

**ADVENTIST HOME  
FOR THE ELDERS**

[Unique Entity No. S80SS0046B]

[IPC No. IPC000385]

[Registered under the Registry of Societies]

**AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2012**

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**STATEMENT BY MANAGEMENT COMMITTEE**

In the opinion of the Management Committee, the accompanying financial statements set out on pages 5 to 23 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 2012 and of the results of financial activities, 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

**14 AUG 2013**

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

On behalf of the Management Committee,



Wan Kwong Weng  
Chairman



Wu How Thian  
Honorary Treasurer

Singapore, **14 AUG 2013**

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Independent auditors' report to the members of:

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

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## **Report on the Financial Statements**

We have audited the financial statements of **Adventist Home for the Elders** (the "Home") set out on pages 5 to 23, which comprise the statement of financial position as at 31 December 2012, 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 profit and loss account and balance sheet 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 Registry of Societies]

#### *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 Home as at 31 December 2012, and the results of financial activities, changes in funds and cash flows of the Home 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) and Charities Act (Chapter 37) to be kept by the Home 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.

During the course of our audit, nothing has come to our attention that donation moneys are used for disbursements other than those in accordance with the objectives of the Home.



**Fiducia LLP**

Public Accountants and  
Chartered Accountant of Singapore

Singapore, 14 AUG 2013



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**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012**

	Note	2012 S\$	2011 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	757,950	657,576
Other receivables	5	<u>5,157</u>	<u>5,352</u>
		763,107	662,928
<b>Non-current assets</b>			
Property, plant and equipment	6	<u>273,694</u>	<u>310,362</u>
<b>Total assets</b>		<u>1,036,801</u>	<u>973,290</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	7	<u>62,217</u>	<u>64,827</u>
<b>NET ASSETS</b>		<u>974,584</u>	<u>908,463</u>
<b>FUNDS</b>			
<b>Unrestricted fund</b>			
General fund		932,710	866,589
<b>Restricted funds</b>			
Maintenance and development fund	8	<u>41,874</u>	<u>41,874</u>
<b>Total funds</b>		<u>974,584</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 2012**

	Unrestricted Fund	Restricted Fund	
	General Fund S\$	Maintenance and development fund S\$	Total S\$
<b>2012</b>			
<b>INCOME</b>			
<b>Income from generating fund</b>			
<b>Voluntary income</b>			
Donations			
- Non-tax deductible	8,379	0	8,379
- Tax deductible	56,304	0	56,304
Public assistance	39,200	0	39,200
	<u>103,883</u>	<u>0</u>	<u>103,883</u>
<b>Investment income</b>			
Fixed deposit income	<u>2,104</u>	<u>0</u>	<u>2,104</u>
	<u>105,987</u>	<u>0</u>	<u>105,987</u>
<b>Income from charitable activities</b>			
Contribution from residents	<u>250,373</u>	<u>0</u>	<u>250,373</u>
<b>Other income</b>			
Miscellaneous income	<u>3,501</u>	<u>0</u>	<u>3,501</u>
	359,861	0	359,861
<b>EXPENSES</b>	<u>293,740</u>	<u>0</u>	<u>293,740</u>
<b>Net income</b>	66,121	0	66,121
Total funds brought forward	<u>866,589</u>	<u>41,874</u>	<u>908,463</u>
<b>Total funds carried forward</b>	<u>932,710</u>	<u>41,874</u>	<u>974,584</u>

