

# Nexia TS

Listening, Thinking, Growing, Asia.

In association 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 2020**

**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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A member of  
 **Nexia**  
International

**EXECUTIVE COMMITTEE MEMBERS**

|                            |   |                        |
|----------------------------|---|------------------------|
| President                  | : | Mrs Joy Balakrishnan   |
| Vice President             | : | Mrs Deborah Ong        |
| Honorary Secretary         | : | Ms Janet Lyn Yoke Chin |
| Honorary Treasurer         | : | Ms Woo Shea Leen       |
| Executive Committee Member | : | Mr Tan Wah Yeow        |

**TRUSTEES**

1. Ms Janet Lyn Yoke Chin
2. Dr Sheryn Mah

**REGISTERED AND PRINCIPAL PLACE OF OFFICE**

1 Lorong 2 Toa Payoh  
#07-00 Braddell House  
Singapore 319637

**INDEPENDENT AUDITOR**

**Nexia TS Public Accounting Corporation**

80 Robinson Road  
#25-00  
Singapore 068898

**Director-in-charge: Loh Hui Nee**

**Appointed since financial year ended 31 March 2019**

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In the opinion of the Executive Committee, the accompanying financial statements of MILK (Mainly I Love Kids) Fund (the "Society") as set out on pages 5 to 31 are properly drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"), the Singapore Charities Act, Chapter 37 and other relevant regulations and the Singapore Societies Act, Chapter 311 so as to give a true and fair view of the financial position of the Society as at 31 March 2020 and of the financial performance, changes in funds and cash flows of the Society for the financial year covered by the financial statements.

On behalf of the Executive Committee



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**MRS JOY BALAKRISHNAN  
PRESIDENT**



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**MS WOO SHEA LEEN  
HONORARY TREASURER**

**Singapore**

**25 August 2020**

## **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 5 to 31, which comprise the statement of financial position as at 31 March 2020, 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 Singapore Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and the Singapore 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 2020 and of the financial performance, 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 page 1.

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)**

### **Report on the Financial Statements (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 FRS, the Charities Act and Regulations and the Societies Act 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)

### Report on the Financial Statements (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 Regulations 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 Regulations 11 (use of donations) and 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



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

Singapore

25 August 2020

|                                      | Note | 2020<br>\$       | 2019<br>\$       |
|--------------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                        |      |                  |                  |
| <b>Current assets</b>                |      |                  |                  |
| Cash and bank balances               | 3    | 5,577,150        | 4,310,328        |
| Other receivables                    | 4    | 35,478           | 533,344          |
| Other current assets                 | 5    | 998              | 2,084            |
|                                      |      | <u>5,613,626</u> | <u>4,845,756</u> |
| <b>Total assets</b>                  |      | <u>5,613,626</u> | <u>4,845,756</u> |
| <b>LIABILITIES</b>                   |      |                  |                  |
| <b>Current liabilities</b>           |      |                  |                  |
| Trade and other payables             | 7    | <u>24,788</u>    | <u>19,628</u>    |
| <b>NET ASSETS</b>                    |      | <u>5,588,838</u> | <u>4,826,128</u> |
| <b>FUNDS</b>                         |      |                  |                  |
| <b>Unrestricted funds</b>            |      |                  |                  |
| Local work:                          |      |                  |                  |
| General funds                        | 8    | 5,513,895        | 4,745,271        |
| Designated funds                     | 9    | 47,510           | 57,510           |
|                                      |      | 5,561,405        | 4,802,781        |
| <b>Unrestricted funds</b>            |      |                  |                  |
| Non-local work:                      |      |                  |                  |
| Designated funds                     | 10   | -                | 23,347           |
|                                      |      |                  | <u>4,826,128</u> |
| <b>Restricted funds</b>              |      |                  |                  |
| Care and Share Matching Grant (CSMG) | 11   | <u>27,433</u>    | -                |
| <b>Total funds</b>                   |      | <u>5,588,838</u> | <u>4,826,128</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 2020

