

NAM HONG WELFARE SERVICE SOCIETY
(Registered in Singapore)
(Registration No.: - 1024/2007)

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

**FOR THE YEAR ENDED
31 DECEMBER 2009**

**VEERA & ASSOCIATES
PUBLIC ACCOUNTANTS AND
CERTIFIED PUBLIC ACCOUNTANTS**

NAM HONG WELFARE SERVICE SOCIETY
(Registered in Singapore)

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

**FOR THE YEAR ENDED
31 DECEMBER 2009**

C O N T E N T S

	<u>PAGE</u>
Statement on behalf of the Management Committee	1
Independent Auditor's Report	2
Statement of Income and Expenditure	4
Balance Sheet	6
Statement of Changes in Accumulated Funds	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

NAM HONG WELFARE SERVICE SOCIETY

STATEMENT ON BEHALF OF THE MANAGEMENT COMMITTEE

The Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Constitution of Nam Hong Welfare Service Society and Singapore Financial Reporting Standards. This responsibility includes:

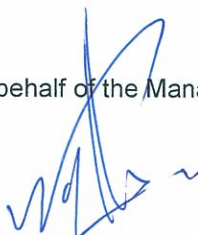
- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

In our opinion:

- (a) the financial statements set out on pages 4 to 13 are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 December 2009 and of the results, changes in equity and cash flows of the Society for the year ended on that date in accordance with the provisions of the Constitution and Singapore Financial Reporting Standards; and
- (b) at the date of this statements, 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 has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Management Committee



NG SEE YIAN
Secretary



CHEW CHON CHUA
Treasurer

Singapore,
20 May 2010

120 Lower Delta Road, #10-05, Cendex Centre, Singapore 169208

Tel : 6538 8117 Fax: 6323 3576

E-mail: cpa@vna.com.sg

Website: www.vna.com.sg

Partners: Veerappan Subramanian, CPA, FCCA
Anand Patel, CPA

**Independent Auditor's Report to the Members of
Nam Hong Welfare Service Society
(Registered in Singapore)**

We have audited the accompanying financial statements of Nam Hong Welfare Service Society ("the Society"), which comprise the balance sheets of the Society as at 31 December 2009, the statement of Income and Expenditure, statement of changes in accumulated funds and statement of cash flows of the Society for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 13.

Management Committee's responsibility for the financial statements

The Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Constitution of the Society and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management committee, 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.

In our opinion:

- (a) the financial statements and the balance sheet of the Society are properly drawn up in accordance with the provisions of the Constitution of the Society and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Society as at 31 December 2009 and the results, changes in equity and cash flows of the Society for the year ended on that date; and
- (b) the accounting and other records required by the Constitution of the Society to be kept by the Society of which we are the auditors have been properly kept in accordance with the provisions of the Constitution.

Singapore,
20 May 2010



.....
Veera & Associates
Public Accountants and
Certified Public Accountants

NAM HONG WELFARE SERVICE SOCIETY
STATEMENT OF INCOME AND EXPENDITURE
For the financial year ended 31 December 2009
(Expressed in Singapore Dollars)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		(12 months)	(12 months)
		\$	\$
<u>Income</u>			
Donation		641,628	326,639
Registration Fee		67,196	66,958
Interest Income		28,213	271
Medical Fee		1,365	-
Event Income		6,180	-
Total Income		744,582	393,868
<u>Expenditure</u>			
Accounting Fee		2,400	2,400
Advertising		2,692	2,133
Audit Fee		3,700	3,500
Bank Charges		57	16
Bonus		32,289	30,921
Charity Activities Expense		-	1,094
Charity Dinner Expenses		-	284
CPF Contributions		26,627	26,146
Depreciation		14,655	11,015
Entertainment		76	-
General Expenses		302	1,497
Gift		355	1,020
Inspection Fee		-	280
Insurance		7,647	4,811
ISO Fee		-	3,638
Late Payment Interest		-	81
Maintenance Charges		3,499	3,119
Medical Expenses		1,143	517
Newspaper and Periodical		532	482
Office Supplies		2,227	3,763
Postage and Courier		684	282
Printing and Stationary		7,357	5,778
Professional Fee		6,419	850
Part Time Cleaner and Worker		722	-
Purchases of Medicinal Products		310,608	137,107
Refreshment		1,435	618
Rental of Medical Centre		2,992	2,992
Registration Fee		100	-
Security Services		514	471
Skill Development Levy		624	255
Software Development		1,200	5,600
Staff Allowance		4,750	120
Staff Training		-	3,209

*(The annexed notes form an integral part of and
should be read in conjunction with the financial statements)*

NAM HONG WELFARE SERVICE SOCIETY

STATEMENT OF INCOME AND EXPENDITURE (continued)

For the financial year ended 31 December 2009

(Expressed in Singapore Dollars)

