

SOSD

[UEN. T12SS0058C]

[Registered under the Societies Act,
Chapter 311 in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR
31 DECEMBER 2020**

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Fiducia LLP

(UEN. T10LL0955L)

Public Accountants and
Chartered Accountants of Singapore

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STATEMENT BY THE MANAGEMENT COMMITTEE

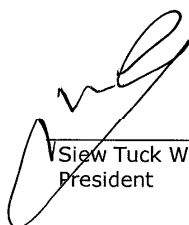
In the opinion of the Management Committee, the financial statements of the SOSD (the "Society") are drawn up so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2020 and the results, changes in funds and cash flows of the Society for the financial year then ended.

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.

The Management Committee, comprising the following, authorised the issue of these financial statements on **27 MAY 2021**

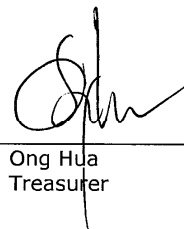
Siew Tuck Wah	President	
Chan Yuen Leng	Secretary	
Ong Hua	Treasurer	(Appointed on 1 August 2020)
Malina Adinegara Tjhin	Ordinary Member	
Kua Yi Wen	Ordinary Member	
Chen JiaXin	Ordinary Member	
Chia Su-Lin, Lynnette	Ordinary Member	(Appointed on 1 August 2020)
Yew Poh Leng Dorothy	Ordinary Member	(Appointed on 19 November 2020)

For and on behalf of the Management Committee,



Siew Tuck Wah
President

Singapore, **27 MAY 2021**



Ong Hua
Treasurer

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*Audited Financial Statements
For Financial Year 31 December 2020*

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Independent auditor's report to the members of:

SOSD

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SOSD (the "Society"), which comprise the statement of financial position as at 31 December 2020, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2020 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. The other information comprises the Statement by the Management Committee (set out on page 2), but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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(CONT'D)

Independent auditor's report to the members of:

SOSD

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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*Audited Financial Statements
For Financial Year 31 December 2020*

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

- 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.
- 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, the accounting and other records required to be kept 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.

DocuSigned by:


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Fiducia LLP

Public Accountants and
Chartered Accountants

Singapore, 27 May 2021

Partner-in-charge: Gan Chek Huat
PAB No.: 01939

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

		01.01.2020 to 31.12.2020	01.04.2019 to 31.12.2019
	Unrestricted fund	Designated fund	Total funds
Note	S\$	S\$	S\$
INCOME			
<u>Income from generated funds</u>			
Voluntary income			
- Donations	4 1,265,070	49,258	1,314,328
- Sponsorships	4 3,000	0	3,000
- Registration fee	4 0	0	0
- Sale of merchandise	4 18,606	0	18,606
- Bicentennial Community Fund grant	400,000	0	400,000
	<u>1,686,676</u>	<u>49,258</u>	<u>1,735,934</u>
			<u>717,467</u>
<u>Investment income</u>			
Dividend income	3,899	0	3,899
Interest income	<u>5,711</u>	<u>0</u>	<u>5,711</u>
	<u>9,610</u>	<u>0</u>	<u>11,384</u>
			<u>11,384</u>
<u>Income from charitable activities</u>			
Training fee	4 10,735	0	10,735
Registration fee	4 90	0	90
License fee	4 0	0	0
Sale of merchandise	4 24,985	0	24,985
Grants - AVA	19,310	0	19,310
	<u>55,120</u>	<u>0</u>	<u>55,120</u>
			<u>30,758</u>
<u>Other income</u>			
Insurance compensation	260	0	260
IRAS - Wage credit scheme payout and Job Support Scheme	103,520	0	103,520
IRAS - Special employment credit	1,894	0	1,894
MOM - FWL Rebate and Waiver	7,960	0	7,960
Grants	2,506	0	2,506
Others	<u>18,660</u>	<u>0</u>	<u>18,660</u>
	<u>134,800</u>	<u>0</u>	<u>134,800</u>
			<u>751</u>
Total income	<u>1,886,206</u>	<u>49,258</u>	<u>1,935,464</u>
			<u>760,360</u>
EXPENDITURE			
Cost of generating funds	12,591	0	12,591
Cost of charitable activities	275,315	23,106	298,421
Governance and administrative costs	<u>683,248</u>	<u>0</u>	<u>683,248</u>
			<u>534,073</u>
Total expenditure	<u>971,154</u>	<u>23,106</u>	<u>994,260</u>
			<u>812,872</u>
NET INCOME / (EXPENDITURE) FOR THE FINANCIAL YEAR	<u>915,052</u>	<u>26,152</u>	<u>941,204</u>
			<u>(52,512)</u>

