

**ADVENTIST HOME FOR THE  
ELDERS**

[Unique Entity No. S80SS0046B]

[Charity Reg. No. 00358]

[IPC No. IPC000385]

[Registered under the Registrar of Societies]

**AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2011**

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**Fiducia LLP**

Certified Public Accountants  
Singapore

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## STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the accompanying financial statements set out on pages 5 to 22 are drawn up so as to give a true and fair view of the state of affairs of **ADVENTIST HOME FOR THE ELDERS** (the "Home") as at 31 December 2011 and of its results of financial activities, the changes in funds and cash flows of the Home for the year then ended.

At the date of this statement, there are reasonable grounds to believe that the Home 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

28 JUN 2012

Chairman	Wan Kwong Weng
Vice-Chairman	Chong Kok Loon @ Choong Loon
Honorary Treasurer	Wu How Thian
Assistant treasurer	Tan Pik Wang @ Tang Pik-Wan
Honorary Secretary	Chan Fong Fong
Assistant Secretary	Ruth Cheng Chay Choo
Committee Member	Ong Yew Aik
Committee Member	Foo Chee Fah
Committee Member	Han Wee Lan
Committee Member	Seah Siew Beng Albert
<del>Committee Member</del>	<del>Wang Teck Ping Helen</del>
Committee Member	Oi Keng Huat

Wan K. W.

For and on behalf of the Management Committee,

Wan K. W.

Wan Kwong Weng  
Chairman

Wu How Thian

Wu How Thian  
Honorary Treasurer

Singapore, 28 JUN 2012

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Independent auditors' report to the members of:

### **ADVENTIST HOME FOR THE ELDERS**

[Unique Entity No. S80SS0046B]  
[IPC No. IPC000385]  
[Registered under the Societies Act (Chapter 311) in the Republic of Singapore]

We have audited the financial statements of **ADVENTIST HOME FOR THE ELDERS** (the "Home") set out on pages 5 to 22, which comprise the statement of financial position as at 31 December 2011, the statement of financial activities, the statement of changes in funds and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes information.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provision of the Societies Act (Chapter 311), Charities Act (Chapter 37) and 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, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of financial activities 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 as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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(CONT'D)

Independent auditors' report to the members of:

### **ADVENTIST HOME FOR THE ELDERS**

[Unique Entity No. S80SS0046B]  
[IPC No. IPC000385]  
[Registered under the Societies Act (Chapter 311) in the Republic of Singapore]

#### *Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 December 2011, and the results of the financial activities, changes in funds and cash flows of the Society for the financial year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the regulations enacted under the Societies Act (Chapter 311) to be kept by the Society have been properly kept in accordance with those regulations.

During the course of our audit, nothing has come to our attention that the 30% cap mentioned in Regulation 15(1) of the Charities Act, Cap. 37 (Institutions of a Public Character) Regulations 2007 and as amended by Charities (Institutions of a Public Character) (Amendments) Regulations 2008 has been exceeded.



**Fiducia LLP**

Certified Public Accountants

Singapore, 28 JUN 2012



**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

	Note	2011 S\$	2010 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	657,576	611,947
Other receivables	5	<u>5,352</u>	<u>7,485</u>
		<u>662,928</u>	<u>619,432</u>
<b>Non-current assets</b>			
Property, plant and equipment	6	<u>310,362</u>	<u>288,374</u>
<b>Total assets</b>		<u>973,290</u>	<u>907,806</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	7	<u>64,827</u>	<u>55,310</u>
<b>NET ASSETS</b>		<u>908,463</u>	<u>852,496</u>
<b>UNRESTRICTED FUND</b>			
General fund		<u>866,589</u>	<u>810,622</u>
<b>RESTRICTED FUNDS</b>			
Maintenance and development fund		<u>41,874</u>	<u>41,874</u>
<b>Total Funds</b>		<u>908,463</u>	<u>852,496</u>

