

CHENG HONG WELFARE SERVICE SOCIETY

Registration Number: T04SS0148G
(Incorporated in Singapore)

**STATEMENT BY MANAGEMENT COMMITTEE
AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

FORVIS MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

CHENG HONG WELFARE SERVICE SOCIETY

**DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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**CHENG HONG WELFARE SERVICE SOCIETY
STATEMENT BY MANAGEMENT COMMITTEE**

The members of the Management Committee are pleased to present the financial statements of Cheng Hong Welfare Service Society (the "Society") for the reporting year ended 31 December 2024.

1. Opinion of the members

In the opinion of the Management Committee,

- (a) the accompanying financial statements are drawn up in accordance with the Societies Act 1966 (the "Societies Act") and the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations"), and the Financial Reporting Standards ("FRSs"), so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2024 and the results, changes in fund and cash flows of the Society for the reporting year ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

2. Members

The members of the Management Committee at the date of this statement are as follows:

Mr. Lim Hang Chung	Emeritus Chairman
Dr. Sim Mong Keang, Kenny	Chairman
Mr. Neo Sing Hwee	Deputy Chairman
Mr. Ang Chin Koon	Vice Chairman
Mr. Aiw Chye Seng, Anthony	Vice Chairman
Mr. Chia Tian Weng	Vice Chairman
Mr. Lim Teck Seng, Alex	Vice Chairman
Mr. Chin Chee Hwa	Vice Chairman
Mr. Lim Eng Whatt, William	Vice Chairman
Mr. Lim Seng Lye, Lawrence	Secretary
Mr. Lim Eng Soon, Randy	Assistant Secretary
Ms. Goh Yi Jun, Natalie	Treasurer
Mr. Boo Choong Hoi	Assistant Treasurer
Mr. Seah Hiang Soon, Ricky	Audit, Risk & Compliance
Ms. Chia Peh Choo, Elaine	Audit, Risk & Compliance
Mr. Yeo Teck Cheow, John	Committee Member
Mr. Lau Swee Siang, Cedrick	Committee Member
Ms. Tan Chiew Hiang Cindy	Committee Member
Mr. Ng Bock Chwee	Committee Member
Mr. Chow Jiewei, Alvin	Committee Member
Mr. Tan Kia Lai	Committee Member
Mr. Chua Seng Ong, Kelvin	Committee Member
Ms. Lim Peck Kee, Maggie	Committee Member
Mr. Tan See Peng, Edwin	Committee Member
Mr. Ooi Poh Thiam	Committee Member
Mr. Kwa Cheng Hock	Committee Member

**CHENG HONG WELFARE SERVICE SOCIETY
STATEMENT BY MANAGEMENT COMMITTEE**

3. Auditors

The auditors, Forvis Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the Management Committee



Sim Mong Keang, Kenny
Chairman

Singapore
9 May 2025



Goh Yi Jun, Natalie
Treasurer

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHENG HONG WELFARE SERVICE SOCIETY**

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Cheng Hong Welfare Service Society (the Society), which comprise the statement of financial position as at 31 December 2024, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the Societies Act), the Charities Act 1994 and other relevant regulations (the Charities Act and Regulations) and the Financial Reporting Standards (FRSs) so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2024 and the results, changes in funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report but does not include the financial statements and our auditor's report thereon.

We have obtained the Statement by Management Committee prior to the date of this auditors' report.

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 identified above when it becomes available 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 AUDITORS' REPORT TO THE MEMBERS OF
CHENG HONG WELFARE SERVICE SOCIETY**

Report on the Audit of Financial Statements (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation in accordance with the provisions of the Societies Act, the Charities Act and Regulations, and the FRSS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 AUDITORS' REPORT TO THE MEMBERS OF
CHENG HONG WELFARE SERVICE SOCIETY**

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion

- (a) the accounting and other records required by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

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

- (a) the Society has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) The Society has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

Other matter

The financial statements of the Society for the financial year ended 31 December 2023 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 7 May 2024.