|   | 2020 | Unrestricted Funds               |                                     |   | Restricted Funds              |           | Total Funds 2020 \$ |
|---|------|----------------------------------|-------------------------------------|---|-------------------------------|-----------|---------------------|
|   |      | Local Work General Funds 2020 \$ | Local Work Designated Funds 2020 \$ | Non-Local Work Designated Funds 2020 \$ | Local Work CSMG Funds 2020 \$ |           |                     |
| <b>Income</b>                                 |      |                                  |                                     |   |                               |           |                     |
| <b>Income generated from funds</b>            |      |                                  |                                     |   |                               |           |                     |
| - Voluntary income                            | 12   | 665,195                          | -                                   | 115,700                                 | 626,716                       | 1,407,611 |                     |
| <b>Other income</b>                           |      |                                  |                                     |   |                               |           |                     |
| - Interest income                             |      | 79,089                           | -                                   | -                                       | -                             | 79,089    |                     |
| - Membership fee                              |      | 100                              | -                                   | -                                       | -                             | 100       |                     |
| <b>Total income</b>                           |      | 744,384                          | -                                   | 115,700                                 | 626,716                       | 1,486,800 |                     |
| <b>Expenditure</b>                            |      |                                  |                                     |   |                               |           |                     |
| Cost of generating voluntary income           | 13   | 6,940                            | -                                   | -                                       | -                             | 6,940     |                     |
| Charitable activities                         |      |                                  |                                     |   |                               |           |                     |
| - Programme disbursements                     | 15   | -                                | 10,000                              | 139,047                                 | 360,000                       | 509,047   |                     |
| - Manpower and related costs                  | 18   | 71,264                           | -                                   | -                                       | -                             | 71,264    |                     |
| Total charitable activities                   |      | 71,264                           | 10,000                              | 139,047                                 | 360,000                       | 580,311   |                     |
| Governance costs                              | 16   | 136,839                          | -                                   | -                                       | -                             | 136,839   |                     |
| <b>Total expenditure</b>                      |      | 215,043                          | 10,000                              | 139,047                                 | 360,000                       | 724,090   |                     |
| <b>Net income/(expenditure), representing</b> |      |                                  |                                     |   |                               |           |                     |
| <b>Net movement in funds</b>                  |      | 529,341                          | (10,000)                            | (23,347)                                | 266,716                       | 762,710   |                     |

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 2020**

|   | Note | Unrestricted Funds                              |  | Restricted Funds                                       |  | Total<br>Funds<br>2019<br>\$ |
|---|------|---|--|--|--|------------------------------|
|   |      | Local<br>Work<br>General<br>Funds<br>2019<br>\$ | Local<br>Work<br>Designated<br>Funds<br>2019<br>\$ | Non-Local<br>Work<br>Designated<br>Funds<br>2019<br>\$ | Local<br>Work<br>CSMG<br>Funds<br>2019<br>\$ |                              |
| <b>Income</b>   |      |   |  |  |  |                              |
| <b>Income generated from funds</b>                                      |      |   |  |  |  |                              |
| - Voluntary income  | 12   | 1,085,162                                       | 27,503   | 239,953  | -  | 1,352,618                    |
| <b>Other income</b>   |      |   |  |  |  |                              |
| - Interest income   |      | 42,431  | -  | -  | -  | 42,431                       |
| - Membership fee  |      | 100   | -  | -  | -  | 100                          |
| - Rental income   | 6    | 6,132   | -  | -  | -  | 6,132                        |
| - Gain on sale of investment property                                   |      | 299,647   | -  | -  | -  | 299,647                      |
| <b>Total income</b>   |      | <b>1,433,472</b>                                | <b>27,503</b>                                      | <b>239,953</b>   | <b>-</b>                                     | <b>1,700,928</b>             |
| <b>Expenditure</b>  |      |   |  |  |  |                              |
| Cost of generating voluntary income                                     | 13   | 62,147  | -  | -  | -  | 62,147                       |
| Charitable activities   |      |   |  |  |  |                              |
| - Programme disbursements   | 15   | 23,780  | 69,993   | 216,606  | -  | 310,379                      |
| - Manpower and related costs  | 18   | 75,032  | -  | -  | -  | 75,032                       |
| Total charitable activities   |      | 98,812  | 69,993   | 216,606  | -  | 385,411                      |
| Governance costs  | 16   | 132,573   | -  | -  | -  | 132,573                      |
| <b>Total expenditure</b>  |      | <b>293,532</b>                                  | <b>69,993</b>                                      | <b>216,606</b>   | <b>-</b>                                     | <b>580,131</b>               |
| <b>Net income/(expenditure), representing<br/>Net movement in funds</b> |      | <b>1,139,940</b>                                | <b>(42,490)</b>                                    | <b>23,347</b>  | <b>-</b>                                     | <b>1,120,797</b>             |

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

|   | Unrestricted Funds       |                             |                                 | Restricted Funds      |          | Total            |
|---|--------------------------|-----------------------------|---------------------------------|-----------------------|----------|------------------|
|   | Local Work General Funds | Local Work Designated Funds | Non-Local Work Designated Funds | Local Work CSMG Funds |          |                  |
| <b>At 1 April 2018</b>  | \$ 3,605,331             | \$ 100,000                  | \$ -                            | \$ -                  | \$ -     | \$ 3,705,331     |
| Net income/(expenditure)  | 1,139,940                | (42,490)                    | 23,347                          | -                     | -        | 1,120,797        |
| <b>At 31 March 2019</b>   | 4,745,271                | 57,510                      | 23,347                          | -                     | -        | 4,826,128        |
| Net income/(expenditure)  | 529,341                  | (10,000)                    | (23,347)                        | 266,716               |          | 762,710          |
| Transfer to General Funds from Care and Share Matching Grant (CSMG) | 239,283                  | -                           | -                               | (239,283)             |          | -                |
|   | 11                       |                             |                                 |                       |          |                  |
| <b>At 31 March 2020</b>   | <b>5,513,895</b>         | <b>47,510</b>               | <b>-</b>                        | <b>27,433</b>         | <b>-</b> | <b>5,588,838</b> |

