



RSM Chio Lim

Audit • Tax • Advisory

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

(UEN: S93SS0148C)

Statement by Directors and Financial Statements

Year Ended 31 December 2014

RSM Chio Lim LLP

8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095

T +65 6533 7600 F +65 6594 7811

info@rsmchiolim.com.sg www.RSMChioLim.com.sg

UEN: T09LL0008J

RSM Chio Lim LLP is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Business Advisors to Growing Businesses



Chio Lim Stone Forest



Globally Connected
RSM International

Statement by the Directors and Financial Statements

C o n t e n t s	Page
Statement by Directors	1
Independent Auditor's Report	2
Statement of Financial Activities	4
Statement of Financial Position	6
Statement of Changes in Accumulated Funds	7
Statement of Cash Flows	8
Statement of Financial Activities – Supplementary Schedules	9
Notes to the Financial Statements	14

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

Statement by Directors

In the opinion of the directors, the accompanying financial statements of Buddhist Compassion Relief Tzu-Chi Foundation (Singapore) (the "Foundation") are drawn up in accordance with the provisions with the Charities Act, Chapter 37, the Societies Act, Chapter 311 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Foundation as at 31 December 2014 and of the results, changes in accumulated funds and cash flow of the Foundation for the reporting year ended on that date and at the date of this statement there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

On Behalf of the Directors



.....
Ms Toh Kim Kiat
President



.....
Ms Boh Shuhui
Honorary Treasurer



.....
Mr Teo Chee Seng
Honorary Secretary

Singapore

08 MAY 2015

**Independent Auditor's Report to the Members of the
Buddhist Compassion Relief Tzu-Chi Foundation (Singapore) (UEN: S93SS0148C)**
(Registered under the Charities Act, Chapter 37 and Societies Act, Chapter 311)

Report on the financial statements

We have audited the accompanying financial statements of Buddhist Compassion Relief Tzu-Chi Foundation (Singapore) (the "Foundation"), which comprise the statement of financial position as at 31 December 2014, and the statement of financial activities, statement of changes in accumulated funds and statement of cash flows for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 (the "Charities Act"), and Singapore Financial Reporting Standards, 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 and error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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 Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by council, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent Auditors' Report to the Members of the
Buddhist Compassion Relief Tzu-Chi Foundation (Singapore) (UEN: S93SS0148C)**

– 2 –

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Foundation as at 31 December 2014 and the results, changes in accumulated funds and cash flows of the Foundation for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion,

- (a) The accounting and other records required by the regulations enacted under the Societies Act to be kept by the Society have been properly kept in accordance with those regulations; and
- (b) the fund-raising appeals held during the reporting year have been carried out in accordance with regulation 6 of the Charities (Fund-raising appeals) Regulations 2007 issued under the Charities Act, Chapter 37, regulation 6 of the Societies Regulations issued under the Society Act Chapter 311 and proper accounts and other records have been kept for the fund-raising appeals.

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

- (a) The use of the donation moneys was not in accordance with the objectives of the Foundation as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- (b) The Foundation has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge of audit: Chan Sek Wai
Effective from year ended 31 December 2012

8 May 2015

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

**Statement of Financial Activities
For the Reporting Year Ended 31 December 2014**

	Unrestricted funds				Restricted funds		Total	
	General Fund	Local Relief Fund		Designated Fund	Sub-Total	Local Building Fund		Sub-Total
		\$	\$					
INCOMING RESOURCES								
Voluntary income	1,864,819	4,998,482	-	6,863,301	-	6,863,301		
Charitable income	1,207,274	166,272	-	1,373,546	-	1,373,546		
Funds generating activities	136,766	827,562	-	964,328	-	964,328		
Interest income	39,762	60,567	-	100,329	29,600	129,929		
Sundry income	47,128	152,706	-	199,834	-	199,834		
Government grant	-	89,278	89,377	178,655	-	178,655		
Amortisation of deferred capital grants	29,500	-	-	29,500	-	29,500		
Total incoming resources	3,325,249	6,294,867	89,377	9,709,493	29,600	9,739,093		
RESOURCES EXPENDED								
Costs of generating voluntary income: fund raising	1,070	441,595	-	442,665	-	442,665		
Costs of charitable activities: welfare services, homecare support expenses and cultural activities	1,241,680	3,923,533	64,000	5,229,213	-	5,229,213		
Administrative costs	1,255,234	227,366	-	1,482,600	50,034	1,532,634		
Total resources expended	2,497,984	4,592,494	64,000	7,154,478	50,034	7,204,512		
Surplus/(deficit) for the reporting year	827,265	1,702,373	25,377	2,555,015	(20,434)	2,534,581		
Balance at 1 January 2014	5,312,476	6,798,540	-	12,111,016	3,222,368	15,333,384		
Balance at 31 December 2014	6,139,741	8,500,913	25,377	14,666,031	3,201,934	17,867,965		

A further analysis of the above items is presented in the supplementary schedules.

