

**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 2014**

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Fiducia LLP

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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 2014 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

06 JUN 2015

Wan Kwong Weng
Choong Loon @ Chong Kok Loon
Foo Chee Fah
Chan Fong Fong
Cheng Chay Choo Ruth
Oi Keng Hunt
Wu How Thian
Han Wee Lan
Seah Siew Beng Albert
Ing Andrew Samuel

Chairman
Vice Chairman
Vice Chairman
Honorary Secretary
Assistant Secretary
Honorary Treasurer
Committee Member
Committee Member
Committee Member
Committee Member

On behalf of the Management Committee,



Wan Kwong Weng
Chairman

Singapore, 06 JUN 2015



Oi Keng Hunt
Honorary Treasurer

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

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Independent auditors' report to the members of:

ADVENTIST HOME FOR THE ELDERS

[Unique Entity No. S80SS0046B]
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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 2014, 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 auditors' judgment, 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 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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Chartered Accountants of Singapore

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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 2014, 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 Accountants

Singapore,

06 JUN 2015

Partner-in-charge: Ong Lien Wan
PAB No.: 01360

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014 S\$	2013 S\$
ASSETS			
Current assets			
Cash and cash equivalents	4	413,380	308,375
Fixed deposits	5	565,593	564,183
Other receivables	6	6,020	5,394
		<u>984,993</u>	<u>877,952</u>
Non-current assets			
Property, plant and equipment	7	<u>198,770</u>	<u>235,136</u>
Total assets		<u>1,183,763</u>	<u>1,113,088</u>
LIABILITIES			
Current liabilities			
Other payables	8	<u>58,560</u>	<u>64,503</u>
Total liabilities		<u>58,560</u>	<u>64,503</u>
NET ASSETS		<u>1,125,203</u>	<u>1,048,585</u>
FUNDS			
Unrestricted fund			
General fund		1,083,329	1,006,711
Restricted funds			
Maintenance and development fund	9	<u>41,874</u>	<u>41,874</u>
Total funds		<u>1,125,203</u>	<u>1,048,585</u>

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Unrestricted Fund	Restricted Fund	
	General Fund S\$	Maintenance and Development Fund S\$	Total S\$
2014			
INCOME			
Income from generating fund			
Voluntary income			
Donations			
- Non-tax deductible	15,393	0	15,393
- Tax deductible	77,611	0	77,611
Public assistance	38,250	0	38,250
	<u>131,254</u>	<u>0</u>	<u>131,254</u>
Investment income			
Interest income	<u>1,427</u>	<u>0</u>	<u>1,427</u>
	<u>132,681</u>	<u>0</u>	<u>132,681</u>
Income from charitable activities			
Contribution from residents	<u>240,115</u>	<u>0</u>	<u>240,115</u>
Other income			
Interest income	97	0	97
Miscellaneous income	<u>6,723</u>	<u>0</u>	<u>6,723</u>
	<u>6,820</u>	<u>0</u>	<u>6,820</u>
	379,616	0	379,616
EXPENSES	<u>302,998</u>	<u>0</u>	<u>302,998</u>
NET INCOME	76,618	0	76,618
Total funds brought forward	<u>1,006,711</u>	<u>41,874</u>	<u>1,048,585</u>
Total funds carried forward	<u>1,083,329</u>	<u>41,874</u>	<u>1,125,203</u>