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

|  | Note | 2020<br>\$              | 2019<br>\$              |
|--|------|-------------------------|-------------------------|
| <b>Cash flows from operating activities</b>      |      |                         |                         |
| Net income for the financial year                |      | 762,710                 | 1,120,797               |
| Adjustments for:                                 |      |                         |                         |
| Gain on disposal of investment property          | 6    | -                       | (299,647)               |
| Interest income                                  |      | (79,089)                | (42,431)                |
|  |      | <u>683,621</u>          | <u>778,719</u>          |
| Change in working capital                        |      |                         |                         |
| - Other receivables                              |      | 519,195                 | (519,195)               |
| - Other current assets                           |      | 1,086                   | 3,018                   |
| - Trade and other payables                       |      | 5,160                   | (227,119)               |
| Cash generated from operations                   |      | <u>1,209,062</u>        | <u>35,423</u>           |
| Interest income                                  |      | 57,760                  | 30,862                  |
| <b>Net cash provided by operating activities</b> |      | <u>1,266,822</u>        | <u>66,285</u>           |
| <b>Cash flows from investing activities</b>      |      |                         |                         |
| Disposal of investment property                  | 6    | -                       | 879,377                 |
| <b>Net cash provided by investing activities</b> |      | <u>-</u>                | <u>879,377</u>          |
| <b>Net increase in cash and cash equivalents</b> |      | <u>1,266,822</u>        | <u>945,662</u>          |
| Cash and bank balances                           |      |                         |                         |
| Beginning of financial year                      |      | <u>4,310,328</u>        | <u>3,364,666</u>        |
| <b>End of financial year</b>                     | 3    | <u><u>5,577,150</u></u> | <u><u>4,310,328</u></u> |

*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 24 June 2004 and its registered office is located at 1 Lorong 2 Toa Payoh, #07-00 Braddell House, Singapore 319637. The MILK Fund is registered as a charity under the Singapore 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 those of 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 July 2019 to 30 June 2021.

## **2 Summary of significant accounting policies**

### **2.1 Basis of preparation**

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the provisions of the Singapore Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Singapore Societies Act, Chapter 311 (the "Societies Act"). 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 and critical to the financial statements.

#### ***Interpretations and amendments to published standards effective in 2020***

On 1 April 2019, the Society adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. 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)

### 2.2 *Income recognition*

- (a) 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.
- (b) 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.
- (c) 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.
- (d) Interest income on bank current accounts and fixed deposits placed with banks are recognised on an accrual basis using the effective interest method.
- (e) Rental income from an operating lease is recognised on a straight-line basis over the lease term.
- (f) Sponsorship in-kind are recorded at values based on a reasonable estimate of their value. Assets which are donated for resale or consumption are not recorded when received if the values of such assets are not material and it is not practical to ascertain the value of the items involved. No value is ascribed to volunteer services.

### 2.3 *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.

Investment property are subject to renovations or improvements at regular intervals.

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

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in statement of financial activities.

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

### 2.4 Impairment of non-financial assets

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

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in statement of financial activities.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

### 2.5 Financial assets

#### (a) Classification and measurement

The Society classifies its financial assets in the following measurement categories:

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

The Society does not hold any of the financial assets in the measurement categories except for financial assets at amortised cost.

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

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

#### (b) At initial recognition

At initial recognition, the Society 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.

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

### 2.5 Financial assets (Cont'd)

#### (c) *At subsequent measurement*

Financial instruments mainly comprise of cash and cash equivalents and other receivables.

Depending on the Society's business model for managing and the cash flow characteristics of the assets, the subsequent measurement are as follows:

- **Amortised cost:** Financial instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of financial activities when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

#### (d) *Impairment*

The Society assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

#### (e) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Society commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in statement of financial activities.

### 2.6 Other payables

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

Other payables are initially measured at fair value, and subsequently carried at amortised cost, using the effective interest method.

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

### 2.7 Leases

The accounting policy for leases before 1 April 2019 are as follows:

When the Society is the lessor:

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

Leases of investment property 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.

The accounting policy for leases after 1 April 2019 are as follows:

(i) When the Society is the lessee:

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

- Short-term and low-value leases

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

(ii) When the Society is the lessor:

The accounting policy applicable to the Society as a lessor in the comparative period were the same under FRS 116.

### 2.8 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.

(a) *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.

(b) *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.



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

### 2.8 Expenditure (Cont'd)

#### *(c) Governance cost*

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.