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

**Statement of Financial Activities
For the Reporting Year Ended 31 December 2014**

2013

	Unrestricted funds		Restricted funds			
	General Fund	Local Relief Fund	Sub-Total	Philippines Typhoon Relief Fund	Local Building Fund	Sub-Total
	\$	\$	\$	\$	\$	\$
INCOMING RESOURCES						
Voluntary income	2,830,944	3,557,273	6,388,217	-	-	6,388,217
Charitable income	1,058,381	157,279	1,215,660	-	-	1,215,660
Funds generating activities	176,233	732,802	909,035	1,086,717	-	1,086,717
Interest income	36,267	55,680	91,947	-	28,386	120,333
Sundry income	349,037	10,121	359,158	-	-	359,158
Total incoming resources	4,450,862	4,513,155	8,964,017	1,086,717	28,386	1,115,103
RESOURCES EXPENDED						
Costs of generating voluntary income: fund raising	30,206	255,046	285,252	3,920	-	3,920
Costs of charitable activities: welfare services, homecare support expenses and cultural activities	1,841,125	3,602,125	5,443,250	-	-	-
Costs of charitable activities: overseas donations	-	-	-	1,082,797	-	1,082,797
Administrative costs	1,728,764	8,015	1,736,779	-	50,000	50,000
Total resources expended	3,600,095	3,865,186	7,465,281	1,086,717	50,000	1,136,717
Surplus/(deficit) for the reporting year	850,767	647,969	1,498,736	-	(21,614)	(21,614)
Balance at 1 January 2013	4,461,709	6,150,571	10,612,280	-	3,243,982	3,243,982
Balance at 31 December 2013	5,312,476	6,798,540	12,111,016	-	3,222,368	3,222,368

A further analysis of the above items is presented in the supplementary schedules.

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

Statement of Financial Position
As at 31 December 2014

	<u>Notes</u>	<u>2014</u> \$	<u>2013</u> \$
Assets			
<u>Non-current assets</u>			
Plant and equipment	9	663,230	441,185
Other assets, non-current	12	850,000	900,000
Total non-current assets		<u>1,513,230</u>	<u>1,341,185</u>
<u>Current assets</u>			
Inventories	10	183,693	226,888
Other receivables	11	206,258	110,962
Other assets, current	12	185,320	258,375
Cash and cash equivalents	13	17,296,112	15,789,753
Total current assets		<u>17,871,383</u>	<u>16,385,978</u>
<u>Current liabilities</u>			
Trade and other payables	14	1,183,088	2,393,779
Other liabilities	15	333,560	-
Total current liabilities		<u>1,516,648</u>	<u>2,393,779</u>
Net assets		<u>17,867,965</u>	<u>15,333,384</u>
The funds of the foundation			
<u>Unrestricted funds</u>			
General fund	16	6,139,741	5,312,476
Local relief fund	16	8,500,913	6,798,540
Designated fund	16	25,377	-
Total unrestricted funds		<u>14,666,031</u>	<u>12,111,016</u>
<u>Restricted funds</u>			
Local building fund	16	3,201,934	3,222,368
Total restricted funds		<u>3,201,934</u>	<u>3,222,368</u>
Total accumulated funds		<u>17,867,965</u>	<u>15,333,384</u>

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

Statement of Changes in Accumulated Funds
For the Reporting Year Ended 31 December 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Current year:		
Balance at beginning of the year	15,333,384	13,856,262
Movements in fund:		
Surplus for the year	2,534,581	1,477,122
Balance at end of the year	<u>17,867,965</u>	<u>15,333,384</u>

