

**THE NATIONAL ST. JOHN COUNCIL**  
(Registered under the Societies Act, Cap. 311)  
(Unique Entity Number, UEN: S70SS0009L)

**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**  
**TOGETHER WITH REPORTS OF COUNCIL MEMBERS AND AUDITORS**

The National St. John Council  
(Unique Entity Number, UEN: S70SS0009L)

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**The National St. John Council  
Statement by Council Members  
for the financial year ended 31 December 2010**

On behalf of the Council Members, we, SEAH BOON CHUN and BOBBY LIM CHYE HUAT do hereby state that in our opinion;

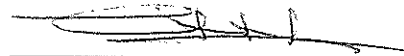
- (a) the accompanying financial statements of The National St. John Council ("Council") are drawn up in accordance with the Constitution of the Council, the Societies Act, Cap. 311, the Charities Act, Cap. 37 and the regulations enacted thereunder, and the Singapore Financial Reporting Standards so as to give a true and fair view of the statement of financial position as at 31 December 2010 and statement of comprehensive income, statement of changes in funds and statement of cash flows of the Council for the financial year ended on that date;
- (b) the accounting and other records required to be kept by the Constitution of the Council, Societies Act, Cap. 311, the Charities Act, Cap. 37 and the regulations enacted thereunder, have been properly kept in accordance with those provisions; and
- (c) there are reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due.

On behalf of the Council Members



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**Seah Boon Chun**  
PB, PBS, C.St.J  
Honorary Treasurer

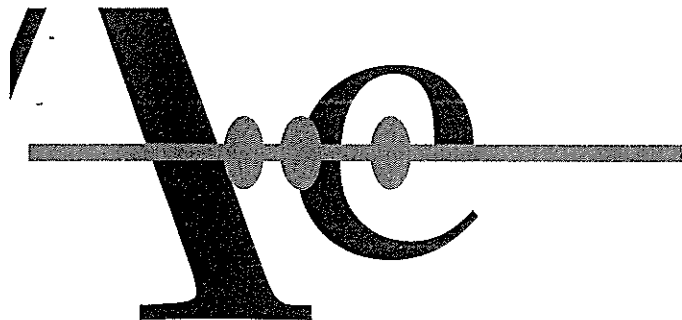


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**Bobby Lim Chye Huat**  
PBM, C.St.J.  
Chairman

Singapore,

**22 AUG 2011**



## INDEPENDENT AUDITORS' REPORT

To the Members of  
The National St. John Council

### Report on the Financial Statements

We have audited the accompanying financial statements of The National St. John Council ("the Council"), which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Council Management's Responsibility for the Financial Statements*

Council's Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Societies Act, Cap. 311, the Charities Act, Cap. 37 and the regulations enacted thereunder ("the Acts"), the Constitution of the Council and the Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statement of financial position and to maintain accountability of assets.

#### *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 about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal controls relevant to the entity's preparation of the financial statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

#### *Opinion*

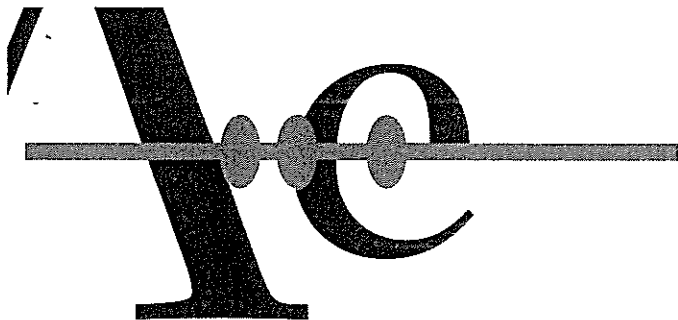
In our opinion, the financial statements of the Council are properly drawn up in accordance with the provisions of the Acts, the Constitution of the Council and the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Council as at 31 December 2010 and the results, changes in funds and cash flows of the Council for the financial year ended on that date.

**ADEPT PUBLIC ACCOUNTING CORPORATION**

INCORPORATED WITH LIMITED LIABILITY

138 CECIL STREET #06-01 CECIL COURT SINGAPORE 069538 TEL: 63231613 FAX: 63231763 WWW.ADEPTPAC.COM.SG

CO REG NO 200819324E



INDEPENDENT AUDITORS' REPORT  
The National St. John Council  
(continued)

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required to be kept by the Council have been properly kept in accordance with the provisions of the Act and the Constitution of the Council.