### 2.9 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.

#### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash basis if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 2.10 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

### 2.11 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 statement of financial activities. 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.

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

**2.12 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.

**2.13 Funds structure**

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

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

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

**3 Cash and bank balances**

|                          | <b>2020</b>             | <b>2019</b>      |
|--------------------------|-------------------------|------------------|
|                          | \$                      | \$               |
| Cash at bank             | <b>548,214</b>          | 539,021          |
| Short-term bank deposits | <b>5,028,936</b>        | 3,771,307        |
|                          | <b><u>5,577,150</u></b> | <u>4,310,328</u> |

The rates of interest for short-term bank deposits ranged between 1.35% to 2.00% (2019: 1.30% to 1.68%) per annum.

**4 Other receivables**

|  | <b>2020</b>          | <b>2019</b>    |
|--|----------------------|----------------|
|  | \$                   | \$             |
| Donation receivable – related parties          | -                    | 126,000        |
| Donation receivable – non-related parties      | -                    | 393,195        |
|  | -                    | 519,195        |
| Interest receivable – short-term bank deposits | <b>35,478</b>        | 14,149         |
|  | <b><u>35,478</u></b> | <u>533,344</u> |

**5 Other current assets**

|            | <b>2020</b>       | <b>2019</b>  |
|------------|-------------------|--------------|
|            | \$                | \$           |
| Prepayment | <b>998</b>        | 760          |
| Others     | -                 | 1,324        |
|            | <b><u>998</u></b> | <u>2,084</u> |

**6 Investment property**

The investment property located at 1 Kaki Bukit Road 1, #02-10 Enterprise One, Singapore 415934 was held in trust by Mr Yeo Cheng Boon (member of the Society until 1 October 2018) and Ms Janet Lyn Yoke Chin (Honorary Secretary) upon acquisition. The lease tenure was 60 years with lease period from 9 July 1996 to 8 July 2056. The leasehold property was 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 from property, plant and equipment to investment property consequent to the Society moving out of the property and leasing it out.

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

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

The amounts recognised in statement of financial activities are as follows:

|  | <b>2020</b> | <b>2019</b>    |
|--|-------------|----------------|
|  | \$          | \$             |
| Rental income  | -           | 6,132          |
| Direct operating expenses arising from:<br>Investment property that generate rental income | -           | <u>(1,343)</u> |

**7 Trade and other payables**

|                                      | <b>2020</b>          | <b>2019</b>   |
|--------------------------------------|----------------------|---------------|
|                                      | \$                   | \$            |
| Trade payables – non-related parties | <b>24,621</b>        | 18,459        |
| Other payables – non-related parties | <b>167</b>           | 1,169         |
|                                      | <u><b>24,788</b></u> | <u>19,628</u> |

**8 General funds**

|   | <b>Unrestricted<br/>Funds</b> |
|---|-------------------------------|
|   | <b>Local Work<br/>\$</b>      |
| Balance as at 1 April 2018                              | 3,605,331                     |
| Income  | 1,433,472                     |
| Expenditure   | <u>(293,532)</u>              |
| Balance as at 31 March 2019                             | <u><b>4,745,271</b></u>       |
| Balance as at 1 April 2019                              | 4,745,271                     |
| Income  | 744,384                       |
| Expenditure   | <u>(215,043)</u>              |
| Transfer from Care and Share Matching Grant (Note 11) * | <u>239,283</u>                |
| Balance as at 31 March 2020                             | <u><b>5,513,895</b></u>       |

8 General funds (Cont'd)

\* Expenditures for programme disbursements are recognised when incurred which is when the monies are disbursed to beneficiaries or programme partners. However for the Care and Share Matching Grant fund which is a restricted fund, programme disbursements are only allowed to be recognised when disbursed to the ultimate beneficiaries as required by National Council of Social Service, the Administrator of Care and Share Matching Grant. Consequently for programme disbursements made to programme partners under the Care and Share Matching Grant fund, the expenditures are first recognised in the General fund and once the funds are disbursed to the ultimate beneficiaries, a transfer is made between the Care and Share Matching Grant fund and the General fund.

9 Designated funds for local work

|                                | Unrestricted Funds |          |
|--------------------------------|--------------------|----------|
|                                | 2020               | 2019     |
|                                | \$                 | \$       |
| At beginning of financial year | 57,510             | 100,000  |
| Donations received (Note 12)   | -                  | 27,503   |
| Disbursements (Note 15)        | (10,000)           | (69,993) |
| At end of financial year       | 47,510             | 57,510   |

The funds are designated to support education programme for children.