FORVIS MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
9 May 2025

CHENG HONG WELFARE SERVICE SOCIETY

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Unrestricted			
	Note	General funds	Designated funds	2024	2023
		\$	\$	\$	\$
Income resources					
Voluntary income	4	5,376,697	2,189,805	7,566,502	5,295,350
Grant income	5	651,804	340,125	991,929	389,950
Interest income	6	301,738	-	301,738	247,539
Other income	7	53,126	38,255	91,381	113,596
Total income resources		6,383,365	2,568,185	8,951,550	6,046,435
Resources expended					
Cost of generating voluntary income:					
- Fund raising expenses		58,422	-	58,422	27,187
Cost of charitable activities:					
- External contributions		27,284	-	27,284	24,330
- Bursary and scholarship		71,200	-	71,200	55,500
Cost of funds generating activities:					
- Activity and program expenses	8	568,601	1,727,324	2,295,925	1,849,277
Administrative costs	9	1,245,792	1,877,036	3,122,828	2,669,207
Total resources expended		1,971,299	3,604,360	5,575,659	4,625,501
Surplus/(deficit) for the year		4,412,066	(1,036,175)	3,375,891	1,420,934
Surplus/(deficit) for the year		4,412,066	(1,036,175)	3,375,891	1,420,934
Fund balances at beginning of year		10,432,380	3,163,078	13,595,458	11,922,155
Net of grant received during the year		-	-	-	252,369
Transfer (from)/to funds		(656,465)	656,465	-	-
		14,187,981	2,783,368	16,971,349	13,595,458

CHENG HONG WELFARE SERVICE SOCIETY

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Note	2024 \$	2023 \$
ASSETS			
Non-current asset			
Plant and equipment	11	974,189	1,160,054
Total non-current asset		<u>974,189</u>	<u>1,160,054</u>
Current assets			
Other receivables	12	959,407	265,049
Other assets	13	23,683	27,223
Cash and cash equivalents	14	15,567,699	12,652,842
Total current assets		<u>16,550,789</u>	<u>12,945,114</u>
Total assets		<u><u>17,524,978</u></u>	<u><u>14,105,168</u></u>
FUNDS AND LIABILITIES			
Unrestricted funds			
General funds	15	14,187,981	10,432,380
Community healthcare funds	15	-	-
Eldercare services and welfare funds	15	2,783,368	3,163,078
Care and share grant reserves	15	-	-
Total unrestricted funds		<u>16,971,349</u>	<u>13,595,458</u>
Total funds		<u>16,971,349</u>	<u>13,595,458</u>
Current liabilities			
Other payables	16	403,326	296,338
Other liability	17	150,303	213,372
Total current liabilities/Total liabilities		<u>553,629</u>	<u>509,710</u>
Total funds and liabilities		<u><u>17,524,978</u></u>	<u><u>14,105,168</u></u>

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

CHENG HONG WELFARE SERVICE SOCIETY

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	Designated Funds				Total
	<u>General funds</u>	<u>Community Healthcare Fund</u>	<u>Eldercare & Services Welfare Fund</u>	<u>Care and Share Grant Reserve</u>	
	\$	\$	\$	\$	\$
Current year:					
Opening balance at 1 January 2024	10,432,380	-	3,163,078	-	13,595,458
Changes in funds:					
Surplus/(deficit) for the reporting year (Note 15)	4,412,066	(1,050,553)	14,378	-	3,375,891
Transfer of funds	(656,465)	1,050,553	(394,088)	-	-
Closing balance at 31 December 2024	14,187,981	-	2,783,368	-	16,971,349
Previous year:					
Opening balance at 1 January 2023	8,572,475	-	3,602,049	(252,369)	11,922,155
Changes in funds:					
Net of grant received during the year	-	-	-	252,369	252,369
Surplus/(deficit) for the reporting year (Note 15)	2,457,834	(931,923)	(104,977)	-	1,420,934
Transfer of funds	(597,929)	931,923	(333,994)	-	-
Closing balance at 31 December 2023	10,432,380	-	3,163,078	-	13,595,458