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

Statement of Cash Flows
For the Reporting Year Ended 31 December 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
<u>Cash flows from operating activities</u>		
Surplus for the reporting year	2,534,581	1,477,122
Depreciation of plant and equipment	236,533	180,404
Amortisation of deferred capital grants	(29,500)	–
Losses on disposal of plant and equipment	–	116
Operating cash flow before changes in working capital	<u>2,741,614</u>	<u>1,657,642</u>
Inventories	43,195	(177,013)
Other receivables	(45,296)	(31,363)
Other assets	73,055	(20,188)
Trade and other payables	(1,210,691)	2,011,445
Other liabilities	363,060	–
Net cash flows from operating activities	<u>1,964,937</u>	<u>3,440,523</u>
<u>Cash flows from investing activities</u>		
Disposal of plant and equipment	–	315
Purchase of plant and equipment (Note 9)	(458,578)	(172,045)
Cash restricted in use	989,295	(2,370,374)
Net cash flows from/(used in) investing activities	<u>530,717</u>	<u>(2,542,104)</u>
Net increase in cash and cash equivalents	2,495,654	898,419
Cash and cash equivalents, cash flow statement, beginning Balance	<u>5,367,337</u>	<u>4,468,918</u>
Cash and cash equivalents, cash flow statement, ending Balance (Note 13A)	<u>7,862,991</u>	<u>5,367,337</u>

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 31 December 2014**

	Note	Unrestricted funds			Restricted funds		Total
		General Fund	Local Relief Fund	Designated Fund	Local Building Fund	Sub-Total	
		\$	\$	\$	\$	\$	\$
INCOMING RESOURCES							
Voluntary income							
Tax deductible donations	4	1,310,984	4,434,395	–	–	5,745,379	5,745,379
Non-tax deductible donations		553,835	564,087	–	–	1,117,922	1,117,922
		1,864,819	4,998,482	–	–	6,863,301	6,863,301
Charitable income							
Children and youth classes		415,031	–	–	–	415,031	415,031
Continuing education center		93,234	–	–	–	93,234	93,234
Sales of goods		632,134	166,095	–	–	798,229	798,229
Donated assets		66,812	–	–	–	66,812	66,812
Proceed of fixed assets		63	177	–	–	240	240
		1,207,274	166,272	–	–	1,373,546	1,373,546
Funds generating activities							
Chinese new year charity fair		–	827,562	–	–	827,562	827,562
Placement of donation boxes		136,766	–	–	–	136,766	136,766
		136,766	827,562	–	–	964,328	964,328
Others							
Interest income		39,762	60,567	–	29,600	100,329	129,929
Sundry income		47,128	152,706	–	–	199,834	199,834
Government grant		–	89,278	89,377	–	178,655	178,655
Amortisation of deferred capital grants		29,500	–	–	–	29,500	29,500
		116,390	302,551	89,377	29,600	508,318	537,918
		3,325,249	6,294,867	89,377	29,600	9,709,493	9,739,093
Total incoming resources							

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 31 December 2014**

2013

Note	Unrestricted funds			Restricted funds			Total
	General Fund	Local Relief Fund	Sub-Total	Typhoon Haiyan Relief Fund	Local Building Fund	Sub-Total	
	\$	\$	\$	\$	\$	\$	
INCOMING RESOURCES							
Voluntary income							
Tax deductible donations	2,516,051	3,079,252	5,595,303	–	–	–	5,595,303
Non-tax deductible donations	314,893	478,021	792,914	–	–	–	792,914
	2,830,944	3,557,273	6,388,217	–	–	–	6,388,217
Charitable income							
Children & youth classes	44,660	–	44,660	–	–	–	44,660
Continuing education center	109,480	–	109,480	–	–	–	109,480
Sales of goods	770,512	150,279	920,791	–	–	–	920,791
Donated assets	133,414	7,000	140,414	–	–	–	140,414
Proceed of fixed assets	315	–	315	–	–	–	315
	1,058,381	157,279	1,215,660	–	–	–	1,215,660
Funds generating activities							
New year cookies sale	56,220	–	56,220	–	–	–	56,220
Chinese new year charity fair	–	732,802	732,802	–	–	–	732,802
Placement of donation boxes	120,013	–	120,013	–	–	–	120,013
Typhoon haiyan relief donation drive	–	–	–	1,086,717	–	1,086,717	1,086,717
	176,233	732,802	909,035	1,086,717	–	1,086,717	1,995,752
Others							
Interest income	36,267	55,680	91,947	–	28,386	28,386	120,333
Sundry income	349,037	10,121	359,158	–	–	–	359,158
	385,304	65,801	451,105	–	28,386	28,386	479,491
Total incoming resources	4,450,862	4,513,155	8,964,017	1,086,717	28,386	1,115,103	10,079,120