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

		Unrestricted Fund	Restricted Fund	
	Note	General Fund	Maintenance and development fund	Total
		S\$	S\$	S\$
<b>2011</b>				
<b>Income</b>				
<b>Voluntary income</b>				
Donations		54,432	0	54,432
Public assistance		33,560	0	33,560
		<u>87,992</u>	<u>0</u>	<u>87,992</u>
<b>Income from charitable activities</b>				
Contribution from residents		256,091	0	256,091
		<u>256,091</u>	<u>0</u>	<u>256,091</u>
<b>Investment income</b>				
Fixed deposit income		1,345	0	1,345
		<u>1,345</u>	<u>0</u>	<u>1,345</u>
<b>Other income</b>				
Miscellaneous income		1,654	0	1,654
		<u>1,654</u>	<u>0</u>	<u>1,654</u>
<b>TOTAL INCOME</b>		<u>347,082</u>	<u>0</u>	<u>347,082</u>
<b>LESS: EXPENDITURES</b>				
<b>Cost of charitable activities</b>				
Events - Gala Lunch		0	0	0
Events - Eye Care Day		0	0	0
Food expenses		22,980	0	22,980
Living allowance		5,160	0	5,160
Lodging & food expenses at other home		0	0	0
Opening ceremony expenses		7,400	0	7,400
Staff costs	8	82,938	0	82,938
Subsidy paid by Adventist Home		7,010	0	7,010
		<u>125,488</u>	<u>0</u>	<u>125,488</u>
<b>Governance &amp; administrative costs</b>				
Audit fee		2,000	0	2,000
Bank charges		114	0	114
Bookkeeping service fee		1,800	0	1,800
Depreciation of property, plant and equipment	6	39,465	0	39,465
Donation to charity		200	0	200
Written off of property, plant and equipment		825	0	825
Insurance		6,989	0	6,989
Staff costs	8	66,519	0	66,519
Telecommunication		1,845	0	1,845
Miscellaneous expenses		5,099	0	5,099
Membership fee		376	0	376
Printing stationery		2,357	0	2,357
Rental expenses		13,906	0	13,906
Repair and maintenance		1,960	0	1,960
Transportation fee		391	0	391
Travelling expenses		257	0	257
Upkeep of motor vehicle		946	0	946
Water and electricity		20,578	0	20,578
		<u>165,627</u>	<u>0</u>	<u>165,627</u>

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**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**  
**(CONT'D)**

<b>TOTAL EXPENDITURES</b>	<u>291,115</u>	<u>0</u>	<u>291,115</u>
Net income for the year	55,967	0	55,967
Total funds brought forward	<u>810,622</u>	<u>41,874</u>	<u>852,496</u>
Total funds carried forward	<u>866,589</u>	<u>41,874</u>	<u>908,463</u>

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



**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

		Unrestricted Fund	Restricted Fund	
	Note	General Fund	Maintenance and development fund	Total
		S\$	S\$	S\$
<b>2010</b>				
<b>Income</b>				
<b>Voluntary income</b>				
Donations		263,712	0	263,712
Public assistance		30,240	0	30,240
		<u>293,952</u>	<u>0</u>	<u>293,952</u>
<b>Income from charitable activities</b>				
Contribution from residents		216,454	0	216,454
		<u>216,454</u>	<u>0</u>	<u>216,454</u>
<b>Investment income</b>				
Fixed deposit income		2,007	0	2,007
		<u>2,007</u>	<u>0</u>	<u>2,007</u>
<b>Other income</b>				
Miscellaneous income		3,658	0	3,658
		<u>3,658</u>	<u>0</u>	<u>3,658</u>
<b>TOTAL INCOME</b>		<u>516,071</u>	<u>0</u>	<u>516,071</u>
<b>LESS: EXPENDITURES</b>				
<b>Cost of charitable activities</b>				
Events - Gala Lunch		18,963	0	18,963
Events - Eye Care Day		2,971	0	2,971
Food expenses		18,711	0	18,711
Living allowance		4,740	0	4,740
Lodging & food expenses at other home		37,676	0	37,676
Opening ceremony expenses		0	0	0
Staff costs	8	69,908	0	69,908
Subsidy paid by Adventist Home		7,270	0	7,270
		<u>160,239</u>	<u>0</u>	<u>160,239</u>
<b>Governance &amp; administrative costs</b>				
Audit fee		1,284	0	1,284
Bank charges		114	0	114
Bookkeeping service fee		1,200	0	1,200
Depreciation of property, plant and equipment	6	19,665	0	19,665
Donation to charity		0	0	0
Written off of property, plant and equipment		4,910	0	4,910
Insurance		6,575	0	6,575
Staff costs	8	56,075	0	56,075
Telecommunication		1,786	0	1,786
Miscellaneous expenses		8,139	0	8,139
Membership fee		0	0	0
Printing stationery		3,007	0	3,007
Rental expenses		14,942	0	14,942
Repair and maintenance		1,418	0	1,418
Transportation fee		586	0	586
Travelling expenses		0	0	0
Upkeep of motor vehicle		1,392	0	1,392
Water and electricity		15,989	0	15,989
		<u>137,082</u>	<u>0</u>	<u>137,082</u>

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**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010  
(CONT'D)**