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

CHENG HONG WELFARE SERVICE SOCIETY

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
Cash flows from operating activities			
Surplus for the year		3,375,891	1,420,934
Adjustments for:			
Interest income	6	(301,738)	(247,539)
Depreciation of plant and equipment	11	220,133	208,396
Loss on disposal of plant and equipment		-	24,689
Amortisation of deferred grant	17	(63,069)	(90,244)
Operating surplus before changes in working capital		3,231,217	1,316,236
Other receivables		(450,762)	2,300
Other assets		3,540	(6,367)
Trade and other payables		106,988	48,346
Cash flows generated from operating activities		2,890,983	1,360,515
Cash flows from investing activities			
Cash restricted in use		-	3,521,904
Receipts of grants		-	252,369
Purchase of plant and equipment	11	(34,268)	(243,919)
Interest received		58,142	8,979
Cash flows generated from investing activities		23,874	3,539,333
Net increase in cash and cash equivalents		2,914,857	4,899,848
Cash and cash equivalents, beginning balance		12,652,842	7,752,994
Cash and cash equivalents at end of the financial year	14	15,567,699	12,652,842

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

CHENG HONG WELFARE SERVICE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

1. General information

The Cheng Hong Welfare Service Society (Registration No: T04SS0148G) (the “Society”) is a society registered in the Republic of Singapore under the Societies Act 1966. It was granted the status of an Institutions of a Public Character (IPC Registration No. IPC000053) under the Charities Act 1994 until 31 January 2026 subject to renewal. The financial statements are presented in Singapore dollars.

The Management Committee approved and authorised these financial statements for issue on the date of the Statement by Management Committee.

Cheng Hong Welfare Service Society operates a medical centre and ten Traditional Chinese Medicine (“TCM”) clinics island-wide providing pro bono traditional Chinese treatment and medication to the needy. It aims to help all people and relieve the poor, the disadvantaged, the needy, and distressed, without discrimination as to race, language or religion through engagement in charitable and social enterprises. These include the provision of free and subsidised medical treatment and medicine, institutional care, community-based care, free coffins and free burial services, befriending services, rehabilitation services, financial and other types of assistance, as well as the provision of all other charitable services and assistance, and the promotion of education. It also aims to foster friendship and cohesion in the community.

2. Summary of material accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standards (“FRSs”) and the related interpretations to FRS (“INT FRSs”) as issued by the Singapore Accounting Standards Council. These financial statements are in compliance with the provisions of the Societies Act 1966 and Charities Act 1994., except as disclosed in the accounting policies below.

The financial statements are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements are presented in Singapore dollar (“S\$”) which is also the functional currency of the Society.

In the current financial year, the Society has adopted all the new and revised FRSs and INT FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2024. The adoption of these new and revised FRSs and INT FRSs did not result in changes to the Society’s accounting policies, and has no material effect on the current or prior year’s financial statements and is not expected to have a material effect on future periods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRSs and INT FRSs issued but not yet effective:

At the date of authorisation of these statements, the following FRSs and INT FRSs were issued but not yet effective:

FRSs	Title	Effective date (annual periods beginning on or after) Date to be determined
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	
FRS 21, FRS 101	Amendments to FRS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> : Lack of Exchangeability	1 January 2025
FRS 118	Presentation and Disclosure in Financial Statements	1 January 2027
FRS 109, FRS 107	Amendments to FRS 109 and FRS 107: <i>Amendments To the Classification and Measurement of Financial Instruments</i>	1 January 2026
Various	Annual Improvements to FRSs – Volume 11	1 January 2026
FRS 119	Subsidiaries without Public Accountability: Disclosures	1 January 2027
FRS 109, FRS 107	Amendments to FRS 109 and FRS 107: <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Society does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Society in the period of their initial adoption.

2.2 Income recognition

Income is included in the statement of financial activities when the following three factors are met:

- i. The Society becomes entitled to the income;
- ii. Management is virtually certain that they will receive the income; and
- iii. The monetary value can be measured with sufficient reliability.