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012  
(CONT'D)**

		Unrestricted Fund	Restricted Fund	
		General Fund S\$	Maintenance and development fund S\$	Total S\$
<b>2012 (Cont'd)</b>	Note			
<b>EXPENSES</b>				
<b>Cost of charitable activities</b>				
AHE - 30 <sup>th</sup> Anniversary expenses		14,056	0	14,056
Food expenses		27,654	0	27,654
Living allowance		5,700	0	5,700
Staff costs	9	76,445	0	76,445
Subsidy paid		3,860	0	3,860
		<u>127,715</u>	<u>0</u>	<u>127,715</u>
<b>Governance and administrative costs</b>				
Audit fee		2,200	0	2,200
Bank charges		84	0	84
Bookkeeping service fee		1,800	0	1,800
Depreciation	6	39,768	0	39,768
Insurance		3,887	0	3,887
Minor fixed assets		1,430	0	1,430
Miscellaneous expenses		13,001	0	13,001
Printing stationery		2,004	0	2,004
Rental expenses		13,906	0	13,906
Repair and maintenance		5,855	0	5,855
Staff costs	9	55,955	0	55,955
Telecommunication		1,949	0	1,949
Transportation fee		155	0	155
Travelling expenses		268	0	268
Upkeep of motor vehicle		2,465	0	2,465
Water and electricity		21,298	0	21,298
		<u>166,025</u>	<u>0</u>	<u>166,025</u>
		<u>293,740</u>	<u>0</u>	<u>293,740</u>

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



**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012  
 (CONT'D)**

	Unrestricted Fund	Restricted Fund	
	General Fund S\$	Maintenance and development fund S\$	Total S\$
<b>2011</b>			
<b>INCOME</b>			
<b>Income from generating fund</b>			
<b>Voluntary income</b>			
Donations			
- Non-tax deductible	5,089	0	5,089
- Tax deductible	49,343	0	49,343
Public assistance	33,560	0	33,560
	<u>87,992</u>	<u>0</u>	<u>87,992</u>
<b>Investment income</b>			
Fixed deposit income	<u>1,345</u>	<u>0</u>	<u>1,345</u>
	<u>89,337</u>	<u>0</u>	<u>89,337</u>
<b>Income from charitable activities</b>			
Contribution from residents	<u>256,091</u>	<u>0</u>	<u>256,091</u>
<b>Other income</b>			
Miscellaneous income	<u>1,654</u>	<u>0</u>	<u>1,654</u>
	<u>347,082</u>	<u>0</u>	<u>347,082</u>
<b>EXPENSES</b>	<u>291,115</u>	<u>0</u>	<u>291,115</u>
<b>Net income</b>	55,967	0	55,967
Total funds brought forward	<u>810,622</u>	<u>41,874</u>	<u>852,496</u>
<b>Total funds carried forward</b>	<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 2012  
(CONT'D)**

		Unrestricted Fund	Restricted Fund	
		General Fund S\$	Maintenance and development fund S\$	Total S\$
<b>2011 (Cont'd)</b>	Note			
<b>EXPENSES</b>				
<b>Cost of charitable activities</b>				
Food expenses		22,980	0	22,980
Living allowance		5,160	0	5,160
Opening ceremony expenses		7,400	0	7,400
Staff costs	9	82,938	0	82,938
Subsidy paid		7,010	0	7,010
		<u>125,488</u>	<u>0</u>	<u>125,488</u>
<b>Governance and administrative costs</b>				
Audit fee		2,000	0	2,000
Bank charges		114	0	114
Bookkeeping service fee		1,800	0	1,800
Depreciation	6	39,465	0	39,465
Donation to charity		200	0	200
Insurance		6,989	0	6,989
Membership fee		376	0	376
Miscellaneous expenses		5,099	0	5,099
Printing stationery		2,357	0	2,357
Rental expenses		13,906	0	13,906
Repair and maintenance		1,960	0	1,960
Staff costs	9	66,519	0	66,519
Telecommunication		1,845	0	1,845
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
Write-off of property, plant and equipment		825	0	825
		<u>165,627</u>	<u>0</u>	<u>165,627</u>
		<u>291,115</u>	<u>0</u>	<u>291,115</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 2012**

	Unrestricted Fund	Restricted Fund	
	General Fund S\$	Maintenance and development fund S\$	Total S\$
<b>2012</b>			
Total funds brought forward	866,589	41,874	908,463
Net income	<u>66,121</u>	<u>0</u>	<u>66,121</u>
Total funds carried forward	<u>932,710</u>	<u>41,874</u>	<u>974,584</u>
	Unrestricted Fund	Restricted Fund	
	General Fund S\$	Maintenance and development fund S\$	Total S\$
<b>2011</b>			
Total funds brought forward	810,622	41,874	852,496
Net income	<u>55,967</u>	<u>0</u>	<u>55,967</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.