Nothing came to our notice that caused us to believe that;

- (i) donations were not used in accordance with the objective of the Council; and
- (ii) the Council did not comply with the requirement of Regulation 15 (Fund-raising expenses) under the Charities (Institutions of a Public Character) Regulations 2007.

  
Public Accountants and  
Certified Public Accountants

Singapore,

22 AUG 2011

The National St. John Council  
Statement of comprehensive income  
for the financial year ended 31 December 2010

	Note	2010 S\$	2009 S\$
<b>Income</b>			
Activities generated from fund raising events	4	423,959	362,496
Course fees		1,288,331	1,144,689
Donations - non tax exempt		4,635	8,410
Donations - tax exempt		411,266	279,777
Government grants		140,600	170,568
Interest income from banks		29,450	34,201
Miscellaneous income	5	88,500	74,676
Profit from sale of inventories		24,433	23,763
Jobs credit		10,704	53,277
<b>Total income</b>		<b>2,421,878</b>	<b>2,151,857</b>
<b>Less: Expenditure</b>			
Advertisement and subscription		2,923	1,273
Audit fee		7,250	8,000
Bank charges		2,467	1,722
Depreciation of building and equipment	8	116,003	129,065
Fund-raising expenses	4	45,760	24,890
Insurance		8,745	8,483
Inventories written off	9	7,128	-
Licence fees		484	922
Medical fees and welfare		17,409	14,511
Parade and ceremonial accessories		24,132	4,685
Printing, stationery and postages		28,682	24,231
Public duty with ambulance support		53,828	46,810
Rental of premises		12,830	12,612
Repairs and maintenance		82,273	92,944
Special programme and other events		192,558	84,093
Staff costs			
- Salaries and bonuses	6	680,683	566,488
- Central Provident Fund	6	74,796	79,139
Teaching materials		41,496	66,948
Telecommunication		7,401	6,284
Training, courses and competitions		207,467	138,485
Travelling and transport reimbursements		242,345	171,432
Uniform, badges and accessories		15,300	13,149
Utilities		50,950	43,670
Zones and corps expenses		78,829	83,585
<b>Total expenditure</b>		<b>2,001,739</b>	<b>1,623,421</b>
<b>Surplus for the year</b>		<b>420,139</b>	<b>528,436</b>
Other comprehensive surplus for the year		-	-
<b>Total comprehensive surplus for the year</b>		<b>420,139</b>	<b>528,436</b>

See accompanying notes to the financial statements

The National St. John Council  
Statement of financial position  
as at 31 December 2010

	Note	2010 S\$	2009 S\$
<b>Assets</b>			
<b>Non-current assets</b>			
Building and equipment	8	257,627	312,028
<b>Current assets</b>			
Inventories	9	67,573	96,792
Trade receivables	10	263,349	131,164
Other receivables, deposits and prepayments	11	276,941	30,789
Fixed deposits	12	4,522,482	4,131,728
Cash and bank balances	12	1,118,589	1,398,577
		<u>6,248,934</u>	<u>5,789,050</u>
<b>Less: Current liabilities</b>			
Fees received in advance	14	8,688	41,580
Other payables and accruals	13	169,197	143,565
		<u>177,885</u>	<u>185,145</u>
<b>Net current assets</b>		<u>6,071,049</u>	<u>5,603,905</u>
<b>Total assets</b>		<u><u>6,328,676</u></u>	<u><u>5,915,933</u></u>
<i>Represented by:</i>			
<b>Funds</b>			
<b>Restricted</b>			
Zone bursary fund	15	280,683	279,586
<b>Non-restricted</b>			
Designated funds	16	96,308	79,594
Accumulated fund		5,235,284	4,840,352
Capital reserve	17	716,401	716,401
<b>Total funds</b>		<u><u>6,328,676</u></u>	<u><u>5,915,933</u></u>

See accompanying notes to the financial statements

The National St. John Council  
Statement of changes in funds  
for the financial year ended 31 December 2010