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

**DETAILED STATEMENT OF EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

	Note	01.01.2020 to 31.12.2020		01.04.2019 to 31.12.2019
		Unrestricted fund	Designated fund	Total funds
		S\$	S\$	S\$
EXPENDITURE				
<u>Cost of generated funds</u>				
Event - Healing Paws		0	0	34
Promotion and marketing		96	0	0
Fundraising - miscellaneous - tin cans		214	0	10
License fees		0	0	1
Movie screening		0	0	1,323
Calendar - design, print postage and others		3,286	0	3,745
Cost of sale of merchandise		1,676	0	0
Transaction fees		5,840	0	9,250
Transportation - Adoption Drive		0	0	420
Rental of premise (Shelter tour)		0	0	508
Write off donated stocks		1,479	0	23,380
		12,591	0	38,671
<u>Cost of charitable activities</u>				
Boarding fees		3,010	0	0
Cremation		1,366	0	1,959
Dog food		68,072	444	65,909
Donated stocks - food and medical supplies		65,325	0	0
License fees		588	0	0
Medical supplies		19,036	0	15,422
Cost of sale of merchandise		13,680	0	923
Shelter supplies		601	0	1,203
Stray dog trapping		6,954	0	20,731
Transportation		12,379	0	5,787
Vet bills		84,304	22,662	127,497
Volunteer training expenses		0	0	697
		275,315	23,106	240,128
<u>Governance and administrative costs</u>				
Accounting fees		0	0	3,900
Audit fee		6,447	0	6,206
Bank charges		1,307	0	896
Depreciation	13	87,055	0	65,290
Dues and subscriptions		454	0	110
Ex-gratia - Meals, drinks and volunteer appreciation night		1,394	0	236
Interest expenses on lease liabilities		1,079	0	1,789
General expenses		40	0	131
Insurance		9,900	0	8,294
Loan interest		0	0	1,299
Penalty and late payment interest		1,502	0	84
Loss of disposal of plant and equipment		0	0	1,955
Medical		0	0	895
Balance carried forward		109,178	0	91,085

**DETAILED STATEMENT OF EXPENDITURE (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

		01.01.2020 to 31.12.2020		01.04.2019 to 31.12.2019
	Note	Unrestricted fund S\$	Designated fund S\$	Total funds S\$
EXPENDITURE (CONT'D)				
<u>Governance and administrative costs (Cont'd)</u>				
Balance brought forward		109,178	0	109,178
Miscellaneous		48	0	48
Service charges		2,300	0	2,300
NETS charges		0	0	0
Paypal charges		0	0	0
Postage and courier		209	0	209
Printing and stationery		614	0	614
Professional fees		4,000	0	4,000
Rental - new shelter		0	0	0
Rental - office		9,630	0	9,630
Repairs and maintenance – shelters		920	0	920
Repairs and maintenance – Motor Vehicle		576	0	576
Singpost box services		0	0	0
Small asset acquisition		731	0	731
Software Subscription and license fees		760	0	760
Stamp duties		470	0	470
Staff costs:			0	
Allowance - staff		63,576	0	63,576
Bonus - staff		48,782	0	48,782
Employer - CPF		62,099	0	62,099
SDL		1,012	0	1,012
Foreign worker levy		19,484	0	19,484
Leave encashment		1,331	0	1,331
Medical expenses		2,221	0	2,221
Skills development levy		0	0	0
Staff air passage		580	0	580
Staff employment and recruitment costs		0	0	0
Wages and salaries - staff		338,795	0	338,795
Telephone and internet		1,162	0	1,162
Transport		2,909	0	2,909
Power and utility fees - shelter		7,901	0	7,901
Van running		3,686	0	3,686
Website		274	0	274
		683,248	0	683,248
Total expenditure		971,154	23,106	994,260