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 31 December 2014**

	Unrestricted funds			Restricted funds			Sub-Total	Sub-Total	Total
	Notes	General Fund	Local Relief Fund	Typhoon Haiyan Relief Fund	Local Building Fund	Total			
		\$	\$	\$	\$	\$	\$	\$	
RESOURCES EXPENDED									
Costs of generating voluntary income: fund raising									
Chinese new year charity fair		–	180,799	–	–	–	180,799	–	
Placement of donation boxes		1,070	–	–	–	–	1,070	–	
Recycling activities		–	74,247	–	–	–	74,247	–	
New year cookies		29,136	–	–	–	–	29,136	–	
Typhoon haiyan relief donation drive		–	–	3,920	–	–	3,920	–	
		30,206	255,046	3,920	–	–	285,252	3,920	
Costs of charitable activities: welfare services and homecare support expenses and cultural activities									
Programme for the needy families		–	600,945	–	–	–	600,945	–	
Programme for the medical treatments		–	715,592	–	–	–	715,592	–	
Seed of hope programmes		–	1,394,997	–	–	–	1,394,997	–	
Free clinic & fu hui health centre services		–	890,591	–	–	–	890,591	–	
Xiao Zhu bookstore		568,958	–	–	–	–	568,958	–	
Children and youth classes		56,996	–	–	–	–	56,996	–	
Continuing education center		87,103	–	–	–	–	87,103	–	
Interfaith prayer ceremony		74,200	–	–	–	–	74,200	–	
Tzu Chi's Singapore's 20 th anniversary		93,293	–	–	–	–	93,293	–	
Year end appreciation – sui chan		864,142	–	–	–	–	864,142	–	
Year end appreciation – new year		60,791	–	–	–	–	60,791	–	
Other cultural activities		35,642	–	–	–	–	35,642	–	
		1,841,125	3,602,125	–	–	–	5,443,250	–	

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 31 December 2014 (Cont'd)**

	Notes	Unrestricted funds		Restricted funds			Sub-Total	Total
		General Fund	Local Relief Fund	Typhoon Haiyan Relief Fund	Local Building Fund			
		\$	\$	\$	\$	\$	\$	
Costs of charitable activities: overseas donations								
Overseas donations	7	–	–	1,082,797	–	1,082,797	1,082,797	
		–	–	1,082,797	–	1,082,797	1,082,797	
Administrative costs								
Other social activities		339,560	8,015	–	–	–	347,575	
Other operating expenses	5	1,389,204	–	–	50,000	50,000	1,439,204	
		1,728,764	8,015	–	50,000	50,000	1,786,779	
Total resources expended		3,600,095	3,865,186	1,086,717	50,000	1,136,717	8,601,998	

Notes to the Financial Statements
31 December 2014

1. General

Buddhist Compassion Relief Tzu-Chi Foundation (Singapore) (“the “Foundation”) is a charity registered under the Charities Act, Chapter 37 and the Societies Act, Chapter 311. The Foundation is also an approved institution of Public Character under the Income Tax Act, Chapter 134. The financial statements are presented in Singapore dollars.

The board of directors approved and authorised these financial statements for issue on date of the Statement by Directors.

The principal objectives of the Foundation are to promote the spirit of compassion and unselfish giving as well as peaceful and equitable love, through missions and activities of charity, medical treatment, educational development and cultural promotion to the needy.

The registered office address is 9, Elias Road, Singapore 519937.

2. Summary of significant accounting policies

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs need not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the Foundation’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

2. Summary of significant accounting policies (cont'd)

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Foundation and it is shown net of related tax and subsidies.

(i) *Donations and corporate cash sponsorships*

Revenue from donations and corporate cash sponsorships are accounted for when received, except for committed donations and corporate cash sponsorships that are recorded when the commitments are signed.

(ii) *Fund raising*

Revenue from special event is recognised when the event takes place.

(iii) *Sale of goods and services*

Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services, including childcare fees, fees on continuing education classes, that are of short duration is recognised when the services are completed.

(iv) *Other revenue*

Interest revenue is recognised on a time-proportion basis using the effective interest rate.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income tax

As a charity, the Foundation is exempt from tax on income and gains falling within section 13U(1) of the Income Tax Act to the extent that these are applied to its charitable objects. No tax charges have arisen in the Foundation.

2. Summary of significant accounting policies (cont'd)

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income.

Plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Renovation	-	20%
Office equipment	-	20% - 33 ¹ / ₃ %
Furniture and fittings	-	10%
Motor vehicles	-	16 ² / ₃ %

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost 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. Subsequent cost are recognised as an 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 repairs and maintenance are charged to profit or loss when they are incurred.