	Accumulated fund S\$	Zone bursary fund S\$	Designated funds S\$	Capital reserve S\$	Total S\$
Balance as at 1 January 2009	4,311,916	274,333	90,810	716,401	5,393,460
Total comprehensive surplus for the year	528,436	-	-	-	528,436
Amounts utilised	-	-	(11,216)	-	(11,216)
Interest income from bank	-	5,573	-	-	5,573
Bursary award	-	(320)	-	-	(320)
Balance as at 31 December 2009	<u>4,840,352</u>	<u>279,586</u>	<u>79,594</u>	<u>716,401</u>	<u>5,915,933</u>
Total comprehensive surplus for the year	420,139	-	-	-	420,139
Reclassification of accumulated fund to designated fund	(25,207)	-	25,207	-	-
Amounts utilised	-	-	(8,493)	-	(8,493)
Interest income from bank	-	2,357	-	-	2,357
Bursary award	-	(1,260)	-	-	(1,260)
Balance as at 31 December 2010	<u>5,235,284</u>	<u>280,683</u>	<u>96,308</u>	<u>716,401</u>	<u>6,328,676</u>

See accompanying notes to the financial statements

The National St. John Council  
Statement of cash flows  
for the financial year ended 31 December 2010

	Note	2010 S\$	2009 S\$
<b>Cash flows from operating activities</b>			
Surplus for the year		420,139	528,436
Adjustment for: -			
Depreciation of building and equipment		116,003	129,065
Inventories written off		7,128	-
Interest income from banks		(29,450)	(34,201)
<b>Operating surplus before working capital changes</b>		<u>513,820</u>	<u>623,300</u>
<b>Changes in working capital: -</b>			
Inventories		22,091	(21,486)
Trade receivables		(132,185)	65,452
Other receivables, deposits and prepayments		(246,152)	3,725
Fees received in advance		(32,892)	33,958
Other payables and accruals		25,632	(22,242)
		(363,506)	59,407
<b>Changes in funds</b>			
Net receipt for zone bursary fund		1,097	5,253
Utilisation of designated funds for corps		(8,493)	(11,216)
		(7,396)	(5,963)
<b>Net cash generated from operating activities</b>		<u>142,918</u>	<u>676,744</u>
<b>Cash flows from investing activities: -</b>			
Interest received		29,450	34,201
Acquisition of equipment and renovation		(61,602)	(53,717)
<b>Net cash used in investing activities</b>		<u>(32,152)</u>	<u>(19,516)</u>
Net increase in cash and cash equivalents		110,766	657,228
Cash and cash equivalents at beginning of the financial year		<u>5,530,305</u>	<u>4,873,077</u>
Cash and cash equivalents at end of the financial year	12	<u><u>5,641,071</u></u>	<u><u>5,530,305</u></u>

See accompanying notes to the financial statements

The National St. John Council  
Notes to the financial statements  
for the financial year ended 31 December 2010

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

1. General information

The National St John Council ("the Council") is domiciled and registered in the Republic of Singapore as a Society under the Societies Act, Cap. 311. The Council is registered as a charity under the Charities Act, Cap. 37 (Unique entity number: S70SS0009L). The Council is conferred an Institution of a Public Character status by the Commissioner of Charities from 01 July 2008 to 30 June 2012.

The address of the Council's registered office is

420 Beach Road  
Singapore 199582

The principal activities of the Council during the financial year are those relating to the provision of first-aid courses to cadets, students and the general public in order to promote and encourage all works of humanity "For the Service of Mankind". The Council is also actively involved in the provision of public duty with ambulance support. There were no significant changes on these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Council comprise the compilation of the individual financial statements of the Council, Brigade, Association, Fellowship, 10 Zones and the Jurong Centre.

The financial statements of the Council, expressed in Singapore Dollars (S\$), are prepared in accordance with the historical cost convention and comply with the Singapore Financial Reporting Standards ("FRS") and the applicable requirements of the Acts, and the regulations enacted thereunder, except where an FRS requires an alternative treatment (such as fair value) as disclosed where appropriate in these financial statements.

The Council has determined the currency of the primary environment in which the Council operates, to be Singapore Dollars. The Council's financial statements are presented in Singapore Dollars, which is the Council's functional and presentation currency.

*Interpretations and amendments to published standards effective in 2010*

In the current financial year, the Council has adopted all the new and revised FRS and INT FRS ("FRS 2010") that are relevant to its operations and effective for the current financial year.