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 S\$	2019 S\$
ASSETS			
Current assets			
Cash and cash equivalents	8	2,033,408	933,262
Other receivables	9	52,959	69,660
Inventories	10	5,895	5,208
Loan to a subsidiary	11	0	14,000
		<u>2,092,262</u>	<u>1,022,130</u>
Non-current assets			
Investment in a subsidiary	12	0	29
Plant and equipment	13	<u>168,145</u>	<u>132,389</u>
		<u>168,145</u>	<u>132,418</u>
Total assets		<u>2,260,407</u>	<u>1,154,548</u>
LIABILITIES			
Current liabilities			
Trade and other payables	14	145,567	48,730
Lease liabilities	15	<u>45,870</u>	<u>56,072</u>
		<u>191,437</u>	<u>104,802</u>
Non-current liabilities			
Lease liabilities	15	<u>90,927</u>	<u>12,907</u>
Total liabilities		<u>282,364</u>	<u>117,709</u>
NET ASSETS		<u>1,978,043</u>	<u>1,036,839</u>
FUNDS			
Unrestricted fund			
Unrestricted income fund	16	1,940,599	1,027,354
Designated fund			
SOSD Dog food and Medical fee fund	16	<u>37,444</u>	<u>9,485</u>
TOTAL FUNDS		<u>1,978,043</u>	<u>1,036,839</u>

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

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	01.01.2020 to 31.12.2020 S\$	01.04.2019 to 31.12.2019 S\$
Unrestricted fund		
<u>Unrestricted income fund</u>		
Balance at beginning of financial year/period	1,027,354	1,089,351
Transfer to designated fund	(1,807)	0
Net income/expenditure for the financial year/period	<u>915,052</u>	<u>(61,997)</u>
Balance at end of financial year/period	<u>1,940,599</u>	<u>1,027,354</u>
Designated fund		
<u>SOSD dog food and medical fee fund</u>		
Balance at beginning of financial year/period	9,485	0
Transfer from unrestricted fund	1,807	0
Net income for the financial year/period	<u>26,152</u>	<u>9,485</u>
Balance at end of financial year/period	<u>37,444</u>	<u>9,485</u>
Total funds	<u>1,978,043</u>	<u>1,036,839</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	01.01.2020 to 31.12.2020 S\$	01.04.2019 to 31.12.2019 S\$
Cash flows from operating activities			
Net income / expenditure for the year		941,204	(52,512)
Adjustments for:			
- Depreciation	13	87,055	65,290
- Dividend income	17	(3,899)	0
- Interest income		(5,711)	(11,384)
- Interest expense on lease liabilities		1,079	1,789
- Interest expense on loans		0	1,299
- Rent concessions received from lessor		(21,859)	0
- Loss on disposal of subsidiary		29	0
Operating cash flows before changes in working capital		997,898	4,482
Changes in working capital			
- Trade and other receivables		30,701	(26,518)
- Trade and other payables		96,837	(44,840)
- Inventories		(687)	700
Cash flows generated from operations		1,124,749	(66,176)
- Interest received		5,711	11,385
Net cash flows generated from / (used in) operating activities		1,130,460	(54,791)
Cash flows from investing activity			
Dividends received		3,899	0
Net cash flows provided by investing activity		3,899	0
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(33,134)	(40,265)
Interest paid on lease liabilities		(1,079)	(1,789)
Interest paid on loans		0	(1,299)
Net cash flows used in financing activities		(34,213)	(43,353)
Net decrease in cash and cash equivalents		1,100,146	(98,144)
Cash and cash equivalents at beginning of financial year/period		933,262	1,031,406
Cash and cash equivalents at end of financial year/period	8	2,033,408	933,262

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

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

1. General information

SOSD (the "Society") was registered as Society under Societies Act, Chapter 311 on 3 April 2012 and subsequently approved as Charity under the Charities Act, Chapter 37 on 23 April 2013. The Society is domiciled in the Republic of Singapore.

The Society's registered office and place of business is located at 59 Sungei Tengah Road, #01-41/42, Singapore 699014.

The Society was accorded as an Institutions of a Public Character ("IPC") status for the period from 25 April 2019 to 24 April 2020 and renewed for the period from 25 April 2020 to 24 April 2021. Subsequent to the year end, the Society has renewed its IPC status from 25 April 2021 to 24 July 2022.

The objectives of the Society are as follows:

- (a) To assist in the social integration and humane management of strays and the furtherance of animal welfare in our Society;
- (b) To promote education or participate in schemes proposed to promote education in developing social acceptance and consciousness towards the attributes of kindness, compassion and graciousness for animal life in our Society;
- (c) To engage in such charitable and welfare work as the Society may think fit;
- (d) To rescue and re-home stray, abandoned dogs, and dogs in need of a home; and
- (e) To provide comfort and companionship to persons in Singapore who are in need through activities or programmes involving dogs.