2. Summary of significant accounting policies (cont'd)

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other 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 recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2. Summary of significant accounting policies (cont'd)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the “substance over form” based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.
4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

2. Summary of significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand, if any, that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2. Summary of significant accounting policies (cont'd)

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Gifts in kind

A gift in kind is included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received.

2. Summary of significant accounting policies (cont'd)

Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes if any by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Critical judgements, assumptions and estimation uncertainties

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

3. Related party relationships and transactions

3A. Related party:

A related party includes the board members and key management of the Foundation. 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 for which significant voting power in such entity resides with, directly or indirectly, any such individual.

The board of directors, or people connected with them, have not received remuneration, or other benefits, from the Foundation for which they are responsible, or from institutions connected with the Foundation.

There is no claim by the directors for services provided to the Foundation, either by reimbursement to the directors or by providing the directors with an allowance or by direct payment to a third party.

All directors, chairman of sub-committees and staff members of the Foundation are required to read and understand the conflict of interest policy in place and make full disclosure of interests, relationships and holding that could potentially result in 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.

3. Related party relationships and transactions (cont'd)

3A. Related party (cont'd):

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Significant related company transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Director's related company	
	<u>2014</u>	<u>2013</u>
	\$	\$
Purchases of goods	272,016	539,643
Rental and related expenses	<u>151,281</u>	<u>41,741</u>
	Key management's related party	
	<u>2014</u>	<u>2013</u>
	\$	\$
Purchases of goods	–	44,298
Receiving of donated inventories	<u>–</u>	<u>110,046</u>
	Related party – Tzu Chi Taiwan	
	<u>2014</u>	<u>2013</u>
	\$	\$
Purchases of goods	10,578	–
Rental expense	<u>50,012</u>	<u>50,012</u>

3B. Key management compensation:

Key management personnel are the chief executive officer and the directors of the Foundation. All the directors do not receive any compensation from the foundation during the reporting year.

4. Tax deductible receipts

The Foundation enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deductions for the donations made to the Foundation. The Institutions of Public Character status granted to the Foundation is for the period 10 November 2013 to 30 November 2015.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

4. Tax deductible receipts (cont'd)

	<u>2014</u>	<u>2013</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u>5,745,379</u>	<u>5,595,303</u>

5. Other operating expenses

The major components include the following:

	<u>2014</u>	<u>2013</u>
	\$	\$
Audit fees paid to independent auditors	16,500	15,500
Losses on disposal of plant and equipment	–	116
Rental expenses (Note 18)	72,481	76,398
Employee benefit expenses (Note 6)	451,988	441,821
Utilities	<u>77,831</u>	<u>77,060</u>

6. Employee benefits expense

	<u>2014</u>	<u>2013</u>
	\$	\$
Short term employee benefits expense	1,849,314	1,272,998
Contributions to defined contribution plan	188,239	103,809
Total employee benefits expense	<u>2,037,553</u>	<u>1,376,807</u>

The employee benefits expense is presented in the Statement of Financial Activities as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Other operating expenses	451,988	441,821
Charitable expenses	1,585,565	934,986
Total employee benefits expense	<u>2,037,553</u>	<u>1,376,807</u>

7. Overseas donations

	<u>2014</u>	<u>2013</u>
	\$	\$
Donation to Tzu-Chi Philippines – Typhoon Haiyan Relief	–	1,082,797
	<u>–</u>	<u>1,082,797</u>

8. Income tax

The Foundation is exempted from tax on income and gain falling within Section 13U (1) of the Singapore Income Tax Act to the extent that these are applied to its charitable objects. Therefore, no provision for income tax has been made in the financial statements.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