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
(Cont'd)**

	Note	Unrestricted Fund	Restricted Fund	Total S\$
		General Fund S\$	Maintenance and Development Fund S\$	
2014 (Cont'd)				
EXPENSES				
Cost of charitable activities				
Food expenses		27,591	0	27,591
Living allowance		5,670	0	5,670
Staff costs	10	109,743	0	109,743
		<u>143,004</u>	<u>0</u>	<u>143,004</u>
Governance and administrative costs				
Audit fee		2,200	0	2,200
Bank charges		389	0	389
Bookkeeping service fee		1,800	0	1,800
Depreciation	7	38,796	0	38,796
Insurance		5,368	0	5,368
Minor fixed assets		2,606	0	2,606
Miscellaneous expenses		7,678	0	7,678
Printing and stationery		1,757	0	1,757
Recruitment expenses		1,274	0	1,274
Rental expenses		13,906	0	13,906
Repair and maintenance		3,296	0	3,296
Staff costs	10	57,974	0	57,974
Telecommunication		2,059	0	2,059
Transportation fee		845	0	845
Upkeep of motor vehicle		832	0	832
Water and electricity		19,214	0	19,214
		<u>159,994</u>	<u>0</u>	<u>159,994</u>
		<u>302,998</u>	<u>0</u>	<u>302,998</u>

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
(CONT'D)**

	Unrestricted Fund	Restricted Fund	
	General Fund	Maintenance and Development Fund	Total
	S\$	S\$	S\$
2013			
INCOME			
Income from generating fund			
Voluntary income			
Donations			
- Non-tax deductible	8,222	0	8,222
- Tax deductible	84,815	0	84,815
Public assistance	39,650	0	39,650
	<u>132,687</u>	<u>0</u>	<u>132,687</u>
Investment income			
Interest income	<u>1,178</u>	<u>0</u>	<u>1,178</u>
	<u>133,865</u>	<u>0</u>	<u>133,865</u>
Income from charitable activities			
Contribution from residents	<u>237,586</u>	<u>0</u>	<u>237,586</u>
Other income			
Interest income	74	0	74
Miscellaneous income	<u>2,878</u>	<u>0</u>	<u>2,878</u>
	<u>2,952</u>	<u>0</u>	<u>2,952</u>
	374,403	0	374,403
EXPENSES	<u>300,402</u>	<u>0</u>	<u>300,402</u>
NET INCOME	74,001	0	74,001
Total funds brought forward	<u>932,710</u>	<u>41,874</u>	<u>974,584</u>
Total funds carried forward	<u>1,006,711</u>	<u>41,874</u>	<u>1,048,585</u>

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
(Cont'd)**

		Unrestricted Fund	Restricted Fund	
		General Fund	Maintenance and Development Fund	Total
2013 (Cont'd)	Note	S\$	S\$	S\$
EXPENSES				
Cost of charitable activities				
Food expenses		31,402	0	31,402
Living allowance		7,510	0	7,510
Staff costs	10	101,496	0	101,496
Subsidy paid		900	0	900
		<u>141,308</u>	<u>0</u>	<u>141,308</u>
Governance and administrative costs				
Audit fee		2,200	0	2,200
Bank charges		114	0	114
Bookkeeping service fee		1,800	0	1,800
Depreciation	7	39,708	0	39,708
Insurance		1,178	0	1,178
Minor fixed assets		1,229	0	1,229
Miscellaneous expenses		6,718	0	6,718
Membership fee		376	0	376
Printing and stationery		3,328	0	3,328
Recruitment expenses		1,038	0	1,038
Rental expenses		13,906	0	13,906
Repair and maintenance		4,004	0	4,004
Staff costs	10	53,996	0	53,996
Telecommunication		2,051	0	2,051
Transportation fee		680	0	680
Upkeep of motor vehicle		7,104	0	7,104
Water and electricity		19,664	0	19,664
		<u>159,094</u>	<u>0</u>	<u>159,094</u>
		<u>300,402</u>	<u>0</u>	<u>300,402</u>