10 Designated funds for non-local work

|                     | 2020 | 2019   |
|---------------------|------|--------|
|                     | \$   | \$     |
| <b>Summary</b>      |      |        |
| MILK Charity Dinner | -    | 23,347 |

(a) For community development work in Myanmar

|   | Unrestricted Funds |           |
|---|--------------------|-----------|
|   | 2020               | 2019      |
|   | \$                 | \$        |
| At beginning of financial year  | -                  | -         |
| Donations received (Note 12)  | -                  | 216,606   |
| Disbursements to Mainly I Love Kids (International) Limited (Notes 15 and 19 (c)) | -                  | (216,606) |
| At end of financial year  | -                  | -         |

The donated funds of FY2019 are non-tax deductible funds to be used to support community development work in Myanmar undertaken by Mainly I Love Kids (International) Limited.

(b) MILK Charity Dinner

|   | Unrestricted Funds |        |
|---|--------------------|--------|
|   | 2020               | 2019   |
|   | \$                 | \$     |
| At beginning of financial year  | 23,347             | -      |
| MILK Charity Dinner (Note 12)   | 115,700            | 23,347 |
| Disbursements to Mainly I Love Kids (International) Limited (Notes 15 and 19 (c)) | (139,047)          | -      |
| At end of financial year  | -                  | 23,347 |

**10 Designated funds for non-local work (Cont'd)**

(b) MILK Charity Dinner (cont'd)

The donated funds are non-tax deductible funds raised from MILK Charity Dinner for overseas work undertaken by Mainly I Love Kids (International) Limited.

**11 Care and Share Matching Grant (CSMG)**

|                                     | <b>Restricted Funds</b> |             |
|-------------------------------------|-------------------------|-------------|
|                                     | <b>2020</b>             | <b>2019</b> |
|                                     | <b>\$</b>               | <b>\$</b>   |
| At beginning of financial year      | -                       | -           |
| Grant receivable/received (Note 12) | <b>626,716</b>          | -           |
| Grant disbursed (Note 15)           | <b>(360,000)</b>        | -           |
|                                     | <b>266,716</b>          | -           |
| Transfer to General Funds (Note 8)  | <b>(239,283)</b>        | -           |
| At end of financial year            | <b>27,433</b>           | -           |

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.

Per the 2nd 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 24 May 2019, the Society has up to 31 March 2021 to utilise the grant. The Society is in the process of finalising with the MSF for the extension of the grant utilisation deadline to 31 March 2022.

As of 31 March 2020, the Society has submitted and received matching grants of \$1,253,433 (2019: \$626,717).

12 Voluntary income

| 2020  | Unrestricted Funds                           |   | Restricted Funds                                    |   | Total<br>Funds<br>2020<br>\$ |
|---|--|---|---|---|------------------------------|
|   | Local Work<br>General<br>Funds<br>2020<br>\$ | Local Work<br>Designated<br>Funds<br>2020<br>\$ | Non-Local Work<br>Designated<br>Funds<br>2020<br>\$ | Local Work<br>CSMG<br>Funds<br>2020<br>\$ |                              |
| - Direct donations from MILK Fund Members   | 20,000                                       | -   | -   | -   | 20,000                       |
| - Donations   | 213,514                                      | -   | -   | -   | 213,514                      |
| - MILK Charity Dinner *   | 408,339                                      | -   | 115,700   | -   | 524,039                      |
| - Third party events  | 8,076  | -   | -   | -   | 8,076                        |
| - Sponsorships in-kind (Note 14)  | 14,264                                       | -   | -   | -   | 14,264                       |
| - Government grant Voluntary Welfare Organisations-Charities Capability Fund Info-Communications Technology ("VCF ICT") | 1,002  | -   | -   | -   | 1,002                        |
| - Government grant Care and Share Matching Grant ("CSMG") (Note 11)   | -  | -   | -   | 626,716                                   | 626,716                      |
| <b>Total</b>  | <b>665,195</b>                               | <b>-</b>  | <b>115,700</b>                                      | <b>626,716</b>                            | <b>1,407,611</b>             |

(Note 10)

\* The MILK Charity Dinner was held on 29 March 2019.

12 Voluntary income (Cont'd)

|   | Unrestricted Funds                           |   |   | Restricted Funds                          |  |  | Total<br>Funds<br>2019<br>\$ |
|---|--|---|---|---|--|--|------------------------------|
|   | Local Work<br>General<br>Funds<br>2019<br>\$ | Local Work<br>Designated<br>Funds<br>2019<br>\$ | Non-Local Work<br>Designated<br>Funds<br>2019<br>\$ | Local Work<br>CSMG<br>Funds<br>2019<br>\$ |  |  |                              |
|   |  |   |   |   |  |  |                              |
| - Direct donations from MILK Fund Members | 20,000                                       | -   | -   | -   |  |  | 20,000                       |
| - Donations                               | 195,729                                      | 27,503  | 216,606   | -   |  |  | 439,838                      |
| - MILK Charity Dinner *                   | 757,848                                      | -   | 23,347  | -   |  |  | 781,195                      |
| - Third party events                      | 40,899                                       | -   | -   | -   |  |  | 40,899                       |
| - Sponsorships in-kind (Note 14)          | 67,843                                       | -   | -   | -   |  |  | 67,843                       |
| - Government grant VCF ICT                | 2,843  | -   | -   | -   |  |  | 2,843                        |
| <b>Total</b>                              | <b>1,085,162</b>                             | <b>27,503</b>                                   | <b>239,953</b>                                      | -   |  |  | <b>1,352,618</b>             |

(Note 10)

Included in the voluntary income for local work are tax deductible donations of \$639,919 (2019: \$991,612).