The principal activities of the subsidiary were those of sale of pet accessories and food but no sale of animals. The subsidiary was struck off from Accounting and Corporate Regulatory Authority ("ACRA") register on 4 March 2021.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs"), the disclosure requirements of the Societies Act, Chapter 311 and the Charity Act, Chapter 37. These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollar ("S\$"), which is the Society's functional currency.

The preparation of these financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Interpretations and amendments to published standards effective in 2020

In the current financial year, the Society adopted the new or amended FRSs and Interpretations to FRSs ("INT FRSs") that are mandatory for application for the financial year. Changes to the Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

Except for the adoption of Amendments to FRS 116 Leases as described below, the adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Society's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Early adoption of Amendments to FRS 116 Leases – Related Rent Concessions

The Society has elected to early adopt the amendments to FRS 116 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Society has elected to apply this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of S\$21,859 was recognised as negative variable lease payments in the profit or loss during the year.

2.1.2 Standards issued but not yet effective

The Society has not adopted the following relevant new/revised FRSs, INT FRSs and amendments to FRSs that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to:	
- FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116 – Interest Rate Benchmark Reform – Phase 2	1 January 2021
- FRS 16 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
- FRS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
- FRS 103 Reference to the Conceptual Framework	1 January 2022
- FRS 1 Classification of Liabilities as Current or Non-current	1 January 2023
- FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
Annual Improvements to FRSs 2018-2020	1 January 2022

The Management Committee believes that the adoption of the other standards and interpretations do not have material impact on the financial statements in the year of the initial application.

2. Significant accounting policies (Cont'd)

2.2 Income recognition

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

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

2.2.1 Donations

Donations are recognised in the statement of financial activities upon receipt. Donations-in-kind and sponsorship are recognised when the fair value of the assets received can be reasonably ascertained.

2.2.2 Sale of merchandise

Income from the sale of merchandise is recognised when the Society has delivered the products to the customers, and all criteria for acceptance have been satisfied (i.e. at a point in time).

2.2.3 Training and license fees

Income from training and license fees are recognised when the services rendered have been performed and the fees accepted (i.e. at a point in time).

2.2.4 Registration fee

Income from registration fee is recognised when the fees accepted (i.e. at a point in time).

2.2.5 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.2.6 Other income

Other income is recognised when received.

2.3 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Society will comply with all attached conditions. Government grants, relating to cost, are deferred and recognised in the statement of financial activities over the period necessary to match them with the costs they are intended to compensate.

2.4 Expenditure recognition

All expenses are accounted for on an accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.4.1 Cost of generating funds

Costs that are directly attributable to event organised by the Society and are separated from those costs incurred in undertaking charitable activities.

2. Significant accounting policies (Cont'd)

2.4 Expenditure recognition (Cont'd)

2.4.2 Cost of charitable activities

Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Society. The total costs of charitable activities are apportionment of overhead and shared costs.

2.4.3 Governance and administrative costs

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

2.5 Plant and equipment

2.5.1 Measurement

All plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is 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 and restoration is included as a consequence of acquiring or using the plant and equipment.

2.5.2 Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Useful lives

Motor vehicle	5 years
Renovation	3 years
Software	1 year
Right-of-use asset – Office premises	Over the remaining lease term

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in statement of financial activities when the changes arise.

2.5.3 Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised 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 statement of financial activities when incurred.

2.5.4 Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in statement of financial activities.

2. Significant accounting policies (Cont'd)

2.6 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

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

2.7 Financial assets

2.7.1 Classification and measurement

The Society classifies its financial assets as at amortised cost.

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

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

At initial recognition

At initial recognition, the Society measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of financial activities.

At subsequent measurement

Debt instruments of the Society mainly comprise cash and cash equivalents, other receivables and loan to a subsidiary.

There are three prescribed subsequent measurement categories, depending on the Society's business model in managing the assets and the cash flow characteristic of the assets. The Society managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

2. Significant accounting policies (Cont'd)

2.7 Financial assets (Cont'd)

2.7.1 Classification and measurement (Cont'd)

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in Statement of Financial Activities when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

2.7.2 Impairment

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

For cash and cash equivalents and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.7.3 Recognition and derecognition

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

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

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

2.8 Cash and cash equivalents

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

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the First-In, First-Out basis and includes freight and handling charges. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.10 Financial liabilities

Financial liabilities are recognised when the Society becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include "Trade and other payables" and "Lease liabilities" on statement of financial position.