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Unrestricted Fund	Restricted Fund	
	General Fund S\$	Maintenance and Development Fund S\$	Total S\$
2014			
Total funds brought forward	1,006,711	41,874	1,048,585
Net income	<u>76,618</u>	<u>0</u>	<u>76,618</u>
Total funds carried forward	<u>1,083,329</u>	<u>41,874</u>	<u>1,125,203</u>
	Unrestricted Fund	Restricted Fund	
	General Fund S\$	Maintenance and Development Fund S\$	Total S\$
2013			
Total funds brought forward	932,710	41,874	974,584
Net income	<u>74,001</u>	<u>0</u>	<u>74,001</u>
Total funds carried forward	<u>1,006,711</u>	<u>41,874</u>	<u>1,048,585</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 S\$	2013 S\$
Cash flows from operating activities			
Net income		76,618	74,001
Adjustments for:			
- Depreciation	7	38,796	39,708
- Interest income		(1,524)	(1,252)
Operating cash flow before working capital changes		113,890	112,457
Changes in operating assets and liabilities			
- Other receivables		(609)	0
- Other payables		(5,943)	2,286
Cash generated from operations		107,338	114,743
Interest received		97	74
Net cash provided by operating activities		<u>107,435</u>	<u>114,817</u>
Cash flows from investing activities			
Placement of fixed deposits		0	(200,000)
Purchases of property, plant and equipment	7	(2,430)	(1,150)
Net cash used in investing activities		<u>(2,430)</u>	<u>(201,150)</u>
Net increase / (decrease) in cash and cash equivalents		105,005	(86,333)
Cash and cash equivalents at beginning of financial year		<u>308,375</u>	<u>394,708</u>
Cash and cash equivalents at end of financial year	4	<u>413,380</u>	<u>308,375</u>
Cash and cash equivalents comprise:			
Cash in banks		408,720	303,375
Cash on hand		4,660	5,000
	4	<u>413,380</u>	<u>308,375</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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. This status is renewed effective from 1 July 2014 to 31 July 2016.

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 judgment 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 judgment 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

The Home has adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Home and had no material effect on the amounts reported for the current or prior financial years.

Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
FRS 16, FRS 38 Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16, FRS 41 Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants	1 January 2016

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Description	Effective for annual periods beginning on or after
FRS 19 Amendments to FRS 19: Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 27 Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
FRS 109 Financial Instruments	1 January 2018
FRS 110, FRS 28 Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 111 Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 114 Regulatory Deferral Accounts	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017

Management believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of initial application.

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 recognised as income upon receipt of such monies.

2.2.2 Contribution from residents

Contribution from residents is recognised on accrual basis.

2.2.3 Interest income

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

2.2.4 Other income

Other income is recognised 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 Cost of 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. Significant accounting policies (Cont'd)

2.3 Expense recognition (Cont'd)

2.3.2 Governance and administrative costs

Governance and administrative 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.

2.4 Property, plant and equipment

2.4.1 Measurement

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

The cost of an item of property, plant and equipment initially recognised 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
Leasehold improvement	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. Significant accounting policies (Cont'd)

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.

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", "Fixed deposits" and "Cash and cash equivalents" on the statement of financial position.

2.6.2 Recognition and derecognition

Financial assets are derecognised 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 recognised 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 recognised 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 recognised 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 that are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at cost.

Fixed deposits that have short maturities of three months or less from the date of acquisition are reported as cash equivalent. All other fixed deposits are reported separately in the statement of financial position.

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 expired. 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 recognised 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 recognised 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 recognised 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. 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 judgments

Estimates, assumptions and judgments 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 judgments (Cont'd)

Critical judgments 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 non-financial assets

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 debtor. If there are indications that the financial position of a debtor has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

4. Cash and cash equivalents

	2014 S\$	2013 S\$
Cash in banks	408,720	303,375
Cash on hand	4,660	5,000
	<u>413,380</u>	<u>308,375</u>

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

5. Fixed deposits

Fixed deposits are placed for a period of 12 (FY2013: 12) months with effective interest rate of 0.25% (FY2013: 0.25%) per annum.

At the statement of financial position date, the carrying amounts of fixed deposits approximated their fair values.

