

**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 2015**

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**Fiducia LLP**

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Public Accountants and

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## STATEMENT BY MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the financial statements set out on pages 5 to 29, are drawn up so as to give a true and fair view of the financial position of **Adventist Home for the Elders** (the "Home") as at 31 December 2015 and the financial performance, changes in funds and cash flows of the Home for the financial 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  
**10 JUN 2016**

Wan Kwong Weng  
Choong Loon @ Chong Kok Loon  
Foo Chee Fah  
Chan Fong Fong  
Cheng Chay Choo Ruth  
Oi Keng Hunt  
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

On behalf of the Management Committee,



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Wan Kwong Weng  
Chairman



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Oi Keng Hunt  
Honorary Treasurer

Singapore, **10 JUN 2016**

## Fiducia LLP

Public Accountants and  
Chartered Accountants of Singapore

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Independent auditor's report to the members of:

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

[Unique Entity No. S80SS0046B]  
[IPC No. IPC000385]  
[Registered under the Registry of Societies]

## **Report on the Financial Statements**

We have audited the accompanying financial statements of **Adventist Home for the Elders** (the "Home") set out on pages 5 to 29, which comprise the statement of financial position as at 31 December 2015, the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management Committee 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; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

### *Auditor's 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 audit 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 control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Fiducia LLP

Public Accountants and  
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(CONT'D)

Independent auditor's 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 of the Home 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 financial position of the Home as at 31 December 2015, and the financial performance, 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) 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, 10 JUN 2016



**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Unrestricted Fund	Restricted Funds			
	General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$	Total S\$	Total Funds S\$
<b>2015</b>					
<b>INCOME</b>					
Voluntary income	223,917	0	67,511	67,511	291,428
Income from charitable activities	235,577	0	0	0	235,577
Investment income	30,417	0	0	0	30,417
Other income	10,718	0	0	0	10,718
	<u>500,629</u>	<u>0</u>	<u>67,511</u>	<u>67,511</u>	<u>568,140</u>
<b>EXPENSES</b>					
Cost of charitable activities	174,258	0	0	0	174,258
Governance and administrative costs	<u>261,100</u>	<u>0</u>	<u>10,715</u>	<u>10,715</u>	<u>271,815</u>
	<u>435,358</u>	<u>0</u>	<u>10,715</u>	<u>10,715</u>	<u>446,073</u>
<b>NET INCOME</b>	65,271	0	56,796	56,796	122,067
Total funds brought forward	<u>1,083,329</u>	<u>41,874</u>	<u>0</u>	<u>41,874</u>	<u>1,125,203</u>
<b>Total funds carried forward</b>	<u>1,148,600</u>	<u>41,874</u>	<u>56,796</u>	<u>98,670</u>	<u>1,247,270</u>

	Unrestricted Fund General Fund S\$	Restricted Fund Maintenance and Development Fund S\$	Total Funds S\$
<b>2014</b>			
<b>INCOME</b>			
Voluntary income	131,254	0	131,254
Income from charities activities	240,115	0	240,115
Investment income	1,427	0	1,427
Other income	6,820	0	6,820
	<u>379,616</u>	<u>0</u>	<u>379,616</u>
<b>EXPENSES</b>			
Cost of charitable activities	143,004	0	143,004
Governance and administrative costs	<u>159,994</u>	<u>0</u>	<u>159,994</u>
	<u>302,998</u>	<u>0</u>	<u>302,998</u>
<b>NET INCOME</b>	76,618	0	76,618
Total funds brought forward	<u>1,006,711</u>	<u>41,874</u>	<u>1,048,585</u>
<b>Total funds carried forward</b>	<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.

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2015**

	Note	Unrestricted Fund	Restricted Fund			Total Funds S\$
		General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$	Total S\$	
<b>2015</b>						
<b>INCOME</b>						
<b>Income from generating fund</b>						
<b>Voluntary income</b>						
Donations						
- Non-tax deductible		12,450	0	0	0	12,450
- Tax deductible	4	167,579	0	0	0	167,579
Public assistance		40,500	0	0	0	40,500
Government and other grants		3,388	0	67,511	67,511	70,899
		<u>223,917</u>	<u>0</u>	<u>67,511</u>	<u>67,511</u>	<u>291,428</u>
<b>Income from charitable activities</b>						
Contribution from residents		235,577	0	0	0	235,577
<b>Investment income</b>						
Collaboration fee		29,000	0	0	0	29,000
Interest income		1,417	0	0	0	1,417
		<u>30,417</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,417</u>
<b>Other income</b>						
Interest income		124	0	0	0	124
Miscellaneous income		10,594	0	0	0	10,594
		<u>10,718</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,718</u>
		<u>500,629</u>	<u>0</u>	<u>67,511</u>	<u>67,511</u>	<u>568,140</u>
<b>EXPENSES</b>						
<b>Cost of charitable activities</b>						
Event and outing expenses		22,351	0	0	0	22,351
Food expenses		23,729	0	0	0	23,729
Living allowance		5,810	0	0	0	5,810
Staff costs	5	122,368	0	0	0	122,368
		<u>174,258</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>174,258</u>