2. Significant accounting policies (Cont'd)

2.10 Financial liabilities (Cont'd)

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expire. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.11 Trade and other payables

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

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Other payables excluding accruals, are recognised at their transaction price, excluding transaction cost, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

2.12 Provisions for other liabilities and charges

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

2.13 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 Committee. Externally restricted funds may only be utilised in accordance with the purposes for which they are established. The Management Committee retains full control over the use of unrestricted funds for any of the Society's purposes.

2.14 Leases as a lessee

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

The Society applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Society recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

2.14.1 Right-of-use assets

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

2. Significant accounting policies (Cont'd)

2.14 Leases as a lessee (Cont'd)

2.14.1 Right-of-use assets (Cont'd)

If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.6. The Society's right-of-use assets are presented within plant and equipment as disclosed in Note 13.

2.14.2 Lease liabilities

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating the lease, if the lease term reflects the Society exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Society uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Society's lease liabilities are disclosed in Note 15.

The Society has applied the amendment to FRS 116 Leases: Covid-19-Related Rent Concessions. The Society applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Society applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Society chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Society assesses whether there is a lease modification.

2.14.3 Short-term leases and leases of low-value assets

The Society applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.14.4 Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Society shall recognise those lease payments in the statement of financial activities in the periods that triggered those lease payments.

2. Significant accounting policies (Cont'd)

2.15 Employee compensation

2.15.1 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Society pay fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid. The Society's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

2.15.2 Short-term employee benefits

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

2.16 Borrowing costs

Borrowing costs are recognised in the statement of financial activities using the effective interest method. Borrowing costs may include interest in respect of lease liability recognised in accordance with FRS 116.

2.17 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

2.18 Events after the reporting date

Post year-end events that provide additional information about the Society's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. At the reporting date, there is no estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical judgements in applying the entity's accounting policies

At the reporting date, there are no significant items in the financial statements which require the exercise of critical judgement on the part of the management.

4. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

	01.01.2020 to 31.12.2020 S\$	01.04.2019 to 31.12.2019 S\$
<u>Revenue from:</u>		
Donations	1,314,328	714,924
Sponsorships	3,000	0
Sale of merchandise	43,591	9,628
Registration fee	90	2,543
Training fee	10,735	5,750
License fee	0	200
	<u>1,371,744</u>	<u>733,045</u>
<u>Timing of transfer of services:</u>		
- At a point in time	<u>1,371,744</u>	<u>733,045</u>

(b) There are no contract liability balances.

5. Donations and sponsorships

The total tax-deductible receipts issued by the Society for donations and sponsorship received during the financial year from 1 January 2020 to 31 December 2020 amounted to S\$1,027,120 (2019: S\$691,958), pursuant to its IPC status.

6. Fund-raising

	01.01.2020 to 31.12.2020 S\$	01.04.2019 to 31.12.2019 S\$
Receipts from fund-raising and sponsorships		
- Donations	1,246,935	691,320
- Sale of merchandise and others	43,591	9,628
- Sponsorship	3,000	0
	<u>1,293,526</u>	<u>700,948</u>
Fund-raising expenses	<u>(9,039)</u>	<u>(11,512)</u>
Fund-raising expenses as a percentage of total receipts from fund-raising and sponsorships	<u>0.70%</u>	<u>1.64%</u>

7. Income tax

The Society is an approved charity, no provision for taxation has been made in the financial statements as it is exempted from income tax under Section 13(1) of the Income Tax Act.

8. Cash and cash equivalents

	2020 S\$	2019 S\$
Cash on hand	0	100
Cash at banks	604,723	501,144
Paypal	78,685	32,018
Fixed deposits	1,350,000	400,000
	<u>2,033,408</u>	<u>933,262</u>

Fixed deposits with financial institutions at the reporting date have maturity dates of 6 to 12 months (2019: 1 to 7 months) and a weighted average effective interest rate 0.75% (2019: 2.11%) per annum.

Fixed deposits are included as cash and cash equivalents as these can be readily converted into cash without incurring significant penalty.

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair values.

9. Other receivables

	2020 S\$	2019 S\$
Other receivables - third parties	33,179	60,918
Grant receivables – Jobs Support Scheme	11,930	0
Fixed deposits accrued interest	2,682	0
Deposits	1,890	6,100
Prepayments	<u>3,278</u>	<u>2,642</u>
	<u>52,959</u>	<u>69,660</u>

Other receivables are unsecured, interest-free and receivable on demand.

The Jobs Support Scheme (JSS) provides wage support to employers to help them retain their local employees (Singapore citizens and Permanent Residents) during this period of economic and pandemic uncertainty. JSS payouts are intended to offset local employees' wages and help protect their jobs.