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**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Note	2012 S\$	2011 S\$
<b>Cash flows from operating activities</b>			
Net income		66,121	55,967
Adjustments for:			
- Depreciation	6	39,768	39,465
- Interest income		(1,985)	(1,345)
Operating cash flow before working capital changes		<u>103,904</u>	<u>94,087</u>
Changes in operating assets and liabilities:			
- Other receivables		195	2,372
- Other payables		(2,610)	9,517
<b>Net cash provided by operating activities</b>		<u>101,489</u>	<u>105,976</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	6	(3,100)	(61,453)
Interest received		<u>1,985</u>	<u>1,106</u>
<b>Net cash used in investing activities</b>		<u>(1,115)</u>	<u>(60,347)</u>
<b>Net increase in cash and cash equivalents</b>		100,374	45,629
Cash and cash equivalents at beginning of financial year		<u>657,576</u>	<u>611,947</u>
<b>Cash and cash equivalents at end of financial year</b>	4	<u><u>757,950</u></u>	<u><u>657,576</u></u>
<b>Cash and cash equivalents comprise:</b>			
Cash in banks		391,708	293,514
Cash on hand		3,000	3,000
Fixed deposits		<u>363,242</u>	<u>361,062</u>
	4	<u><u>757,950</u></u>	<u><u>657,576</u></u>

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 2012

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 on 21 August 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 place of operation is located at Blk 195 Kim Keat Avenue, #01-294, Singapore 310195.

The Home is granted an Institution of a Public Character ("IPC") status for the period from 1 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 Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

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

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

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

<u>FRS</u>	<u>Effective Date</u>	<u>Title</u>
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

### **2.2 Income recognition**

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

#### **2.2.1 Donations**

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

#### **2.2.2 Contribution from residents**

Contribution from residents is recognized on accrual basis.

#### **2.2.3 Interest income**

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

#### **2.2.4 Other income**

Other income is recognized when incurred.

### **2.3 Expense recognition**

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

#### **2.3.1 Charitable activities**

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

#### **2.3.2 Governance costs**

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



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

### **2.4 Property, plant and equipment**

#### **2.4.1 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.

#### **2.4.2 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.

#### **2.4.3 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.

#### **2.4.4 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.

### **2.5 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.

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

### **2.5 Impairment of non-financial assets (Cont'd)**

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

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

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

### **2.6 Financial assets**

#### **2.6.1 Classification**

The Home classifies its financial assets as 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 "Other receivables" and "Cash and cash equivalents" on the statement of financial position.

#### **2.6.2 Recognition and derecognition**

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.

#### **2.6.3 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.

#### **2.6.4 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.



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

**2.6 Financial assets (Cont'd)**

**2.6.4 Impairment (Cont'd)**

Loans and receivables

An allowance for impairment of loans and receivables including other receivables 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, probabilities 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 statement of financial activities.

**2.7 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and deposits with financial institutions. Cash and cash equivalents are carried at cost.

**2.8 Financial liabilities**

Financial liabilities are recognised when the Home becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include payables and accruals.

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

**2.9 Other payables**

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

**2.10 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.

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

### **2.12 Funds**

Fund balances are restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Management Committee. Externally restricted funds may only be utilized in accordance with the purposes for which they are established. The Management Committee retains full control over the use of unrestricted funds for any of the Home's purposes.

### **2.13 Leases**

#### 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 statement of financial activities 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 statement of financial activities. Contingent rents are recognized as an expense in the statement of financial activities in the financial year in which they are incurred.

### **2.14 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.

### **2.15 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**

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

### 3. Critical accounting estimates, assumptions and judgements (Cont'd)

#### 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.

#### *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.

#### *Impairment of property, plant and equipment*

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.

#### *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.

### 4. Cash and cash equivalents

	2012 S\$	2011 S\$
Cash in banks	391,708	293,514
Cash on hand	3,000	3,000
Fixed deposits	363,242	361,062
	<u>757,950</u>	<u>657,576</u>

Fixed deposits mature within three months to a year (FY2012: three months to a year) with interest rate of 0.25% (FY2012: 0.37%) per annum.