<b>TOTAL EXPENDITURES</b>	<u>297,321</u>	<u>0</u>	<u>297,321</u>
Net income for the year	218,750	0	218,750
Total funds brought forward	<u>591,872</u>	<u>41,874</u>	<u>633,746</u>
Total funds carried forward	<u>810,622</u>	<u>41,874</u>	<u>852,496</u>

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

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**STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Balance at beginning of financial year S\$	Net income for the year S\$	Balance at the end of financial year S\$
<b>2011</b>			
<b>Unrestricted fund</b>			
General fund	<u>810,622</u>	<u>55,967</u>	<u>866,589</u>
<b>Restricted funds</b>			
Maintenance and development fund	<u>41,874</u>	<u>0</u>	<u>41,874</u>
<b>TOTAL</b>	<u>852,496</u>	<u>55,967</u>	<u>908,463</u>
	Balance at beginning of financial year S\$	Net income for the year S\$	Balance at the end of financial year S\$
<b>2010</b>			
<b>Unrestricted fund</b>			
General fund	<u>591,872</u>	<u>218,750</u>	<u>810,622</u>
<b>Restricted funds</b>			
Maintenance and development fund	<u>41,874</u>	<u>0</u>	<u>41,874</u>
<b>TOTAL</b>	<u>633,746</u>	<u>218,750</u>	<u>852,496</u>

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



**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

	Note	2011 S\$	2010 S\$
<b>Cash flows from operating activities</b>			
Net income for the year		55,967	218,750
Adjustments for:			
Depreciation of property, plant and equipment	6	39,465	19,665
Interest income		(1,345)	(2,007)
Operating cash flow before working capital changes		94,087	236,408
Changes in working capital:			
Other receivables		2,372	1,287
Other payables		9,517	1,949
<b>Net cash provided by operating activities</b>		105,976	239,644
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	6	(61,453)	(247,651)
Interest received		1,106	1,546
<b>Net cash used in investing activities</b>		(60,347)	(246,105)
<b>Net increase/ (decrease) in cash and cash equivalents</b>		45,629	(6,461)
Cash and cash equivalents at beginning of financial year		611,947	618,408
<b>Cash and cash equivalents at end of financial year</b>	4	657,576	611,947
<b>Cash and cash equivalents comprise:</b>			
Cash and bank balances		296,514	251,991
Fixed deposits with financial institutions		361,062	359,956
	4	657,576	611,947

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

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

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

### **1. General information**

Adventist Home for the Elders (the "Home") was registered in 1980 under the Societies Act (Chapter 311). The Home is a charity registered under the Charities Act since 28 July 1986.

The Home's registered address and principal operating address is located at Blk 195 Kim Keat Avenue, #01-294, Singapore 310195.

The Home is granted an Institution of Public Character ('IPC') status for the period from 01 July 2011 to 30 June 2014.

The objective of the Home is to serve in the spirit of love.

### **2. Significant accounting policies**

#### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Home'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 assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### **Interpretations and amendments to published standards effective in 2011**

The Home has adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. Changes to the Home's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The following are the FRS and INT FRS that are relevant to the Home:

<u>FRS</u>	<u>Effective Date</u>	<u>Title</u>
FRS 1	1.1.2009	Presentation of financial statements
FRS 7	1.1.2009	Cash flow statements
FRS 8	1.1.2009	Accounting policies, changes in accounting estimates and errors
FRS 10	1.1.2007	Events after the balance sheet date
FRS 12	1.1.2007	Income taxes
FRS 16	1.1.2009	Property, plant and equipment
FRS 17	1.1.2007	Leases
FRS 18	1.1.2005	Revenue
FRS 19	1.1.2009	Employee benefits
FRS 32	1.2.2009	Financial instruments: Presentation (Amendments)
FRS 36	1.1.2009	Impairment of assets
FRS 37	1.1.2006	Provisions, contingent liabilities and contingent assets
FRS 39	1.1.2005	Financial instruments: recognition and measurement
FRS 107	1.1.2009	Financial instruments: Disclosures

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**2. Significant accounting policies (Cont'd)**

**2.1 Basis of preparation (Cont'd)**

The adoption of the above revised FRS did not result in any substantial changes to the Home's accounting policies.

**2.2 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Home's activities. Revenue is recognised as follows:

**2.2.1 Government grants**

Government grants are recognized when they have been approved and are accounted for in the income and expenditure statements on accrual basis.

**2.2.2 Donations**

Donation income is recognized as income upon receipt of such monies.

**2.2.3 Contribution from residents**

Contribution from residents is recognized on accrual basis.

**2.2.4 Interest income**

Interest income is recognized on a time-proportion basis using the effective interest method, unless collectability is in doubt.