At the reporting date, the carrying amounts of other receivables approximated their fair values.

10. Inventories

	2020 S\$	2019 S\$
Inventories – Pet accessories and food	2,298	4,984
Other assets	<u>3,597</u>	<u>224</u>
	<u>5,895</u>	<u>5,208</u>

The cost of inventories recognised as an expense and included in "Cost of sale of merchandise" amounted to S\$15,356 (2019: S\$923).

Other assets pertain to assets and donated items that are not yet sold or expensed off as at the end of the financial year.

11. Loan to a subsidiary

	2020 S\$	2019 S\$
Loan to a subsidiary	<u>0</u>	<u>14,000</u>

The loan to a subsidiary is unsecured, non-trade in nature, with effective interest rate of 2.51% (2019: 2.51%) and due for repayment on 31 December 2018. On 25 July 2019, the loan to subsidiary has revised to non-interest bearing and repayable on demand.

The loan was fully repaid by the subsidiary during the financial year 2020.

12. Investment in a subsidiary

	2020 S\$	2019 S\$
Unquoted shares, at cost	<u>0</u>	<u>29</u>

Subsidiary	Country of incorporation	Percentage of equity held		Principal activity
		2020	2019	
Pet Guru Pte. Ltd.	Singapore	0%	100%	Sale of pet accessories and food but no sale of animals

Share held in trust

The subsidiary is held in trust by Malina Adinegara Tjhin, a member of the Management Committee of the Society (the "trustee").

In October 2020, the subsidiary ceased its business operation and its Board subsequently approved the striking-off from ACRA on 18 November 2020. The subsidiary was struck off from ACRA on 4 March 2021.

The Management has assessed and concluded to have ceased to control the subsidiary with effectivity from 18 November 2020. As a result of this, the management has write off the investment amounting to S\$29 into statement of financial activities under "miscellaneous expense" in 2020.

13. Plant and equipment

	Motor vehicle S\$	Renovation S\$	Software S\$	Right-of-use – Shelter S\$	Total S\$
Cost					
As at 31 March 2019 (reported)	58,000	63,053	3,698	0	124,751
Effects of adopting FRS 116	0	0	0	109,244	109,244
At 1 April 2019 (restated)	58,000	63,053	3,698	109,244	233,995
Additions	0	0	0	0	0
As at 31 December 2019	58,000	63,053	3,698	109,244	233,995
Additions	0	0	0	122,811	122,811
As at 31 December 2020	58,000	63,053	3,698	232,055	356,806
Accumulated depreciation					
At 1 April 2019	11,600	21,018	3,698	0	36,316
Depreciation	8,700	15,763	0	40,827	65,290
As at 31 December 2019	20,300	36,781	3,698	40,827	101,606
Depreciation	11,600	21,018	0	54,437	87,055
As at 31 December 2020	31,900	57,799	3,698	95,264	188,661
Carrying amount					
31 December 2019	37,700	26,272	0	68,417	132,389
31 December 2020	26,100	5,254	0	136,791	168,145

14. Trade and other payables

	2020 S\$	2019 S\$
Trade payables		
- Third parties	41,917	24,781
Other payables		
- CPF payables	11,245	9,858
- Accrued expenses	72,985	14,062
- Deferred grant income - JSS	19,420	0
- Advance from a director	0	29
	103,650	23,949
	145,567	48,730

Trade payables are non-interest bearing and are generally repayable within 30 (2019: 30) days' term.

Other payables are unsecured, interest-free and repayable on demand.

The deferred grant income – Jobs Support Scheme (JSS) will be recognised as a grant income, on a systematic basis, over the estimated 17 months of economic uncertainty until August 2021 in which the entity recognises the related salary costs.

The advance from a director was unsecured, non-trade in nature, interest-free and is payable upon demand. The amount was waived by the director in 2020 and recorded as other income under the classification "Others" for the year.

At the reporting date, the carrying amounts of trade and other payables approximated their fair values.

15. Lease liabilities

	2020 S\$	2019 S\$
Current	45,870	56,072
Non-current	<u>90,927</u>	<u>12,907</u>
	<u>136,797</u>	<u>68,979</u>

The Society leases premises for the purpose of its operations.