9. Plant and equipment

	<u>Renovations</u>	<u>Office</u>	<u>Furniture</u>	<u>Motor</u>	<u>Construction in</u>	<u>Total</u>
	\$	\$	and fittings	vehicles	Progress	\$
			\$	\$	\$	\$
<u>Cost</u>						
At 1 January 2013	615,184	1,072,842	512,964	93,027	—	2,294,017
Additions	—	95,230	14,415	—	62,400	172,045
Disposals	—	(38,042)	(3,045)	—	—	(41,087)
At 31 December 2013	615,184	1,130,030	524,334	93,027	62,400	2,424,975
Additions	—	96,147	12,865	55,000	294,566	458,578
Reclassification	294,466	31,500	31,000	—	(356,966)	—
Disposals	—	(154,728)	(8,294)	—	—	(163,022)
At 31 December 2014	909,650	1,102,949	559,905	148,027	—	2,720,531
<u>Accumulated Depreciation</u>						
At 1 January 2013	488,309	905,925	356,781	93,027	—	1,844,042
Depreciation for the year	52,120	87,008	41,276	—	—	180,404
Disposals	—	(38,042)	(2,614)	—	—	(40,656)
At 31 December 2013	540,429	954,891	395,443	93,027	—	1,983,790
Depreciation for the year	94,007	97,906	43,153	1,467	—	236,533
Disposals	—	(154,728)	(8,294)	—	—	(163,022)
At 31 December 2014	634,436	898,069	430,302	94,494	—	2,057,301
<u>Carrying value:</u>						
At 1 January 2013	126,875	166,917	156,183	—	—	449,975
At 31 December 2013	74,755	175,139	128,891	—	62,400	441,185
At 31 December 2014	275,214	204,880	129,603	53,533	—	663,230

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

9. Plant and equipment (cont'd)

Fully depreciated plant and equipment still in use had an initial cost of \$1,440,704 (2013:\$ 1,121,633).

The depreciation expense is presented in the Statement of Financial Activities as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Administrative costs	121,926	61,590
Charitable expenses	114,606	118,814
Total depreciation expense	<u>236,532</u>	<u>180,404</u>

10. Inventories

	<u>2014</u>	<u>2013</u>
	\$	\$
Inventories at cost	<u>183,693</u>	<u>226,888</u>

There are no inventories pledged as security for liabilities.

11. Other receivables

	<u>2014</u>	<u>2013</u>
	\$	\$
<u>Other receivables:</u>		
Outside parties	<u>206,258</u>	<u>110,962</u>

12. Other assets

	<u>2014</u>	<u>2013</u>
	\$	\$
Deposits to secure services	62,022	177,472
Prepayments (Note A)	973,298	980,903
	<u>1,035,320</u>	<u>1,158,375</u>
Presented as:		
Other assets, current	185,320	258,375
Other assets, non-current	850,000	900,000
	<u>1,035,320</u>	<u>1,158,375</u>

Note A:

Included in prepayments is an amount of \$900,000 (2013: \$950,000) that is related to the utilisation of Local Building Fund for the construction of main administrative building located at 9 Elias Road Singapore 519937, which is currently occupied by the Foundation.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

12. Other assets (cont'd)

The analysis of the amount is as follows:

	\$
<u>Cost:</u>	
Cost of building	5,003,258
Amount paid by Tzu-Chi Taiwan	<u>(3,852,545)</u>
Amount funded by Local Building Fund	<u>1,150,713</u>
<u>Accumulated effect of offsetting against rental payable to Tzu-Chi Taiwan:</u>	
At 1 January 2013	150,713
Rental offsetting during the year	<u>50,000</u>
At 31 December 2013	200,713
Rental offsetting during the year	<u>50,000</u>
At 31 December 2014	<u>250,713</u>
<u>Net amount recognised as prepayment in the statement of financial position:</u>	
At 1 January 2013	<u>1,000,000</u>
At 31 December 2013	<u>950,000</u>
At 31 December 2014	<u>900,000</u>

Prior to 2007, the Foundation had raised funds from local public donations and contribution from a related party, Buddhist Compassion Relief Tzu-Chi Foundation, registered and incorporated in Taiwan (the "Tzu-Chi Taiwan") to construct the aforesaid building. The building was built on a piece of land that was leased by Tzu-Chi Taiwan from the Singapore Land Authority for a period of 30 years effective from 26 January 1998.

The Foundation has partially paid \$1,150,713 for the construction costs on behalf of Tzu-Chi Taiwan. The amount has been recorded in the statement of financial position as a prepayment. Upon completion of the construction of the building, the Foundation has entered into an agreement with Tzu-Chi Taiwan to lease the land for 30 years at a rent of \$12 per year. In 2010, Tzu-Chi Taiwan and the Foundation have further entered into a lease agreement to lease the building for 23 year effective from 1 January 2010 at a rent of \$50,000 per year. The lease agreement further stipulates that the rental for the lease will be offset against the prepayment. Consequently, the Foundation has in 2010 commenced the amortisation of the prepayment over the lease period.

13. Cash and cash equivalents

	<u>2014</u>	<u>2013</u>
	\$	\$
Not restricted in use	7,862,991	5,367,337
Restricted in use:		
Cash restricted in use over 3 months	6,825,639	6,757,218
Cash under restricted funds (Note A)	<u>2,607,482</u>	<u>3,665,198</u>
	<u>17,296,112</u>	<u>15,789,753</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

13. Cash and cash equivalents (cont'd)

Note A: Cash and Cash Equivalents restricted in use are deposits placed in banks amounted to \$2,607,483 (2013: \$3,665,198) under the restricted funds (Note 16).