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

**5. Other receivables**

	2012 S\$	2011 S\$
Interest receivables	505	700
Deposits	4,652	4,652
	<u>5,157</u>	<u>5,352</u>

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

**6. Property, plant and equipment**

	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
<b>2012</b>				
<b>Cost</b>				
Beginning of financial year	74,670	53,900	298,630	427,200
Additions	3,100	0	0	3,100
End of financial year	<u>77,770</u>	<u>53,900</u>	<u>298,630</u>	<u>430,300</u>
<b>Accumulated depreciation</b>				
Beginning of financial year	45,438	26,952	44,448	116,838
Depreciation	5,260	5,390	29,118	39,768
End of financial year	<u>50,698</u>	<u>32,342</u>	<u>73,566</u>	<u>156,606</u>
<b>Net book value</b>	<u>27,072</u>	<u>21,558</u>	<u>225,064</u>	<u>273,694</u>
<b>2011</b>				
<b>Cost</b>				
Beginning of financial year	67,997	53,900	243,850	365,747
Additions	6,673	0	54,780	61,453
End of financial year	<u>74,670</u>	<u>53,900</u>	<u>298,630</u>	<u>427,200</u>
<b>Accumulated depreciation</b>				
Beginning of financial year	40,481	21,562	15,330	77,373
Depreciation	4,957	5,390	29,118	39,465
End of financial year	<u>45,438</u>	<u>26,952</u>	<u>44,448</u>	<u>116,838</u>
<b>Net book value</b>	<u>29,232</u>	<u>26,948</u>	<u>254,182</u>	<u>310,362</u>



## 7. Other payables

	2012 S\$	2011 S\$
Accrued operating expenses	12,716	17,526
Deposits received from residents	49,501	47,301
	<u>62,217</u>	<u>64,827</u>

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

## 8. Maintenance and development fund

This fund is set up for future expansion of the Home.

## 9. Staff costs

	2012 S\$	2011 S\$
CPF contributions	9,501	14,156
Foreign worker levy	9,444	7,343
Medical expenses	1,210	1,254
Salaries and bonuses	111,170	125,634
Staff welfare	915	0
Training expenses	160	1,070
	<u>132,400</u>	<u>149,457</u>

Staff costs are allocated as follows:

- Costs of charitable activities	76,445	82,938
- Governance and administrative cost	55,955	66,519
	<u>132,400</u>	<u>149,457</u>

## 10. Income tax

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.

## 11. Related party transactions

During the financial year, the Home had significant related party transactions with its related parties as follows, on terms agreed between the parties:

	2012 S\$	2011 S\$
Purchase of goods and services from a related party	<u>5,905</u>	<u>8,353</u>

The Management Committee members did not receive any remuneration from the Home during the financial year (FY2012: NIL).



## 11. Related party transactions (Cont'd)

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

	2012 S\$	2011 S\$
Number of key management in remuneration bands		
S\$50,000 and below	<u>1</u>	<u>1</u>

The remuneration of key management personnel is determined by the Management Committee.

None of the three highest paid staff received remuneration exceeding S\$100,000.

## 12. Management of conflict of interest

There is no paid staff on the Home's Management Committee.

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

## 13. Reserve position and policy

The Home's reserve position for financial year ended 31 December 2012 is as follows:

		2012 S\$'000	2011 S\$'000	Increase/ (decrease) %
A	Unrestricted Funds			
	General fund	933	866	8
B	Restricted or Designated Funds			
	Maintenance and development fund	42	42	0
C	Endowment Funds	N/A	N/A	N/A
D	Total Funds	975	908	7
E	Total Annual Operating Expenditure	294	291	1
F	Ratio of Funds to Annual Operating Expenditure (A/E)	3.17	2.98	6

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 Administration Costs.

### 13. Reserve position and policy (Cont'd)

The Home's Reserve Policy is as follows:

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

### 14. 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 is 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:

	2012 S\$	2011 S\$
Financial assets		
- Fixed interest rate	363,242	361,062
- Non-interest bearing	399,865	301,866
	<u>763,107</u>	<u>662,928</u>
Financial liabilities		
- Non-interest bearing	<u>62,217</u>	<u>64,827</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.

**15. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on **14 AUG 2013**