The Society has complied with the 30/70 fundraising efficiency ratio (30/70 rule) in that the total expenses incurred on fund-raising in the financial years ended 31 March 2020 and 2019 did not exceed 30% of total receipts in the same period.

\* The MILK Charity Dinner was held on 29 March 2019.

**13 Costs of generating voluntary income**

The following items form the cost of generating voluntary income:

|                       | <b>2020</b>         | <b>2019</b>   |
|-----------------------|---------------------|---------------|
|                       | \$                  | \$            |
| MILK Charity Dinner * | <u><b>6,940</b></u> | <u>62,147</u> |

\*Including therein are sponsorships-in-kind received amounting to \$Nil (2019: \$52,726) - Note 14 to the financial statements. The MILK Charity Dinner was held on 29 March 2019.

**14 Sponsorships in-kind**

Sponsorships in-kind received were as follows:

|   | <b>2020</b>          | <b>2019</b>   |
|---|----------------------|---------------|
|   | \$                   | \$            |
| MILK Charity Dinner (Note 13)                       |                      |               |
| - Cost of food and venue                            | -                    | 40,824        |
| - Cost to organise event                            | -                    | 11,902        |
|   | <u>-</u>             | <u>52,726</u> |
| Other - website hosting services (Note 16)          | <b>348</b>           | 348           |
| Other - office related expenses (Note 16 and 19(b)) | <b>15,240</b>        | 13,445        |
| Others (Note 5 and 19(c))                           | <b>(1,324)</b>       | 1,324         |
| Total (Note 12)                                     | <u><b>14,264</b></u> | <u>67,843</u> |

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



15 Programme disbursements

2020

|   | Unrestricted Funds               |                                     |                                     | Non-Local Work                          |                               | Restricted Funds              |   | Total Funds 2020 \$ |
|---|----------------------------------|-------------------------------------|-------------------------------------|---|-------------------------------|-------------------------------|---|---------------------|
|   | Local Work General Funds 2020 \$ | Local Work Designated Funds 2020 \$ | Local Work Designated Funds 2020 \$ | Non-Local Work Designated Funds 2020 \$ | Local Work CSMG Funds 2020 \$ | Local Work CSMG Funds 2020 \$ |   |                     |
| <b>Local work</b>   |                                  |                                     |                                     |   |                               |                               |   |                     |
| KeyStart Housing Stability  | -                                | -                                   | -                                   | -                                       | 360,000                       | 360,000                       | - | 360,000             |
| MILK Bursary for St Anthony's Canossian Secondary School Students | -                                | 10,000                              | -                                   | -                                       | -                             | -                             | - | 10,000              |
| Total   | -                                | 10,000                              | -                                   | -                                       | 360,000                       | 360,000                       | - | 370,000             |
| <b>Non-local work</b>   |                                  |                                     |                                     |   |                               |                               |   |                     |
| Mainly I Love Kids (International) Limited (Note 10 and 19(c))    | -                                | -                                   | -                                   | 139,047                                 | -                             | -                             | - | 139,047             |
| Total programme disbursements                                     | -                                | 10,000                              | -                                   | 139,047                                 | 360,000                       | 360,000                       | - | 509,047             |

(Note 10)

15 Programme disbursements (Cont'd)

2019

|  | Unrestricted Funds                           |   |  | Restricted Funds                          |   | Total<br>Funds<br>2019<br>\$ |
|--|--|---|--|---|---|------------------------------|
|  | Local Work<br>General<br>Funds<br>2019<br>\$ | Local Work<br>Designated<br>Funds<br>2019<br>\$ | Non-Local<br>Work<br>Designated<br>Funds<br>2019<br>\$ | Local Work<br>CSMG<br>Funds<br>2019<br>\$ |   |                              |
| <b>Local work</b>  |  |   |  |   |   |                              |
| Industrial and Services Co-operative Society Ltd                     | 23,780                                       | -   | -  | -   | - | 23,780                       |
| MILK Bursary for Assumption Pathway School Students                  | -  | 46,567  | -  | -   | - | 46,567                       |
| MILK Bursary for St Anthony's Canossian Secondary School<br>Students | -  | 23,426  | -  | -   | - | 23,426                       |
| Total  | 23,780                                       | 69,993  | -  | -   | - | 93,773                       |
| <b>Non-local work</b>  |  |   |  |   |   |                              |
| Mainly I Love Kids (International) Limited (Note 10 and 19(c))       | -  | -   | 216,606  | -   | - | 216,606                      |
| Total programme disbursements  | 23,780                                       | 69,993  | 216,606  | -   | - | 310,379                      |