Donations

Income from donations are accounted for when received, except for committed donations and that are recorded when there is certainty over the amount committed by the donors and over the timing of the receipt of the donations. Income from fund-raising event is recognised when the event has occurred.

2.2 Revenue and income recognition (Continued)

Interest income

Interest income is recognised using the effective interest method.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

2.3 Employee leave entitlements

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

2.4 Income tax

As an approved charity under the Charities Act 1994, the Society is exempted from income tax under Section 13(1)(zm) of the Income Tax Act 1947.

2.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method, on the following bases:

Plant and equipment	3-5 years
Motor Vehicles	10 years
Renovation	10 years

For right-of-use assets for which ownership of the underlying asset is not transferred to the Society by the end of the lease term, depreciation is charged over the lease term, using the straight-line method.

2. Summary of material accounting policies (Continued)

2.5 Plant and equipment (Continued)

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of plant and equipment is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.6 Impairment of non-financial assets

The carrying amount of non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is expensed.

2.7 Financial instruments

The Society recognises a financial asset or a financial liability in its statement of financial position when the Society becomes party to the contractual provisions of the instrument.

Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition, the financial asset or financial liability is measured based on its fair value plus or minus in the case of financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial assets and liabilities

At the end of the reporting year, the Society had the following financial assets and liabilities:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL, that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically, other receivables, bank and cash balances are classified in this category.

2. Summary of material accounting policies (Continued)

2.7 Financial instruments (Continued)

- Financial liabilities are classified as at FVTPL in either of the following circumstances: (i) the liabilities are managed, evaluated and reported internally on a fair value basis; or (ii) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and time deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.9 Leases of lessee

At inception of a contract, the Society assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, for such leases, a right-of-use asset is recognised.

2.10 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in statement of financial activities as they arise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. Critical accounting judgements and key sources of estimation uncertainty

The Society made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Society's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Society's accounting policies

In the process of applying the Society's accounting policies, management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

Management is of the opinion that there are no key sources of estimation uncertainty at the end of the financial year that has a significant effect on the amounts of assets and liabilities within the next financial year.

4. Voluntary income

	<u>2024</u> \$	<u>2023</u> \$
Donation income	7,566,502	5,295,350

In accordance with the Charities (Institutions of a Public Character) Regulations, the Society is required to disclose fund-raising appeals with gross receipts of more than \$1 million.

There is no fund-raising appeal with gross receipts of more than \$1 million in 2023 and 2024.

Tax exempt receipts

The Society enjoys a concessionary tax treatment whereby qualifying donors are granted tax deduction for the donations made to the funds of the Society. The quantum of the tax deduction for each calendar year may vary as announced in the Singapore Budget. The IPC status granted to the Society for donations is for the period from 1 February 2023 to 31 January 2026.

	<u>2024</u> \$	<u>2023</u> \$
Tax-exempt receipts issued by the Society for donations collected	5,977,371	4,245,390

5. Grant income

	<u>2024</u> \$	<u>2023</u> \$
Government grant income	835,008	330,531
Wages credit scheme and employment credit	33,235	31,110
Jobs growth incentive	123,686	28,309
	<u>991,929</u>	<u>389,950</u>

CHENG HONG WELFARE SERVICE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

6. Interest income

	<u>2024</u> \$	<u>2023</u> \$
Interest income from fixed deposits	301,738	247,539

7. Other income

	<u>2024</u> \$	<u>2023</u> \$
Gala dinner sponsorship	50,000	46,100
Others	41,381	67,496
	<u>91,381</u>	<u>113,596</u>

8. Activity and program expenses

	<u>2024</u> \$	<u>2023</u> \$
Event and roadshow expenses	572,751	646,239
Elderly program expenses	791,598	564,638
Funeral service expenses	537,488	304,406
Medical supplies	394,088	333,994
	<u>2,295,925</u>	<u>1,849,277</u>

9. Administrative costs

Included in administrative costs are the following items:

	<u>2024</u> \$	<u>2023</u> \$
Assets expense off	-	629
Audit and audit-related services fees to independent auditor of the Society	14,000	15,660
Audit-related services fee to other auditors of the Society	7,800	-
Depreciation of plant and equipment (Note 11)	220,133	208,396
Membership and subscription	37,501	24,929
Expense relating to leases of low-value assets	73,327	89,798
Employee benefits expense (Note 10)	<u>2,286,546</u>	<u>1,934,429</u>

CHENG HONG WELFARE SERVICE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. Employee benefits expense

	<u>2024</u> \$	<u>2023</u> \$
Salaries and related costs	2,005,002	1,707,993
Contributions to defined contribution plan	241,429	200,942
Other benefits	40,115	25,494
	<u>2,286,546</u>	<u>1,934,429</u>

The employee benefits expense includes compensation for key management personnel as disclosed in Note 18.

11. Plant and equipment

	<u>Plant and equipment</u> \$	<u>Motor vehicles</u> \$	<u>Renovation</u> \$	<u>Total</u> \$
<u>Cost</u>				
At 1 January 2023	613,505	507,748	866,642	1,987,895
Additions	43,863	165,378	34,678	243,919
Disposals	(15,437)	-	(24,970)	(40,407)
At 31 December 2023	641,931	673,126	876,350	2,191,407
Additions	28,568	-	5,700	34,268
At 31 December 2024	670,499	673,126	882,050	2,225,675
<u>Accumulated depreciation</u>				
At 1 January 2023	336,778	174,963	326,934	838,675
Depreciation for the year	75,854	64,428	68,114	208,396
Disposals	(8,435)	-	(7,283)	(15,718)
At 31 December 2023	404,197	239,391	387,765	1,031,353
Depreciation for the year	86,338	64,556	69,239	220,133
At 31 December 2024	490,535	303,947	457,004	1,251,486
<u>Carrying amount</u>				
At 31 December 2023	237,734	433,735	488,585	1,160,054
At 31 December 2024	179,964	369,179	425,046	974,189

The depreciation expenses are charged in the statement of financial activities under:

	<u>2024</u> \$	<u>2023</u> \$
<u>Administrative costs</u>		
General funds	16,430	11,782
Designated funds	203,703	196,614
	<u>220,133</u>	<u>208,396</u>

CHENG HONG WELFARE SERVICE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

12. Other receivables

	<u>2024</u> \$	<u>2023</u> \$
Donations receivables	433,526	-
Refundable deposits	172,978	16,852
Interest receivables	244,208	248,197
Grant receivables	108,695	-
	<u>959,407</u>	<u>265,049</u>

Other receivables are unsecured, interest-free, and are repayable on demand. As at 31 December 2024, there are no balances past due and the balances are of low credit risk. Management is of the view that no expected loss allowance is required on these outstanding balances.

13. Other assets

	<u>2024</u> \$	<u>2023</u> \$
Prepayments	<u>23,683</u>	<u>27,223</u>

14. Cash and cash equivalents

	<u>2024</u> \$	<u>2023</u> \$
Cash and bank balances	6,567,699	4,652,842
Time deposits with original maturity of over three months	<u>9,000,000</u>	<u>8,000,000</u>
	<u>15,567,699</u>	<u>12,652,842</u>

The time deposits earn interest at rates ranging from 3.05% to 3.75% (2023: 0.35% to 3.80%) per annum. Maturity periods of the time deposits ranged from 3 to 15 months (2023: 30 to 90 days) from the end of the reporting year. The time deposits may be withdrawn on demand and readily converted to known amount of cash with minimal change in value.