The adoption of these new or amended FRS and INT FRS does not result in substantial changes to the Council's accounting policies and has no material effect on the amounts reported for the current or prior financial year except as disclosed below. The following are the FRS 2010 relevant to the Council:

Amendments to FRS 7 Cash Flow Statements (effective for annual periods beginning on or after 1 January 2010)

Under the amendment, only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Previously, such expenditures could be classified as investing activities in the statement of cash flows.

This change has been applied retrospectively. It had no material effect on the amounts presented in the statement of cash flows for the current or prior year.

*Annual Improvements 2009 (effective for annual periods beginning on or after 1 January 2010, unless otherwise stated) consisting of minor amendments to the following Standards and Interpretations:*

- FRS 1 *Presentation of Financial Statements*
- FRS 17 *Leases*
- FRS 18 *Revenue (Effective Immediately: Amendments affects the appendix only)*
- FRS 36 *Impairment of Assets*

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The Council has evaluated that the adoption of the above FRS have no material effect to the financial statements of the Council for the financial year ended 31 December 2010.

The accounting policies set out below have been applied consistently by the Council to all periods presented in these financial statements.

2.2 Building and equipment

**Owned assets**

The cost of an item of building and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Council and the cost item can be measured reliably.

Building and equipment are initially recorded at cost, which includes expenditure that is directly attributable to the acquisition of the assets, or valuation less accumulated depreciation and impairment losses.

The carrying amount of building and equipment is reviewed annually to determine whether it is in excess of its recoverable amount at the date of the statement of financial position. If the carrying value exceeds the recoverable amount, the asset is written down to the lower amount.

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

**Component of costs**

The cost of an item of building and equipment initially recognised includes the purchase price and any cost that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

**Subsequent expenditure**

Subsequent expenditure relating to building and equipment that has already been recognised is added to the carrying amount of the building and equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Council. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

**Disposals**

Gain or loss arising from the retirement or disposal of building and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in the income statement on the date of retirement or disposal.

**Depreciation**

Depreciation is computed on a straight-line basis so as to write off the cost or valuation over their estimated useful lives as follows:-

	<u>Number of years</u>
Building	20
Furniture & fittings and equipment	1-5
Motor vehicles	10
Renovation	5

2. Summary of significant accounting policies (continued)

2.3 Inventories

Inventories comprise first-aid manuals, booklets, kits, pouches and uniform accessories, cadet proficiency badges and cardio-pulmonary resuscitation charts that are held for sale in the ordinary course of activities of the Council.

Inventories are stated at the lower of cost, determined on the first-in first-out 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 to make a sale.

2.4 Financial assets

(a) Classification

The Council classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature and purpose for which the financial assets were acquired. Management determines the classification to its financial assets at initial recognition. The Council's only financial assets are receivables.

(i) Financial assets, at fair value through profit or loss

This category has two sub categories: financial assets held-for-trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Council investment strategy. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held-for-trading or are expected to be realised within 12 months after the date of the statement of financial position.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the date of the statement of financial position which are presented as non-current assets.

(iii) Financial assets, held-to-maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the intention and ability to hold to maturity. If the Council was to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the date of the statement of financial position which are presented as current assets.

(iv) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the date of the statement of financial position.

(b) Recognition and derecognition

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

The National St. John Council  
Notes to the financial statements  
for the financial year ended 31 December 2010

2. Summary of significant accounting policies (continued)

2.4 Financial Assets (continued)

(b) Recognition and derecognition (continued)

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

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the income statement. Any amount on the fair value reserve relating to that asset is reclassified to the income statement.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Changes in fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in the income statement when the changes arise.

Interest income on financial assets, available-for-sale are recognised separately in the income statement. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised costs of the securities and other changes; the currency translation differences are recognised in income statement and the other changes are recognised in the fair value reserve. Changes on fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Council assesses at the date of the statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognised an allowance for impairment when such evidence exists.

(i) Loans and receivables / Financial assets, held-to-maturity

Significant financial difficulties of the receivables, probability that the receivables will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible it is written off against the allowance account. Subsequent recoveries of amount previously written off are recognised against the same line item in the income statement.