(Note 10)

16 Governance costs

|                                      | Unrestricted Funds          |                |
|--------------------------------------|-----------------------------|----------------|
|                                      | Local Work<br>General Funds |                |
|                                      | 2020                        | 2019           |
|                                      | \$                          | \$             |
| Audit fee                            | 11,235                      | 10,165         |
| Bank charges                         | 904                         | 1,042          |
| Benevity charges                     | 156                         | 235            |
| Building maintenance                 | -                           | 810            |
| Courier                              | 33                          | 40             |
| Equipment expensed off               | 359                         | 4,986          |
| Giving.sg charges                    | 2,462                       | 2,350          |
| Insurance                            | 3,195                       | 2,348          |
| IT services *                        | 2,096                       | 2,415          |
| NCSS membership fee                  | 125                         | 125            |
| Manpower and related costs (Note 18) | 93,988                      | 80,645         |
| Office related expenses **           | 15,556                      | 18,352         |
| Printing and stationery              | 1,718                       | 3,871          |
| Property tax                         | -                           | 533            |
| Registry of Societies charges        | -                           | 40             |
| Staff benefit and welfare            | 512                         | 993            |
| Telecommunications                   | 3,246                       | 3,105          |
| Transport                            | 1,254                       | 518            |
| <b>Total</b>                         | <b>136,839</b>              | <b>132,573</b> |

\* Included in IT services of FY2020 is sponsorship-in-kind received for website hosting services of \$348 (2019: \$348) – Note 14 to the financial statements.

\*\* Included in Office related expenses of FY2020 is sponsorship-in-kind received for office facilities of \$15,240 (2019: \$13,445) – Notes 14 and 19(b) to the financial statements.

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**

|   | 2020<br>\$     | 2019<br>\$     |
|---|----------------|----------------|
| Wages and salaries  | 135,987        | 136,952        |
| Employer's contribution to Central Provident Fund                           | 18,705         | 18,725         |
|   | <u>154,692</u> | <u>155,677</u> |
| Secondment fee to National Council of Social Service for the Sun Ray Scheme | 10,560         | -              |
|   | <u>165,252</u> | <u>155,677</u> |

The above employee compensation is allocated to charitable activities \$71,264 (2019: \$75,032) and governance costs \$93,988 (2019: \$80,645) as disclosed on the face of statement of financial activities and Note 16 to the financial statements respectively.

Employer's contribution to Central Provident Fund is presented net of cash grant from Special Employment Credit of \$Nil (2019: \$20) and Temporary Employment Credit of \$Nil (2019: \$321).

|                                  | No of staff |      |
|----------------------------------|-------------|------|
|                                  | 2020        | 2019 |
| Annual remuneration              |             |      |
| - between \$100,001 to \$200,000 | Nil         | Nil  |
| - more than \$200,000            | Nil         | Nil  |

**19 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.

**(a) Mission House Investment Pte Ltd**

Mission House Investment Pte Ltd (the "Mission House") is a company incorporated under the Companies Act with its registered address at 1 Lorong 2 Toa Payoh #04-01 Braddell House, Singapore 319637. Mr Stanley Tan Poh Leng (Vice President of MILK Fund until 24 September 2019) is its Director.

During the financial year ended 31 March 2020, Mission House made a donation to MILK Fund of \$100,000 (2019: \$Nil) for MILK Charity Dinner.

19 Related party transactions (Cont'd)

(b) GYP Properties Limited (formerly known as Global Yellow Pages Limited, name change effective from 26 October 2018)

GYP Properties Limited (the "GYP") provided support services to the MILK Fund at the premises 1 Lorong 2 Toa Payoh, #02-08 Braddell House (formerly known as 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 from 15 April 2015 until 14 May 2018. Total payments made to GYP from 1 April 2018 to 14 May 2018 amounted to \$1,988.

On 14 May 2018, MILK Fund moved to level 7 of the Braddell House. Since then, GYP provides these office facilities free-of-charge. For this financial year, the sponsorship value amounted to \$15,240 (2019: \$13,445) - Notes 14 and 16 to the financial statements.

Mr Stanley Tan Poh Leng (Vice President of MILK Fund until 24 September 2019) is the Director of GYP. Mr Mah Bow Tan, the spouse of Dr Sheryn Mah (Trustee and Former President of MILK Fund) is Non-Executive Deputy Chairman and Non-Independent Director of GYP. During the current financial year there were no donation (2019: \$17,000) made by GYP to MILK Fund.

(c) 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 until 24 September 2019) is the Director of MILKIL. Dr Sheryn Mah (Trustee and 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 Trustee and 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 work 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.