CHENG HONG WELFARE SERVICE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

15. Fund account transactions and balances

	General funds \$	Community Healthcare Fund \$	Eldercare Services and Welfare Fund \$	Care and Share Grant Reserve \$	Sub-total
Balance as at 1 January 2023	8,572,475	-	3,602,049	(252,369)	11,922,155
Voluntary income	3,369,497	453,437	1,472,416	-	5,295,350
Grant income	284,266	2,235	103,449	-	389,950
Interest income	247,539	-	-	-	247,539
Other income	53,044	-	60,552	-	113,596
Total income	3,954,346	455,672	1,636,417	-	6,046,435
Cost of generating voluntary income fund- raising	(26,648)	(539)	-	-	(27,187)
Cost of charitable activities	(23,530)	-	(800)	-	(24,330)
Bursary and scholarship	(55,500)	-	-	-	(55,500)
Cost of funds generating activities	(476,315)	(333,469)	(1,039,493)	-	(1,849,277)
Administrative costs	(914,519)	(1,053,587)	(701,101)	-	(2,669,207)
Net of grant received during the year	-	-	-	252,369	252,369
Transfer (from)/to funds	(597,929)	931,923	(333,994)	-	-
Balance as at 31 December 2023	10,432,380	-	3,163,078	-	13,595,458
Voluntary income	5,376,697	310,328	1,879,477	-	7,566,502
Grant income	651,804	176,384	163,741	-	991,929
Interest income	301,738	-	-	-	301,738
Other income	53,126	-	38,255	-	91,381
Total income	6,383,365	486,712	2,081,473	-	8,951,550
Cost of generating voluntary income fund- raising	(58,422)	-	-	-	(58,422)
Cost of charitable activities	(27,284)	-	-	-	(27,284)
Bursary and scholarship	(71,200)	-	-	-	(71,200)
Cost of funds generating activities	(568,601)	(394,088)	(1,333,236)	-	(2,295,925)
Administrative costs	(1,245,792)	(1,143,177)	(733,859)	-	(3,122,828)
Transfer (from)/to funds	(656,465)	1,050,553	(394,088)	-	-
Balance as at 31 December 2024	14,187,981	-	2,783,368	-	16,971,349

Designated Funds

- (a) Community healthcare fund serves the purpose to build a healthier community, make healthcare services accessible and affordable to the needy and disadvantaged, and to fund healthcare programmes that are catered to the community. The fund also funds the operations of the medical centres and traditional Chinese medicine ("TCM") clinics.

CHENG HONG WELFARE SERVICE SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

15. Fund account transactions and balances (Continued)

- (b) Eldercare services and welfare fund serves the purpose to support programmes that help elderly to live well, age gracefully and die with dignity, to fund afterlife memorial services for the needy elderly and to support a wellness centre and volunteer programmes to provide care and services to elderly who are registered with the programme.
- (c) The Care and Share Grant is to be used for the following purposes:
- i. to fund programmes/activities that contribute to building the Society's capability;
 - ii. to fund programmes/activities that contribute to building the Society's capacity;
 - iii. to fund new programmes that aim to meet emerging or unmet needs of the social service sector and enhancements/expansions of the existing services that the Society provides; and
 - iv. to cover the costs of meeting the critical existing needs of the Society for up to 20% of the grant that the Society has applied for during the matching period.

As at 31 December 2023, the grant has been fully received.

16. Other payables

	<u>2024</u> \$	<u>2023</u> \$
Other payables	377,465	290,080
Amount due to a related party	4,150	-
Accrued expenses	<u>21,711</u>	<u>6,258</u>
	<u>403,326</u>	<u>296,338</u>

Amount due to a related party is unsecured, interest-free and is repayable on demand.

Other payables are non-interest bearing and have an average term of 31-60 (2023: 31-60) days according to the terms agreed with the suppliers.

17. Other liability

	<u>2024</u> \$	<u>2023</u> \$
Deferred grant	<u>150,303</u>	<u>213,372</u>

The deferred grant relates to the grant from Singapore government under the care and share movement to encourage firms and people to help the needy. The government has pledged to make a one for one matching grant to the organisation for every dollar raised by the organisation.