6. Other receivables

	2014 S\$	2013 S\$
Deposits	4,652	4,652
Interest receivables	759	742
Other receivables	609	0
	<u>6,020</u>	<u>5,394</u>

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

7. Property, plant and equipment

	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
2014				
Cost				
Beginning of financial year	78,920	53,900	298,630	431,450
Additions	2,430	0	0	2,430
End of financial year	<u>81,350</u>	<u>53,900</u>	<u>298,630</u>	<u>433,880</u>
Accumulated depreciation				
Beginning of financial year	55,898	37,732	102,684	196,314
Depreciation	4,288	5,390	29,118	38,796
End of financial year	<u>60,186</u>	<u>43,122</u>	<u>131,802</u>	<u>235,110</u>
Net book value	<u>21,164</u>	<u>10,778</u>	<u>166,828</u>	<u>198,770</u>
2013				
Cost				
Beginning of financial year	77,770	53,900	298,630	430,300
Additions	1,150	0	0	1,150
End of financial year	<u>78,920</u>	<u>53,900</u>	<u>298,630</u>	<u>431,450</u>
Accumulated depreciation				
Beginning of financial year	50,698	32,342	73,566	156,606
Depreciation	5,200	5,390	29,118	39,708
End of financial year	<u>55,898</u>	<u>37,732</u>	<u>102,684</u>	<u>196,314</u>
Net book value	<u>23,022</u>	<u>16,168</u>	<u>195,946</u>	<u>235,136</u>

8. Other payables

	2014 S\$	2013 S\$
Accrued operating expenses	16,860	13,202
Deposits received from residents	41,700	51,301
	<u>58,560</u>	<u>64,503</u>

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

9. Maintenance and development fund

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

10. Staff costs

	2014 S\$	2013 S\$
CPF contributions	8,970	11,553
Foreign worker levy	11,675	11,402
Medical expenses	977	723
Salaries and bonuses	146,095	131,026
Staff welfare	0	210
Training expenses	0	578
	<u>167,717</u>	<u>155,492</u>
Staff costs are allocated as follows:		
- Costs of charitable activities	109,743	101,496
- Governance and administrative cost	57,974	53,996
	<u>167,717</u>	<u>155,492</u>

11. 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.

12. 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:

	2014 S\$	2013 S\$
Purchase of goods and services from a related party	<u>6,183</u>	<u>5,030</u>

The Management Committee members did not receive any remuneration from the Home during the financial year (FY2013: NIL).

12. Related party transactions (Cont'd)

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

	2014 S\$	2013 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.

13. Management of conflict of interest

There is no paid staff in 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.

14. Reserve position and policy

The Home's reserve position for financial year ended 31 December 2014 is as follows:

		2014 S\$'000	2013 S\$'000	Increase/ (decrease) %
A	Unrestricted Funds			
	General fund	1,083	1,007	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	1,125	1,049	7
E	Total Annual Operating Expenditure	303	300	1
F	Ratio of Funds to Annual Operating Expenditure (A/E)	3.57	3.36	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.

14. 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.

15. Financial risk management

The Home's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Management Committee on an informal basis.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a debtor to settle its financial and contractual obligations to the Home, as and when they fall due.

The Home has minimal exposure to credit risks due to the nature of its activities.

The credit risk on liquid funds is limited because the counter parties are banks with high credit rating assigned by international credit agencies.

Liquidity risk

Liquidity risk refers to the risk that the Home will have insufficient resources to meet its financial liabilities as and when they fall due.

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

The table below summarises the profile of the Home's financial assets and liabilities at the statement of financial position date based on contractual undiscounted payments.

	2014 S\$	2013 S\$
<u>Payable within one year</u>		
<i>Financial assets</i>		
Cash and cash equivalents	413,380	308,375
Fixed deposits	565,593	564,183
Other receivables	6,020	5,394
	<u>984,993</u>	<u>877,952</u>
<i>Financial liabilities</i>		
Other payables	<u>58,560</u>	<u>64,503</u>
	<u>926,433</u>	<u>813,449</u>

15. Financial risk management (Cont'd)

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 5.

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

	2014 S\$	2013 S\$
Financial assets		
- Fixed interest rate	565,593	564,183
- Non-interest bearing	419,400	313,769
	<u>984,993</u>	<u>877,952</u>
Financial liabilities		
- Non-interest bearing	<u>58,560</u>	<u>64,503</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.

Currency risk

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

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 due to their short-term nature.

16. Authorisation of financial statements

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

06 JUN 2015