	Note	2009	2008
Staff Welfare		140	60
Subscription Fee		1,070	-
Telecommunication Charges		2,085	2,109
Transportation		1,052	27
Upkeep of Office		1,810	7,785
Utilities		9,563	10,568
Wages and Salaries		238,737	242,156
Website Design and Development		8,475	7,747
Total Expenditure		698,538	524,451
Income Tax Expense	4	12	1,164
Surplus/(Deficit) for the Financial Year		46,032	(131,747)

Approved by:



NG SEE YIAN
Secretary



CHEW CHON CHUA
Treasurer

*(The annexed notes form an integral part of and
should be read in conjunction with the financial statements)*

NAM HONG WELFARE SERVICE SOCIETY

BALANCE SHEET

As at 31 December 2009

(Expressed in Singapore Dollars)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		\$	\$
EQUITY			
Accumulated Surplus		<u>151,660</u>	<u>105,628</u>
Represented by:			
Non-Current Assets			
Plant and Equipment	5	8,178	21,973
Current Assets			
Other Current Assets	6	-	3,376
Cash and Bank Balances		<u>180,663</u>	<u>119,986</u>
		<u>180,663</u>	<u>123,362</u>
Current Liabilities			
Trade Payables		26,788	23,801
Other Payables	7	<u>10,393</u>	<u>15,906</u>
		<u>37,181</u>	<u>39,707</u>
Net Current Assets		<u>143,482</u>	<u>83,655</u>
		<u>151,660</u>	<u>105,628</u>

Approved by



NG SEE YIAN
Secretary



CHEW CHON CHUA
Treasurer

(The annexed notes form an integral part of and should be read in conjunction with the financial statements)

NAM HONG WELFARE SERVICE SOCIETY

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

For the financial year ended 31 December 2009

(Expressed in Singapore Dollars)

	Accumulated Surplus
<u>2009</u>	
Balance as at 01 January 2009	105,628
Surplus recognised for the financial year	46,032
Balance as at 31 December 2009	<u>151,660</u>
<u>2008</u>	
Balance as at 01 January 2008	237,375
Deficit recognised for the financial year	(131,747)
Balance as at 31 December 2008	<u>105,628</u>

Approved by:



NG SEE YIAN
Secretary



CHEW CHON CHUA
Treasurer

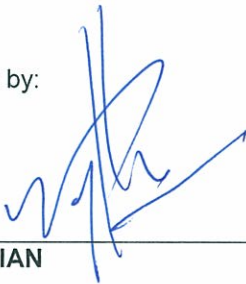
(The annexed notes form an integral part of and
should be read in conjunction with the financial statements)

NAM HONG WELFARE SERVICE SOCIETY

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2009
(Expressed in Singapore Dollars)

	<u>2009</u>	<u>2008</u>
Operating activities		
Surplus/(Deficit) before tax for the year	46,044	(130,583)
Adjustments for:		
Depreciation	<u>14,655</u>	<u>11,015</u>
	60,699	(119,568)
Changes in working capital		
Other Current Assets	3,376	(3,376)
Trade Payables	2,987	23,801
Other Payables	<u>(5,513)</u>	<u>15,906</u>
Cash generated from operations	61,549	(83,237)
Income Tax Paid	<u>(12)</u>	<u>(1,164)</u>
Cash flows (used in)/from operating activities	<u>61,537</u>	<u>(84,401)</u>
Investing activities		
Purchase of Plant & Equipment	<u>(860)</u>	<u>(32,988)</u>
Cash flows used in investing activities	<u>(860)</u>	<u>(32,988)</u>
Financing Activities		
Reserves on Acquisition of Business	<u>-</u>	<u>237,375</u>
Cash flows from financing activities	<u>-</u>	<u>237,375</u>
Net increase in cash and bank balances	60,677	119,986
Cash and bank balances at the beginning of year	<u>119,986</u>	<u>-</u>
Cash and bank balances at the end of year	<u>180,663</u>	<u>119,986</u>

Approved by:



NG SEE YIAN
Secretary



CHEW CHON CHUA
Treasurer

*(The annexed notes form an integral part of and
should be read in conjunction with the financial statements)*

NAM HONG WELFARE SERVICE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

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

1. GENERAL AND PRINCIPAL ACTIVITIES

The Society is registered and domiciled in Singapore. The address of the Society's principal place of activities is:

Blk 111, Yishun Ring Road
#01-375
Singapore 760111

The Society is a non-profit making society formed under the Society Act for the purpose of providing Chinese clinical and medicinal facilities to the needy. Donations and Registration Fee form the revenue sourcing activities.

The financial statements were authorised for issue by the Management Committee of the Society on 20 May 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The financial statements of the Society which are expressed in Singapore dollars are prepared on a historical cost basis and in accordance with Singapore Financial Reporting Standards (FRS).

All financial information is presented in Singapore dollars which is the Society's functional currency and has been rounded to the nearest dollar, unless otherwise stated.

The preparation of financial statements requires management to exercise its judgment in the process of applying the accounting policies of the Society. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

During the financial year, the Society has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 01 January 2009. The adoption of these new / revised FRSs and INT FRSs does not result in changes to the Society's accounting policies and has no material effect on the amounts reported for the current year or prior years except as disclosed in the notes to the financial statements.