The deferred grant relates to donations for capital items. Donations related to depreciable assets are recognised as income over the periods and in the proportions in which depreciation expense on those assets is recognised. Movements in deferred grant are as follows:

	<u>2024</u> \$	<u>2023</u> \$
Balance at beginning of the year	213,372	303,616
Amortised during the year	<u>(63,069)</u>	<u>(90,244)</u>
Balance at end of the year	<u>150,303</u>	<u>213,372</u>

CHENG HONG WELFARE SERVICE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

18. Related party transactions and balances

The financial reporting standard on related party disclosures requires the reporting entity to disclose:

- (a) related party relationships, transactions and outstanding balances, including commitments, including
- (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled, or can significantly influence or is significantly influenced by the other party.

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

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

The members of the management committee are volunteers and receive no monetary remuneration for their contribution, except for reimbursement of out-of-pocket expenses, if any claimed.

There are no staffs who receive more than \$50,000 during the year who are close members of the family of the management committee.

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Significant related party transactions

	Related parties	
	<u>2024</u>	<u>2023</u>
	\$	\$
Events expenses charged	47,762	21,183
Elderly program expenses charged	29,559	-
Funeral services fees charged	3,000	10,048
Printing expenses charged	6,341	9,718
Upkeep of motor vehicle	8,083	4,416

Compensation of key management personnel

	<u>2024</u>	<u>2023</u>
	\$	\$
Salaries and other short-term employee benefits	136,010	141,170
Number of key management personnel	<u>1</u>	<u>1</u>

Key management personnel include a direct reporting senior member.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

19. Reserve policy

The primary objective of the Society's reserves management policy is to ensure that it maintains strong and healthy capital ratios in order to support its operations and potential initiatives. The reserve ratio stands at 3.04 (2023: 2.94) as at the end of reporting date.

The Society targets to maintain an optimum level of accumulated fund which is equivalent to at least one year of its operating expenditure. This excludes restricted funds. The Society regularly reviews and manages its reserves to ensure optimal capital structure, taking into consideration the future capital requirements of the Society and capital efficiency, projected income and operating cash flows.

The management regularly reviews the amount of reserves that are required to ensure that they are adequate to fulfil the Society's continuing obligations and to support its operations.

The Society is not subject to externally imposed capital requirements. There were no changes to the Society's approach to reserves management during the year.

20. Financial instruments and financial risks

The main purpose for holding or issuing financial instruments is to raise and manages the finances for the Society's operating and investing activities. The Society's activities expose it to credit risk, market risks (including interest rate risk) and liquidity risk. The Society has undertaken certain practices for the management of financial risks based on acceptable market practices.

There have been no changes to the Society's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

The Society maintains positions in a variety of financial instruments in accordance with its investment objectives and guidelines.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Society.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. As at the reporting date, the Company's credit risk exposure are other receivables amounting to \$974,407 (2023: \$265,049) and cash and cash equivalents amounting to \$15,567,699 (2023: \$12,652,842). The Company considers that its other receivables and cash and cash equivalents have low credit risk because the counterparties are entities with acceptable credit ratings.

The amounts of the ECL on other receivables and cash and cash equivalents was negligible as at 31 December 2024.

Market risk

Market risk is the risk that changes in the market price, such as interest rates, will affect the Society's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

20. Financial instruments and financial risks (Continued)***Market risk (Continued)***Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market interest rates. The Society is not exposed to interest rate risk as the Society does not have significant variable interest-bearing financial instruments.

Liquidity risk

There are no non-current financial liabilities at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2023: 30 days). The other payables are with short-term durations.

The Society monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by Management to finance the Society's operations and to mitigate the effects of fluctuations in cash flows.

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

	<u>Note</u>	<u>2024</u> S\$	<u>2023</u> S\$
<i>Financial assets at amortised cost</i>			
Other receivables	12	959,407	265,049
Cash and cash equivalents	14	<u>15,567,699</u>	<u>12,652,842</u>
		<u>16,527,106</u>	<u>12,917,891</u>
<i>Financial liabilities at amortised cost</i>			
Other payables	16	<u>403,326</u>	<u>296,338</u>
		<u>403,326</u>	<u>296,338</u>

21. Fair value of assets and liabilities

The carrying amounts of cash and bank balances, other receivables and other payables approximate their respective fair values due to the relative short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.