**2.3 Property, plant and equipment**

**2.3.1 Measurement**

Property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognized includes its purchase price and any costs that are 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. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset and any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve.



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## **2. Significant accounting policies (Cont'd)**

### **2.3 Property, plant and equipment (Cont'd)**

#### **2.3.2 Depreciation**

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

	Useful Life
Furniture and equipment	3 – 10 years
Motor vehicle	10 years
Renovation	10 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision of the residual values and useful lives are included in the statement of financial activities for the financial year in which the changes arise.

#### **2.3.3 Subsequent expenditure**

Subsequent expenditure relating to property, 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 Home and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

#### **2.3.4 Disposal**

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

### **2.4 Impairment of non-financial assets**

Property, plant and equipment 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.

**2. Significant accounting policies (Cont'd)**

**2.4. Impairment of non-financial assets (Cont'd)**

An impairment loss for an asset is reversed if; there has been a change in the estimates used to determine the assets' 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.

**2.5 Fair value estimation of financial assets and liabilities**

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values due to their short-term nature.

**2.6 Payables and accruals**

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

**2.7 Provisions for other liabilities and charges**

Provisions for other liabilities and charges are recognised when the Home 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.

**2.8 Leases**

Finance leases

Leases of property, plant and equipment where the Home assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are shown on the statement of financial position. The interest element of the finance cost is taken to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.



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## **2. Significant accounting policies (Cont'd)**

### **2.8. Leases (Cont'd)**

#### Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Rental on operating lease is charged to income statement. Contingent rents are recognized as an expense in the income statement in the financial year in which they are incurred.

### **2.9 Currency translation**

Transactions denominated in a currency other than Singapore Dollar ('foreign currency') are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at the closing rate at the statement of financial position date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial activities.

### **2.10 Financial assets**

#### **2.10.1 Classification**

The Home classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

#### 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 included in current assets, except those maturing later than 12 months after the statement of financial position date, which are classified as non-current assets. Loans and receivables are classified within "Receivables, deposits and prepayment" on the statement of financial position.

#### **2.10.2 Recognition and derecognition**

Purchases and sales of financial assets, available-for-sale, are recognized on trade-date – the date on which the Home commits to purchase or sell the asset.

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

On sale of a financial asset classified as available-for-sale, the difference between the net sale proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to that asset is also taken to the income statement.



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## **2. Significant accounting policies (Cont'd)**

### **2.10. Financial assets (Cont'd)**

#### **2.10.3 Measurement**

Financial assets are initially recognized at fair value plus transaction costs.

Loans and receivables are subsequently carried at amortized cost using effective interest method. Financial assets, available-for-sale, are subsequently carried at fair value.

Changes in the fair value of financial assets classified as available-for-sale are recognized in the fair value reserve within equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the income statement.

#### **2.10.4 Impairment**

The Home assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

##### Loans and receivables

An allowance for impairment of loans and receivables including Receivables, deposits and prepayment, is recognized when there is objective evidence that the Home will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognized in the income statement within "Administrative expenses".

### **2.11 Employee compensation**

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

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

### **2.12 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and deposits with financial institutions.

### **2.13 Related parties**

Related parties are entities with one or more common management committee members, or in which a committee member has a direct or indirect financial interest in. Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial and operating decisions.

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

#### 3.1 Critical judgements in applying the entity's accounting policies

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 of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### *Allowance for impairment of receivables*

The Home reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluates the risks of collection according to the credit standing and collection history of individual customer. If there are indications that the financial position of a customer has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

##### *Estimated useful lives of property, plant and equipment*

The Home reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

### 4. Cash and cash equivalents

	2011 S\$	2010 S\$
Cash and bank balances	296,514	251,991
Fixed deposits with financial institutions	361,062	359,956
	<u>657,576</u>	<u>611,947</u>

Fixed deposits at the statement of financial position date had an average maturity of 3.5 months to 11.5 months (2010: 3.5 months to 11.5 months) from that date and had a weighted average effective interest rate of 0.37% (2010: 0.56%) per annum.

At the date of the statement of financial position, the carrying amounts of cash and cash equivalents approximated their fair values.

### 5. Other receivables

	2011 S\$	2010 S\$
Interest receivables	700	461
Deposits	4,652	5,652
Prepayments	0	1,372
	<u>5,352</u>	<u>7,485</u>

At the date of the statement of financial position, the carrying amounts of other receivables approximated their fair values.