The Society has not applied any new FRS and INT FRS that has been issued as at the balance sheet date but is not yet effective. The Management Committee do not anticipate the adoption of the new FRS and INT FRS in future financial periods to have any material impact on the Society's financial statements in the period of initial application.

(b) PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

NAM HONG WELFARE SERVICE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When the parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Society and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the income statement as incurred.

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:-

Renovation	5 years
Signboard	5 years
Office Equipment	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each balance sheet date.

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

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

(c) IMPAIRMENT OF ASSETS

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

NAM HONG WELFARE SERVICE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

(d) INCOME RECOGNITION

Income is recognised to the extent that it is probable that the economic benefits will flow to the Society and the income can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

- (i) Registration is recognised on an accrual basis
- (ii) Donation is recognised on a receipt basis.
- (iii) Interest income is recognised on an accrual basis.

(e) OTHER CURRENT ASSETS

Other current assets are carried at original invoiced amount less any allowance for uncollectible amounts.

(f) TRADE AND OTHER PAYABLES

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Society.

(g) EMPLOYEE BENEFITS

(i) Defined contribution plan

As required by law, the Society makes contributions to the state pension scheme, the Central Provident Fund ("CPF"). Such obligations for contributions are recognised as compensation expense in the income statement in the same period as the employment that gives rise to the obligatory contribution.

(ii) Employee leave entitlements

Liabilities for annual leave and sick leave are recognised, and are measured as the amount unpaid at the balance sheet date at current pay rates in respect of employees' services up to that date. A liability for long service leave is recognised, on the basis of an estimation of the present value of the future cash outflows to be made in respect of services provided by employees up to the balance sheet date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates that match, as closely as possible, the estimated future cash outflows.

(h) PROVISIONS

Provision are recognized when the Society has a present obligation (legal and constructive) as a result of a past event and 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.

(i) INCOME TAX

Income tax expense is recognised in the income statement.

The Society is taxable as a business on its profit, at the corporate tax rate, if its gross revenue receipts from members account for less than 50% of its gross revenue receipts from members and others.

NAM HONG WELFARE SERVICE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

3. STAFF COSTS

	<u>2009</u>	<u>2008</u>
	\$	\$
Wages and Salaries	238,737	242,156
Employers' Contribution to CPF	26,627	26,146
	<u>265,364</u>	<u>268,302</u>

4. INCOME TAX EXPENSE

As set out in section 11(1) of the Singapore Income Tax Act, Cap. 134, the Society is taxable as a business on its profit, at the corporate tax rate, if its gross revenue receipts from members account for less than 50% of its gross revenue receipts from members and others.

No income tax was paid or tax refund received during the financial year ended 31 December 2009 (2008: \$Nil).

5. PLANT AND EQUIPMENT

2009

	Opening Balances	Additions (Disposals)	Accumulated Depreciation	Net Book Value	Charge for the year
	\$	\$	\$	\$	\$
Computer	-	860	287	573	287
Renovation	177,868		175,396	2,472	7,724
Signboard	2,741	-	2,741	-	512
Office Equipment	30,661	-	25,529	5,132	6,132
	<u>211,271</u>	<u>860</u>	<u>203,953</u>	<u>8,178</u>	<u>14,655</u>

2008

	Addition on Acquisition	Additions (Disposals)	Accumulated Depreciation on Acquisition	Accumulated Depreciation	Net Book Value	Charge for the year
	\$	\$	\$	\$	\$	\$
Renovation	173,748	4,120	162,558	5,114	10,196	5,114
Signboard	2,741	-	1,973	256	512	256
Office Equipment	30,661	-	13,752	5,645	11,264	5,645
	<u>207,151</u>	<u>4,120</u>	<u>178,283</u>	<u>11,015</u>	<u>21,973</u>	<u>11,015</u>

NAM HONG WELFARE SERVICE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

6. OTHER CURRENT ASSETS

	<u>2009</u>	<u>2008</u>
	\$	\$
Prepayments	<u>-</u>	<u>3,376</u>

7. OTHER PAYABLES

	<u>2009</u>	<u>2008</u>
	\$	\$
Accruals	<u>10,393</u>	<u>15,906</u>

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is integral to the whole activities of the Society. The Society has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continually monitors the Society's risk management process to ensure that an appropriate balance between risk and control is achieved.

The financial risk management of the Society is handled by its Management Committee.

(a) LIQUIDITY RISK

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

(b) FOREIGN CURRENCY RISK

The Society's activities do not expose it to any foreign exchange risk.

(c) INTEREST RATE RISK

The Society's income and operating cash flows are independent of changes in market interest rates as it does not have any borrowings.

(d) CREDIT RISK

The Society's activities do not expose it to any credit risk.

(e) FAIR VALUES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amounts of other current assets, cash and cash equivalents and other payables approximate their fair values due to their short-term nature.