Total disbursement in the financial year amounted to \$139,047 (2019: \$216,606) - Notes 10 and 15; and sponsorship in-kind disbursement of 38 bottles of wine from MILK Charity Dinner valued at \$1,324 (2019: \$Nil) (Note 14).

**19 Related party transactions (Cont'd)**

**(d) South Central Community Family Service Centre Limited**

MILK Fund is in partnership with South Central Community Family Service Centre Limited (SCC FSC) for KeyStart Housing Stability programme. Total disbursement in the financial year amounted to \$360,000 (2019: \$Nil) - Note 15 to the financial statements.

Mr Stanley Tan Poh Leng (Vice President of MILK Fund until 24 September 2019) is Director and Chairman of SCC FSC.

Ms Woo Shea Leen (Honorary Treasurer of MILK Fund) is Director of SCC FSC.

**(e) 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.

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

- 1 Mr Stanley Tan Poh Leng (Vice President of MILK Fund until 24 September 2019)
  - 1.1 Mainly I Love Kids (International) Limited:  
Director (since 14 October 2010)
  - 1.2 South Central Community Family Service Centre Limited:  
Director (since 11 January 2013)  
Chairman (since 10 May 2013)
  - 1.3 GYP Properties Limited:  
Director (since 6 Feb 2007)
  - 1.4 Mission House Investment Pte Ltd:  
Director (since 11 December 2000)
- 2 Ms Woo Shea Leen (Honorary Treasurer)
  - 2.1 South Central Community Family Service Centre Limited:  
Director (since 25 September 2013)

**(f) 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.

**20 Income tax**

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

**21 Financial risk management**

The Society's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Society's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Society's financial performance. It is, and has been throughout the financial year, the Society's policy that no trading in derivative financial instruments shall be undertaken.

The Executive Committee is responsible for setting the objectives and underlying principles of financial risk management for the Society. This includes establishing detail policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

**(a) Market risk**

*(i) Currency risk*

The Society is not exposed to currency risk as its financial assets and liabilities are dominated in Singapore Dollar.

*(ii) Price risk*

The Society does not have exposure to equity price risk as it does not hold equity financial assets.

*(iii) Interest rate risk*

The Society periodically reviews its interest-bearing financial assets and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels.

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Society. The major classes of financial assets of the Society are bank deposits and other receivables. For receivables and other financial assets, the Society adopts the policy of dealing only with financial institutions and other individual counterparties with high credit standing and history.

Bank deposits maintained with banks have high credit-ratings as issued by international credit-rating agencies.

As the Society does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

21 Financial risk management (Cont'd)

(b) Credit risk (cont'd)

*Credit rating*

The Society uses a provision matrix to measure the lifetime expected credit loss allowance for receivables.

In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Society considers historical loss rates for each category of receivables and adjusts to reflect current and forward-looking macroeconomic factors affecting the collectability.

Receivables are written off when there is no reasonable expectation of recovery, such as counterparty failing to engage in a repayment plan with the Society. Where receivables have been written off, the Society continues to attempt to recover the receivables due. Where recoveries are made, these are recognised in statement of financial activities.

As at 31 March 2020 and 2019, the Society's receivables are all current and considered to have low risk of default, therefore no expected credit loss allowance for was recognised.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of grants from the government. At the balance sheet date, assets held by the Society for managing liquidity risk included deposits maintained with banks.

The Executive Committee monitors rolling forecasts of the Society's liquidity reserve on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Society.

At the end of the financial year, all the non-derivative financial liabilities of the Society are due within 12 months. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(d) Fair value measurements

The fair values of financial assets and liabilities of the Society are assumed to approximate their respective carrying amounts.

(e) Capital management

The Society manages its reserves to ensure that the Society will continue as a going concern.

No changes were made in Society's objectives, policies or procedures during the years ended 31 March 2020 and 2019 respectively.

(f) Categories of financial instruments

Set out below are the categories of the Society's financial instruments at the reporting date.

|   | 2020<br>\$    | 2019<br>\$    |
|---|---------------|---------------|
| Financial assets at amortised cost      | 5,612,628     | 4,843,672     |
| Financial liabilities at amortised cost | <u>24,788</u> | <u>19,628</u> |

As at 31 March 2020 and 2019, the Society have no financial instruments measured at fair value using valuation techniques.



**22 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 2020 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.

**23 Subsequent events**

The emergence of COVID-19 since early 2020 has brought about uncertainties to the Society's operating environment and its financial position subsequent to the financial year end. The Society is aware of the challenges posed by these developing events and the impact they potentially could have on the charity sector. As the situation is still evolving, the effect of the outbreak is subject to uncertainty hence the Society is unable to quantify the magnitude and duration of such impact and has not considered such impact, if any, on the following areas involving critical accounting estimates, assumptions and judgements at this time.

**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 25 August 2020.