15 May 2015.

After an extensive review of its works both local and overseas, MILK Fund decided to focus its work locally (in Singapore). Over the years MILK Fund has supported many meaningful programmes in rural communities in China, Thailand, Timor-Leste, Indonesia, Philippines, Pakistan and some of which have matured to a point where they have become self-funding and thus going forward the overseas work would be taken up by MILKIL.

**Compassion Fund Ltd**

MILK Fund provided free-of-charge administrative support including the use of office space, infrastructure support costs including and not limited to communication, printing and stationery, utilities, office equipment as well as staff support to Compassion Fund Ltd. With effect from 1 April 2015, Compassion Fund Ltd agreed to continue receiving staff support from the MILK Fund i.e. for services related to finance and accounting, human resource management and company secretarial duties and to reimburse MILK Fund for 50% of the actual manpower cost of the staff who provided the services. With effect from 1 November 2016, Compassion Fund Ltd moved out of the premises at 1 Lorong 2 Toa Payoh, #02-08 Yellow Pages Building, Singapore 319637 and both parties agreed to terminate the staff support arrangement.

Dr Sheryn Mah (Former President of the MILK Fund) is a Director of Compassion Fund Ltd.

**South Central Community Family Service Centre Limited**

MILK Fund is in partnership with South Central Community Family Service Centre Limited (SCC FSC) for programmes, KeyStart Housing Stability, MILK Scholarship and Family Partnership Platform. Total disbursement in the financial year amounted to \$600,000 - for KeyStart Housing Stability (2017: \$13,650 - for MILK Scholarship \$11,000 and Family Partnership Platform \$2,650) (Note 15).

Mr Stanley Tan Poh Leng (Vice President of MILK Fund) is Director and Chairman of SCC FSC.

**Declaration of Interest**

MILK Fund has established a policy relating to management and avoidance of conflicts of interests in compliance with Regulation 18 of Charities (Institutions of a Public Character) Regulations. Under this policy, Executive Committee Members have declared their relationships in other Voluntary Welfare Organisations who have relationships with MILK Fund. In addition, the declaration of interest will be made upon assuming office or commencement of work and will be reviewed annually or earlier when updates are made.

## 20 Related party transactions (Cont'd)

The details of Executive Committee Members serving in these organisations are:

1 Mrs Joy Balakrishnan

- 1.1 Mainly I Love Kids (International) Limited:  
Director (7 August 2013 - 3 March 2015)

2 Mr Stanley Tan Poh Leng

- 2.1 Beyond Social Services:  
Board Member (10 October 2000 – 28 May 2014)  
President (20 May 2011 – 28 May 2014)
- 2.2 Mainly I Love Kids (International) Limited:  
Director (since 14 October 2010)
- 2.3 South Central Community Family Service Centre Limited:  
Director (since 11 January 2013)  
Chairman (since 10 May 2013)
- 2.4 Babes Pregnancy Crisis Support Limited:  
Director (since 31 May 2013)
- 2.5 Global Yellow Pages Limited:  
Director (since 6 Feb 2007)
- 2.6 Mission House Investment Pte Ltd:  
Director (since 11 December 2000)

3 Ms Janet Lyn Yoke Chin

- 3.1 Beyond Social Services:  
Board Member (19 April 2005 – 21 May 2015)

### Key management personnel compensation

The MILK Fund is governed by the Executive Committee Members. All Executive Committee Members are volunteers and receive no monetary remuneration for their contributions.

None of the MILK Fund paid staff is a close member of the family of the Executive Committee Members.

## 21 Income tax

The Society is registered as a charity under the Charity Act (Cap 37) and is exempted from income tax under Section 13 of the Income Tax Act, Chapter 134.

**22 Financial risk management**

***Financial risk management objectives and policies***

The main risks arising from the Society's financial instruments are credit risk and interest rate risk. The Society does not use derivatives and other instruments in its risk management activities. The Society does not hold or issue derivative financial instruments for trading purposes. The Executive Committee Members review and agree policies for managing each of these risks and they are summarised below:

***Credit risk***

The carrying amount of bank balances and other receivables represent the Society's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Society has no significant concentration to credit risk and placed its surplus funds with licensed banks in Singapore.

***Interest rate risk***

The Society's exposure to changes in interest rates relates primarily to its holding of fixed deposits with financial institutions. The Society's policy is to obtain favorable interest rates that are available.

***Fair value measurement***

The carrying value of financial assets and liabilities approximate their fair value because of short period to maturity. The carrying amounts of these financial assets and liabilities carried at cost or amortised costs are not materially different from their fair values as at 31 March 2018 and 2017.

***Financial instrument by category***

The carrying amount of financial instruments other than those disclosed on the face of balance sheet is as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loans and receivables	<b>3,606,529</b>	3,793,507
Financial liabilities at amortised cost	<b>246,747</b>	25,725

**23 New or revised accounting standards and interpretations**

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2018 or later periods and which the Society has not early adopted. The Society has assessed that the adoption of these new accounting standards, amendments and interpretations to existing standards will not have a material impact on the financial statements.

**24 Authorisation of financial statements**

The financial statements of the MILK (Mainly I Love Kids) Fund were authorised for issue in accordance with a resolution of the Executive Committee on 20 August 2018.