The allowance for impairment loss account is reduced through the income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of an asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2. Summary of significant accounting policies (continued)

2.4 Financial Assets (continued)

(e) Impairment (continued)

(ii) Financial assets, available-for-sale

In addition to the objective evidence of impairment in loans and receivables, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to the income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through the income statement.

2.5 Leases

*Operating lease - lessee*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the income statement on a straight-line basis over the period of the lease.

Contingent rentals are recognised as an expense in the income statement when incurred.

2.6 Impairment of non-financial assets

*Building and equipment*

Building and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to the income statement.

**2. Summary of significant accounting policies (continued)**

**2.7 Employee benefits**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

**Defined contribution plans**

Obligations for contributions to central provident fund ("CPF") are recognised as an expense in the income statement as incurred.

**Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus plans if the Council 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.

Employees' entitlements to annual leave are recognised when they accrue to employees. An allowance is made for the estimated liability for leave as a result of services rendered by employees up to the date of the statement of financial position.

**2.8 Provisions**

Provisions are recognised if, as a result of a past event, the Council has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement when the changes arise.

**2.9 Other payables and accruals**

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

**2.10 Income recognition**

Income from the sale of inventories is recognised when the inventories are delivered to the cadets or end users.

Course fees or training fees are recognised during the financial year as and when the courses are delivered.

Donations are recognised on a receipt or collection basis.

All other income is recognised on an accrual basis.

**2.11 Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all the attaching conditions will be complied with.

The Council receives yearly grants from the Ministry of Health and the Ministry of Education. These are income-related grants, and are recognised upon receipt.

**2.12 Finance income**

Finance income comprises interest income on bank deposits. Interest income is recognised as it accrues, using the effective interest method.

The National St. John Council  
Notes to the financial statements  
for the financial year ended 31 December 2010

**2. Summary of significant accounting policies (continued)**

**2.13 Income taxes**

As the Council is registered as a Charity under the Charities Act, it is exempted from income tax, in accordance with the provisions of the Income Tax Act.

**2.14 Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:-

- (i) Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Receivables and payables are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

**2.15 Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Council.

Contingent liabilities and assets are not recognised on the statement of financial position of the Council.

**2.16 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash and bank balances and fixed deposits with financial institutions which are subject to insignificant change in value.

**3. Critical accounting estimates, assumptions and judgements**

The preparation of the Council's financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty at the date of the statement of financial position, that have the most significant effect on the amount recognised in the financial statements are as follows:-

**3.1 Key sources of accounting estimation and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk in causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

**(a) Depreciation of building and equipment**

These assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 20 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

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3. Critical accounting estimates, assumptions and judgements (continued)

3.1 Key sources of accounting estimation and assumptions (continued)

(b) Impairment of receivables

Management reviews its receivables for objective evidence of impairment at least on a yearly basis. Significant financial difficulties of the receivables, the probability that the receivables will enter into bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the receivables operates in.

Where there is objective evidence of impairment, management makes judgement as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions are reviewed regularly to reduce any differences between the estimated loss and the actual loss experience.

3.2 Critical judgements made in applying accounting policies

Judgement made by management in the application of FRS that has a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustments in the next financial year is discussed below:

Impairment of financial assets

The Council follows the guidance of FRS 39 *Financial Instruments: Recognition and Measurement* in determining when a financial asset is impaired and this requires significant judgement. The Council evaluates among other factors, the duration and extent to which the fair value of a financial asset is less than its cost; and the financial health of and near term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

4. Activities generated from fund raising events

	2010 S\$	2009 S\$
Fund generated from:		
FI survival kit charity sales	28,507	44,418
Flag day	167,672	167,703
Heart to Heart	90,488	-
Walkathon	137,292	150,375
	<u>423,959</u>	<u>362,496</u>
Less: Fund raising expenses		
FI survival kit charity sales	6,144	7,469
Flag day	13,964	15,526
Heart to Heart	19,351	-
Walkathon	6,301	1,895
	<u>45,760</u>	<u>24,890</u>
	<u>378,199</u>	<u>337,606</u>