The rate of interest for the cash on interest earning balances amounting to \$11,616,284 (2013: \$11,496,032) was between 0.81% and 1.20% (2013: 0.81% and 1.15%) per annum.

13A. Cash and cash equivalents in the statement of cash flow:

	<u>2014</u>	<u>2013</u>
	\$	\$
Amount as shown above	17,296,112	15,789,753
Restricted in use	<u>(9,433,121)</u>	<u>(10,422,416)</u>
Cash and cash equivalents for Statement of Cash Flows purposes at end of year	<u>7,862,991</u>	<u>5,367,337</u>

14. Trade and other payables

	<u>2014</u>	<u>2013</u>
	\$	\$
<u>Trade payables:</u>		
Outside parties and accrued liabilities	133,879	246,459
Related party (Note 3)	70,218	182,741
Sub-total	<u>204,097</u>	<u>429,200</u>
<u>Other payables:</u>		
Cash collected in advance for courses	92,427	74,219
Committed donation payable to Tzu-Chi Philippines – Typhoon Haiyan Relief	–	1,082,797
Outside parties	886,564	807,563
Sub-total	<u>978,991</u>	<u>1,964,579</u>
Total trade and other payables	<u>1,183,088</u>	<u>2,393,779</u>

15. Other liabilities

	<u>2014</u>	<u>2013</u>
	\$	\$
Deferred capital grants (Note 15A)	174,668	–
Deferred government grant income (Note 15B)	<u>158,892</u>	<u>–</u>
	<u>333,560</u>	<u>–</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
 (UEN: S93SS0148C)

15. Other liabilities (cont'd)

15A. Deferred capital grants:

	<u>2014</u>	<u>2013</u>
	\$	\$
<u>At cost:</u>		
Balance at beginning of the year	--	--
Purchase of plant and equipment		
– Grants from Early Childhood Development Agency	204,168	--
Balance at end of the year	<u>204,168</u>	<u>--</u>
<u>Accumulated amortisation:</u>		
Balance at beginning of the year	--	--
Amortisation for the year	29,500	--
Balance at end of the year	<u>29,500</u>	<u>--</u>
<u>Carrying value:</u>		
Balance at beginning of the year	--	--
Balance at end of the year	<u>174,668</u>	<u>--</u>

15B. Deferred government grant income

	<u>2014</u>	<u>2013</u>
	\$	\$
Balance at beginning of the year		
Add: Fund received	248,269	--
	<u>248,269</u>	<u>--</u>
Less: Expenditure incurred	(89,377)	--
Balance at end of the year	<u>158,892</u>	<u>--</u>

Deferred government grant income represents grant received from government on a specific government matching grant program to affirm the good work of social service sector. It aims to facilitate new capability, capacity building projects, new programmes, and critical existing needs of social service sector. During the year, the foundation has submitted eligible collection of \$827,562 for matching for period from 01/12/2013 to 30/05/2014, and has since received the 30% of the claim for the purpose of planned capacity building project and new programmes.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

16. Fund account balances

	<u>2014</u>	<u>2013</u>
	\$	\$
<u>Unrestricted funds:</u>		
General fund	6,139,741	5,312,476
Local relief fund	8,500,913	6,798,540
Designated fund	25,377	–
Total unrestricted funds	<u>14,666,031</u>	<u>12,111,016</u>
<u>Restricted funds:</u>		
Local building fund	<u>3,201,934</u>	<u>3,222,368</u>
Total restricted funds	<u>3,201,934</u>	<u>3,222,368</u>
Total funds	<u>17,867,965</u>	<u>15,333,384</u>
Ratio of unrestricted funds to annual operating expenditure (times)*	<u>2.05</u>	<u>1.62</u>

* Annual Operating Expenditure represents total resources expended for unrestricted funds.

- (i) The General Fund is set up to finance the operation of the Foundation and all other expenses to carry out the missions of the Foundation.
- (ii) The Local Relief Fund is set up to maintain donations (both tax deductible and non-tax deductible) received from the public to be utilised for the purpose of provision of financial/non-financial assistance to the needy so as to benefit the community in Singapore as a whole regardless of race, gender and religion.
- (iii) The Designated Fund is the donation fund relates to grants received for specific purposes.
- (iv) Local Building Fund is set up to undertake future maintenance and improvements of the building premises occupied by the Foundation.