- (a) Carrying amount of right-of-use assets classified within plant and equipment in the Statement of Financial Position:

	2020 S\$	2019 S\$
Shelter	<u>136,791</u>	<u>68,417</u>

- (b) Amounts recognised in Statement of Financial Activities:

	01.01.2020 to 31.12.2020 S\$	01.04.2019 to 31.12.2019 S\$
Depreciation	54,437	40,827
Interest expense on lease liabilities	1,079	1,789
Rental – new shelter	0	17,003
Rental – office	<u>9,630</u>	<u>14,445</u>
	<u>65,146</u>	<u>74,064</u>

- (c) Total cash outflow:

The Society had total cash outflows for leases of S\$43,843 (2019: S\$73,502).

- (d) A reconciliation of liabilities arising from financing activities is as follows:

	1 January 2020 S\$	Addition S\$	Cash flows S\$	Non-cash changes			31 December 2020 S\$
				Accretion of interests S\$	Rent concession S\$	Other S\$	
Current	56,072	33,875	(34,213)	1,079	(21,859)	10,916	45,870
Non-current	<u>12,907</u>	<u>88,936</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,916)</u>	<u>90,927</u>
	<u>68,979</u>	<u>122,811</u>	<u>(34,213)</u>	<u>1,079</u>	<u>(21,859)</u>	<u>0</u>	<u>136,797</u>

	1 April 2019 S\$	Cash flows S\$	Non-cash changes		31 December 2019 S\$
			Accretion of interests S\$	Other S\$	
Current	40,265	(42,054)	1,789	56,072	56,072
Non-current	<u>68,979</u>	<u>0</u>	<u>0</u>	<u>(56,072)</u>	<u>12,907</u>
	<u>109,244</u>	<u>(42,054)</u>	<u>1,789</u>	<u>0</u>	<u>68,979</u>

16. Funds

16.1 Unrestricted Fund

This accumulated fund is for the purpose of meeting operating expenses incurred by the Society.

16.2 Designated Fund - SOSD Dog food and Medical fee fund

Designated fund consists of online appeals mainly for the purpose of dog medical fees and food.

17. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with the subsidiary took place at terms agreed between the parties during the financial year.

	01.01.2020 to 31.12.2020 S\$	01.04.2019 to 31.12.2019 S\$
<i>Subsidiary</i>		
Dividend income	(3,899)	0
Waiver of amount due from subsidiary	0	1,299
Waiver of amount due to director	<u>(29)</u>	<u>(45,293)</u>

There is a Management Committee member who received remuneration as follows:

	01.01.2020 to 31.12.2020 S\$	01.04.2019 to 31.12.2019 S\$
Salary	43,080	32,024
CPF employer portion and SDL	<u>8,400</u>	<u>5,445</u>
	<u>51,480</u>	<u>37,469</u>

There is no staff receiving more than S\$100,000 in annual remuneration.

18. Management of conflict of interest

The Management Committee are required to disclose any interest that they may have, whether directly or indirectly, that the Society may enter into or in any organisation that the Society has dealings with or is considering dealing with and any personal interests accruing to him as one of the Society's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected member of the Management Committee may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

19. Reserve position and policy

The Society's reserve position for financial year ended 31 December 2020 and 2019 is as follows:

		2020	2019	Increase
		\$'000	\$'000	%
A	Unrestricted Funds			
	Unrestricted income funds	1,941	1,027	89.00
	Designated Funds - SOSD Dog food and Medical fee fund	37	9	311.11
B	Restricted Funds	N/A	N/A	N/A
C	Endowment Funds	N/A	N/A	N/A
D	Total Funds	1,978	1,036	90.93
E	Total Annual Operating Expenditure	994	813	22.26
F	Ratio of Funds to Annual Operating Expenditure (D/E)	1.99	1.27	

Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted / designated and endowment funds.
- E. Total Annual Operating Expenditure includes expenses related to cost of generating funds, cost of charitable activities and governance and administrative costs.

The reserve policy of the Society is to provide financial stability and the means to development of the Society's activities. The Society intends to improve the reserves to a level sufficient for its operating needs.

The Management Committee will review semi-annually the amount of funds that is required to ensure that they are adequate to fulfil the Society's continuing obligation.

20. Financial risk management

The Society's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Management Committee are responsible for setting the objectives and underlying principles of financial risk management for the Society. The Society's management then establishes the detailed policies such as risk identification and measurement and exposure limits and hedging strategies, in accordance with the objectives and underlying principle approved by the Management Committee. Financial risk management is carried out by accounting personnel.

There has been no change to the Society's exposure to these financial risks or the manner in which it manages and measures the risk.