5. Miscellaneous income

	2010 S\$	2009 S\$
Parking fee income	58,659	57,996
Others	29,841	16,680
	<u>88,500</u>	<u>74,676</u>

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6. Staff costs

	2010 S\$	2009 S\$
<u>Key management personnel</u>		
Salaries and bonuses	188,385	145,013
Central Provident Fund	11,931	10,763
	<u>200,316</u>	<u>155,776</u>
<u>Others</u>		
Staff salaries and bonuses	492,298	421,475
Central Provident Fund	62,865	68,376
	<u>555,163</u>	<u>489,851</u>
	<u>755,479</u>	<u>645,627</u>

The annual remuneration of the top 4 key management personnel is as follows:

	2010 S\$	2009 S\$
Less than S\$100,000	<u>4</u>	<u>3</u>

7. Related party transaction

The Council is the final authority and is overall responsible for the policy making and determination of all activities. The members of the Council are volunteers and receive no monetary remuneration for their contribution.

8. Building and equipment

	Building S\$	Furniture, fittings & equipment S\$	Motor vehicles S\$	Renovation S\$	Total S\$
<b>Cost</b>					
At 1 January 2009	172,471	875,436	891,430	782,614	2,721,951
Additions	-	52,477	1,240	-	53,717
At 31 December 2009	<u>172,471</u>	<u>927,913</u>	<u>892,670</u>	<u>782,614</u>	<u>2,775,668</u>
Additions	-	34,124	-	27,478	61,602
At 31 December 2010	<u>172,471</u>	<u>962,037</u>	<u>892,670</u>	<u>810,092</u>	<u>2,837,270</u>
<b>Accumulated depreciation</b>					
At 1 January 2009	172,471	762,980	729,073	670,051	2,334,575
Charge for the year	-	63,080	30,959	35,026	129,065
At 31 December 2009	<u>172,471</u>	<u>826,060</u>	<u>760,032</u>	<u>705,077</u>	<u>2,463,640</u>
Charge for the year	-	49,642	30,958	35,403	116,003
At 31 December 2010	<u>172,471</u>	<u>875,702</u>	<u>790,990</u>	<u>740,480</u>	<u>2,579,643</u>
<b>Net book value as at</b>					
31 December 2010	<u>-</u>	<u>86,335</u>	<u>101,680</u>	<u>69,612</u>	<u>257,627</u>
31 December 2009	<u>-</u>	<u>101,853</u>	<u>132,638</u>	<u>77,537</u>	<u>312,028</u>

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9. Inventories

	2010 S\$	2009 S\$
Cadet proficiency badges	12,412	14,564
Cardio-pulmonary resuscitation chart	878	2,394
First-aid booklets and manual	9,042	20,754
First-aid pouch	2,250	4,014
Uniform accessories	42,991	52,153
Others	-	2,913
	<u>67,573</u>	<u>96,792</u>

The cost of inventories recognised and presented as net in the profit from sale of inventories amounted to S\$103,356 (2009: S\$94,795).

During the financial year, inventories amounting to S\$7,128 (2009: Nil) were written off.

10. Trade receivables

Trade receivables are non-interest bearing and are generally settled between 30 to 60 days terms. The carrying amount of the trade receivables are not reduced by any impairment allowance. There are no trade receivables that have passed credit terms and not impaired.

Included in the trade receivables are subsidies receivable from Workforce Development Agency (WDA) amounting to S\$37,303 (2009: S\$46,426).

11. Other receivables, deposits and prepayments

	2010 S\$	2009 S\$
Other receivables	258,532	16,736
Deposits	5,510	4,840
Prepayments	12,899	9,213
	<u>276,941</u>	<u>30,789</u>

Included in other receivables is a government grant amounting to S\$63,600.

Other receivables, deposits and prepayments are unsecured, interest-free with no fixed term of repayment.

12. Cash and bank balances

	2010 S\$	2009 S\$
Fixed deposits placed with financial institutions	4,522,482	4,131,728
Cash and bank balances	1,118,589	1,398,577
Cash and cash equivalents as reflected in the statement of cash flows	<u>5,641,071</u>	<u>5,530,305</u>

Included in the fixed deposit account are designated deposits in support of zone bursary fund amounting to S\$280,683 (2009: S\$279,586) (see note 15).

Fixed deposits earn average effective interest rate of 0.45% to 0.10% (2009: 0.45% to 0.925%) per annum. The maturity period of the fixed deposits ranges between 3 months to 12 months (2009: range of 3 months to 12 months).