The accumulated funds of the Foundation provide financial stability and the means for the development of the Foundation's activities. The Foundation intends to maintain the funds at a level sufficient for its operating needs. The board members review the level of funds regularly for the Foundation's continuing obligations.

17. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Commitments to purchase plant and equipment	<u>–</u>	<u>393,600</u>
	<u>–</u>	<u>393,600</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

18. Operating lease payment commitments

At the end of reporting year the total of future minimum lease payments commitments under non-cancellable operating leases are as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Not later than one year	204,534	140,196
Later than one year and not later than five years	314,895	226,820
Total	<u>519,429</u>	<u>367,016</u>

The rental expense is presented in the Statement of Financial Activities as follows:

Other operating expenses (Note 5)	72,481	76,398
Charitable expenses	284,241	174,040
Total rental expense	<u>356,722</u>	<u>250,438</u>

Operating lease payments are for rentals payable by the Foundation for its office premises and certain office equipment. The leases for certain office premises and office equipment are negotiated for an average term of two to five years.

19. Financial instruments: information on financial risks

19A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and financial liabilities recorded at the end of the reporting year by FRS 39 categories:

	<u>2014</u>	<u>2013</u>
	\$	\$
<u>Financial assets:</u>		
Cash and cash equivalents	17,296,112	15,789,753
Other receivables	206,258	110,962
At end of the year	<u>17,502,370</u>	<u>15,900,715</u>
<u>Financial liabilities:</u>		
Trade and other payables measured at amortised cost	1,183,088	2,393,779
At end of the year	<u>1,183,088</u>	<u>2,393,779</u>

Further quantitative disclosures are included throughout these financial statements.

19B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following good market practices

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

19. Financial instruments: information on financial risks (cont'd)

19C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

19D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings.

As at the end of reporting year there were no amounts that were impaired.

Other receivables are normally with no fixed terms and therefore there is no maturity (Note 11).

Note 13 discloses the maturity of the cash and cash equivalents balances.

19E. Liquidity risk– financial liabilities maturity analysis

All liabilities are due within a 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 paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2013: 30 days). In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

19F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	<u>2014</u>	<u>2013</u>
	\$	\$
Financial assets:		
Fixed rates	<u>11,616,284</u>	<u>11,496,032</u>

Sensitivity analysis: The effect on surplus is insignificant.

19G. Foreign currency risks

There is insignificant exposure to foreign currency risk as part of its normal business.

Sensitivity analysis: The effect on surplus is not significant.

20. Changes and adoption of financial reporting standards

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require material modification of the measurement methods or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 27	Consolidated and Separate Financial Statements (Amendments) (*)
FRS 27	Separate Financial Statements (Revised) (*)
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting (*)
FRS 110	Consolidated Financial Statements (*)
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112 (*)
FRS 111	Joint Arrangements (*)
FRS 112	Disclosure of Interests in Other Entities (*)
INT FRS 121	Levies (*)

(*) Not relevant to the entity.

21. Future changes in financial reporting standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions	1 Jul 2014
Various	<i>Improvements to FRSs (Issued in January 2014). Relating to</i> FRS 102 Share-based Payment (*) FRS 103 Business Combinations (*) FRS 108 Operating Segments (*) FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures FRS 38 Intangible Assets (*)	1 Jul 2014
Various	<i>Improvements to FRSs (Issued in February 2014). Relating to</i> FRS 103 Business Combinations (*) FRS 113 Fair Value Measurement FRS 40 Investment Property (*)	1 Jul 2014
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
FRS 16 and FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 16 and FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements (*)	1 Jan 2016
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 (*)	1 Jan 2016
FRS 110, FRS 112 and FRS 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception (*)	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (*)	1 Jan 2016
FRS 114	Regulatory Deferral Accounts (*)	1 Jan 2016
Various	Improvements to FRSs (November 2014)	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2017
FRS 109	Financial Instruments	1 Jan 2018

(*) Not relevant to the entity.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

22. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. The reclassifications included the following:

Statement of Financial Activities For the Reporting Year Ended 31 December 2013	<u>After Reclassification</u> \$	<u>Before Reclassification</u> \$	<u>Difference</u> \$
Costs of charitable activities: welfare services, homecare support expenses and cultural activities	1,841,125	–	1,841,125
Administrative expenses	<u>1,728,764</u>	<u>3,569,889</u>	<u>(1,841,125)</u>