**6. Property, plant and equipment**

	Furniture & fittings S\$	Office equipment S\$	Motor vehicle S\$	Total S\$
<b>2011 Cost</b>				
Beginning of financial year	67,997	53,900	243,850	365,747
Additions	6,673	0	54,780	61,453
Disposals	0	0	0	0
End of financial year	74,670	53,900	298,630	427,200
<b>Accumulated depreciation</b>				
Beginning of financial year	40,481	21,562	15,330	77,373
Depreciation charge	4,957	5,390	29,118	39,465
Disposals	0	0	0	0
End of financial year	45,438	26,952	44,448	116,838
<b>Net book value at end of financial year</b>	29,232	26,948	254,182	310,362

	Furniture & fittings S\$	Office equipment S\$	Motor vehicle S\$	Total S\$
<b>2010 Cost</b>				
Beginning of financial year	56,746	53,900	7,450	118,096
Additions	11,251	0	236,400	247,651
Disposals	0	0	0	0
End of financial year	67,997	53,900	243,850	365,747
<b>Accumulated depreciation</b>				
Beginning of financial year	37,066	16,172	4,470	57,708
Depreciation charge	3,415	5,390	10,860	19,665
Disposals	0	0	0	0
End of financial year	40,481	21,562	15,330	77,373
<b>Net book value at end of financial year</b>	27,516	32,338	228,520	288,374



**7. Other payables**

	2011 S\$	2010 S\$
Deposits received from residents	47,301	44,301
Accrued operating expenses	<u>17,526</u>	<u>11,009</u>
	<u>64,827</u>	<u>55,310</u>

At the date of the statement of financial position, the carrying amounts of other payables approximated their fair values.

**8. Staff costs**

	2011 S\$	2010 S\$
Staff salaries	107,864	95,552
Staff bonuses	17,770	9,014
CPF contributions	14,156	7,341
Foreign worker levy	7,343	6,688
Medical expenses	1,254	845
Staff welfare	0	1,136
Staff training expenses	<u>1,070</u>	<u>5,407</u>
	<u>149,457</u>	<u>125,983</u>

The staff costs were allocated as follows:

• Costs of charitable activities	82,938	69,908
• Governance and administrative cost	<u>66,519</u>	<u>56,075</u>
	<u>149,457</u>	<u>125,983</u>

**9. Income tax expenses**

The Home is registered as a charity organisation under Charities Act, Chapter 37. As an approved charity, it is exempt from income tax under Section 13(1) of the Income Tax Act.

**10. Related party transactions**

The following transactions took place between the Home and a related party during the financial year at terms agreed between the parties:

	2011 S\$	2010 S\$
Purchase of goods from a related party	<u>8,353</u>	<u>1,093</u>



## 11. Financial risk management

The Home is exposed to interest rate and liquidity risks arising from its operations and the use of financial instruments. The management committee reviews and agrees on policies for managing each of these risks and they are summarised below:

### Interest rate risk

The Home's exposure to interest rate risk primarily from its fixed deposits placed with financial institutions. The Home constantly monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

The interest rates and terms of maturity of financial assets of the Home are disclosed in Note 4.

The following table analyses the breakdown of the financial assets and financial liabilities by type of interest rate:

	2011 S\$	2010 S\$
Financial assets:		
Fixed interest rate	361,062	359,956
Non-interest bearing	301,866	259,476
	<u>662,928</u>	<u>619,432</u>
Financial liabilities:		
Non-interest bearing	64,827	55,310
	<u>64,827</u>	<u>55,310</u>

The effect of interest rate changes on surplus is not significant as the Home's financial instruments are mainly at fixed interest rates or non-interest bearing as at the statement of financial position date.

### Liquidity risk

The Home manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the management committee to fund the Home's operations.

The responsibility for managing the above risks is vested in the Management Committee.

### Fair values

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Home approximate their fair values.

## 12. Remuneration of key management personnel

Key personnel comprised of members of the senior management of the Society.

The annual remuneration of key management personnel are classified as follows:

	No. of key management staff	
	2011	2010
Remuneration band (\$)		
Between \$50,000 to \$100,000	<u>1</u>	<u>1</u>

## 13. Reserve position and policy

The Home's reserve position for financial year ended 31 December 2011 is as follows:

		2011	2010	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	General fund	867	811	6.91
B	Restricted or Designated Funds			
	Maintenance and development fund	42	42	0
C	Endowment Funds	N/A	N/A	N/A
D	Total Funds			
E	Total Annual Operating Expenditure	291	297	(2.02)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.98	2.73	9.16

### 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 Charitable Activities and Governance and Other Operating and Administration expenses.

The Home's Reserve Policy is as follows:

The Management Committee is in the process of finalising the reserve policy of the Home in the forthcoming meeting.

## 14. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on

28 JUN 2012