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13. Other payables and accruals

	2010 S\$	2009 S\$
Accruals	50,508	7,438
Other payables	98,655	118,899
GST payable	20,034	17,228
	<u>169,197</u>	<u>143,565</u>

Other payables are non-interest bearing and are normally settled on 30 day terms.

14. Fees received in advance

Fees received in advance relates to course or training fees and season parking fees.

15. Zone bursary fund

Zone bursary fund is a restricted fund set-up by Zone 9 to provide bursaries and scholarship awards to deserving cadet members of Zone 9. Interest earned from and disbursements made out of this fund is credited to and deducted respectively from this fund.

16. Designated funds

	2010 S\$	2009 S\$
Designated funds for corps	71,101	79,594
Cambodia mission funds	25,207	-
	<u>96,308</u>	<u>79,594</u>

This designated fund for corps represents allocations by certain Zones of the Brigade to their respective Corps in prior years. The allocation was made out of proceeds from fund-raising events. These funds are meant for Corps' expenses only.

17. Capital reserve

The capital reserve represents compensation previously received by the Council for relinquishing rights over a part of the land which has a 99-year lease and where the Council's building (note 8) stands.

18. Operating lease commitments

The Council leases training centre under non-cancellable lease arrangements.

Future minimum rentals payable under non-cancellable leases as at 31 December are as follows:

	2010 S\$	2009 S\$
Not later than one year	-	6,000
Later than one year and not later than five years	-	-
	<u>-</u>	<u>6,000</u>

19. Financial risk management

19.1 Financial risk management objectives and policies

Risk management is integral to the whole activities of the Council. The Council has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Council's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Council's activities.

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19. Financial risk management (continued)

19.2 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Council, as and when they fall due. The Council's exposure to credit risk arises primarily from trade receivables and other receivables. For other financial assets, the Council minimises credit risk by dealing with high credit rating counterparties. At the date of the statement of financial position, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Council has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Council does not require collateral in respect of trade and other receivables.

The Council establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The management of the Council believes no impairment allowance was necessary in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Council is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Council.

(ii) *Financial assets that are past due and/or impaired*

There is no class of financial assets that is past due and/or impaired.

19.3 Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

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

The table below analyses the Council's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year S\$	Between 2 to 5 years S\$	Over 5 years S\$
<b>At 31 December 2010</b>			
Fees received in advance	8,688	-	-
Other payables and accruals	169,197	-	-
<b>At 31 December 2009</b>			
Fees received in advance	41,580	-	-
Other payables and accruals	143,565	-	-

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**19. Financial risk management (continued)**

**19.4 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Council's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**19.5 Foreign currency risk**

The Council has no foreign currency risk exposure as its transactions are mainly in Singapore dollar.

**19.6 Interest rate risk**

The Council's exposure to interest rates relates primarily to interest-earning financial assets. The effective interest rates of interest earned on short term fixed deposits of S\$4,522,482 (2009: S\$4,131,728) vary from 0.45% to 0.10% (2009: 0.45% to 0.925%) per annum. The Council believes that it has no significant exposure to interest rate risk and interest income does not have a significant impact on the Council's earnings.

**19.7 Fair values of financial instruments**

Where possible, fair values have been estimated using market prices for the financial instruments. Where market prices are not available, values have been estimated using quoted prices for financial instruments with similar characteristics, or otherwise using a suitable valuation technique where it is practicable to do so. The fair value information presented represents the Council's best estimate of those values, subject to certain assumptions and limitations.

*Methodologies*

The methodologies and assumptions used in estimating fair values depend on the terms and risk characteristics of the various instruments and include the following:

*Interest-bearing financial assets/ bank deposits*

The carrying value of interest-bearing bank deposits that reprice within six months from the date of the statement of financial position is assumed to approximate their fair values.

*Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade receivables, other receivables, deposits and prepayments, cash and cash equivalents and other payables and accruals) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

**20. New or revised accounting standards and interpretations**

There are no mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Council's accounting periods beginning on or after 1 January 2011 or later periods and which the Council has not early adopted.

The Council is currently considering the Charities Accounting Standards issued on 24 June 2011 for financial period beginning on or after 1 July 2011 to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any.

**21. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with the Council's members resolution dated 28 JUL 2011