20.1 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 Society's exposure to credit risk arises primarily from other receivables. For other financial assets (including cash and cash equivalents), the Society minimizes credit risk by dealing exclusively with high credit rating counterparties.

The Society has adopted a policy of only dealing with creditworthy counterparties. The Society performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

20. Financial risk management (Cont'd)

20.1 Credit risk (Cont'd)

The Society considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Society has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments or there is significant difficulty of the counterparty.

Cash and cash equivalents of the Society are placed with reputable bank and are neither past due nor impaired. The other receivables are neither past due nor impaired. The Management Committee are of the opinion that they are not impaired since they will subsequently be collected.

Other receivables

The Society assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Society measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

20.2 Liquidity risk

Liquidity risk refers to the risk that the Society will not have sufficient funds to pay its debts as and when they fall due.

The Society adopts prudent liquidity risk management by maintaining sufficient cash and cash equivalents deemed adequate by the Management Committee to finance the Society's operations and mitigate the effects of fluctuations in cash flow.

The table below summarises the profile of the Society's financial liabilities at the end of the reporting year based on contractual undiscounted payments, including interest payments:

	2020 S\$	2019 S\$
<u>Payable within one year</u>		
<i>Financial liabilities</i>		
Trade and other payables	126,147	48,730
Lease liabilities	48,913	56,072
	<u>175,060</u>	<u>104,802</u>
<u>Payable between one and five years</u>		
<i>Financial liabilities</i>		
Lease liabilities	<u>93,456</u>	<u>14,018</u>

20. Financial risk management (Cont'd)

20.3 Interest rate risk

The Society's revenue and operating cash flows are not substantially affected by changes in market interest rates as they do not have significant interest-bearing assets or liabilities as at the reporting date.

20.4 Foreign currency risk

The Society is not exposed to foreign currency exchange risk as most of its transactions are in Singapore Dollar, its functional currency.

21. Fair values

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Society approximate their fair values due to their short-term nature.

Non-current portion of lease liabilities of the Society approximate their fair value as the interest is approximately to the market interest rate.

22. Financial instruments by category

The aggregate carrying amounts of financial assets and financial liabilities at amortised costs are as follows:

	2020 S\$	2019 S\$
Financial assets	2,083,089	1,014,280
Financial liabilities	<u>(268,516)</u>	<u>(118,820)</u>

23. Fund management

The primary objective of the Society's fund management is to ensure that the funding from donors and other sources are properly managed and used to support its operations.

The Society manages its fund structure and makes adjustment to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial year/period ended 31 December 2020 and 2019. The Society is not subjected to externally imposed capital requirements.

24. Comparative figures

The current financial year comprises twelve months from 1 January 2020 to 31 December 2020. The audited comparative figures presented in the financial statements are not entirely comparable as they cover nine months from 1 April 2019 to 31 December 2019 as the Society changed its financial year end from 31 March to 31 December.

25. Impact of COVID-19 (Coronavirus Disease 2019)

The COVID-19 pandemic has affected almost all countries of the world and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Society's significant operations are in Singapore which have been affected by the spread of COVID-19 in 2020. The nature of the Society's business are those of activities that are aimed at promoting education in developing social acceptance and consciousness towards the attributes of kindness, compassion and graciousness for animal life. The impact of COVID-19 on the Society's operations was minimal with the donation raised from public and grant income provided by the government authority. The impact of COVID-19 on the Society's financial performance reflected in this set of financial statements for the year ended 31 December 2020 are summarised below:

- i. The Society has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. The management is continuously monitoring the COVID-19 pandemic situation and will take further action as necessary in response to the service disruption.
- ii. The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020 to 1 June 2020, to pre-empt the trend of increasing local transmission of COVID-19. Except for those providing essential services and selected economic sectors which are critical for the local and the global supply chains, all businesses are required to suspend all in-person activities and the Society's physical operations were temporarily closed to adhere to the respective governments' movement control measures.
- iii. The Society was granted a total of 4-months rental waiver for the months of April to July 2020 as part of the Government's rental relief framework in an assistance package to help business and cushion the impact of COVID-19.

As the global COVID-19 situation remains very fluid as at the date of these financial statements were authorised for issuance, the Society cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Society's assets may be subject to further write downs in the subsequent financial years.

26. Events after the reporting date

A notice dated 4 January 2021 has been published in the Government Gazette in relation to the striking off of the subsidiary from the register. The subsidiary was struck off from ACRA on 4 March 2021.

27. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee of the Society on **27 MAY 2021**