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2015 (CONT'D)**

	Note	Unrestricted Fund	Restricted Fund		Total S\$	Total Funds S\$
		General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$		
<b>2015 (Cont'd)</b>						
<b>EXPENSES (CONT'D)</b>						
<b>Governance and administrative costs</b>						
Audit fee		2,354	0	0	0	2,354
Bank charges		351	0	0	0	351
Bookkeeping service fee		1,800	0	0	0	1,800
Depreciation	9	39,034	0	10,715	10,715	49,749
Insurance		5,235	0	0	0	5,235
Minor fixed assets		4,942	0	0	0	4,942
Miscellaneous expenses		5,378	0	0	0	5,378
Printing and stationery		4,694	0	0	0	4,694
Rental expenses		43,029	0	0	0	43,029
Repair and maintenance		3,011	0	0	0	3,011
Staff costs	5	109,853	0	0	0	109,853
Sub contract and consultant work		13,400	0	0	0	13,400
Telecommunication		4,092	0	0	0	4,092
Transportation fee		1,120	0	0	0	1,120
Upkeep of motor vehicle		2,371	0	0	0	2,371
Water and electricity		20,436	0	0	0	20,436
		<u>261,100</u>	<u>0</u>	<u>10,715</u>	<u>10,715</u>	<u>271,815</u>
		<u>435,358</u>	<u>0</u>	<u>10,715</u>	<u>10,715</u>	<u>446,073</u>
<b>NET INCOME</b>		65,271	0	56,796	56,796	122,067
<b>Total funds brought forward</b>		<u>1,083,329</u>	<u>41,874</u>	<u>0</u>	<u>41,874</u>	<u>1,125,203</u>
<b>Total funds carried forward</b>		<u>1,148,600</u>	<u>41,874</u>	<u>56,796</u>	<u>98,670</u>	<u>1,247,270</u>

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

**DETAILED 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 Funds S\$
<b>2014</b>				
<b>INCOME</b>				
<b>Income from generating fund</b>				
<b>Voluntary income</b>				
Donations				
- Non-tax deductible		15,393	0	15,393
- Tax deductible	4	77,611	0	77,611
Public assistance		38,250	0	38,250
		<u>131,254</u>	<u>0</u>	<u>131,254</u>
<b>Income from charitable activities</b>				
Contribution from residents		<u>240,115</u>	<u>0</u>	<u>240,115</u>
<b>Investment income</b>				
Interest income		<u>1,427</u>	<u>0</u>	<u>1,427</u>
<b>Other income</b>				
Interest income		97	0	97
Miscellaneous income		6,723	0	6,723
		<u>6,820</u>	<u>0</u>	<u>6,820</u>
		<u>379,616</u>	<u>0</u>	<u>379,616</u>
<b>EXPENSES</b>				
<b>Cost of charitable activities</b>				
Food expenses		27,591	0	27,591
Living allowance		5,670	0	5,670
Staff costs	5	109,743	0	109,743
		<u>143,004</u>	<u>0</u>	<u>143,004</u>



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

		Unrestricted Fund	Restricted Fund Maintenance and Development	Total Funds
		General Fund S\$	Fund S\$	S\$
2014 (Cont'd)	Note			
<b>EXPENSES (CONT'D)</b>				
<b>Governance and administrative costs</b>				
Audit fee		2,200	0	2,200
Bank charges		389	0	389
Bookkeeping service fee		1,800	0	1,800
Depreciation	9	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	5	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>
<b>NET INCOME</b>		76,618	0	76,618
Total funds brought forward		<u>1,006,711</u>	<u>41,874</u>	<u>1,048,585</u>
<b>Total funds carried forward</b>		<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 POSITION AS AT 31 DECEMBER 2015**

	Note	2015 S\$	2014 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	395,847	413,380
Fixed deposits	7	567,010	565,593
Other receivables	8	57,378	6,020
		<u>1,020,235</u>	<u>984,993</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	323,390	198,770
Available-for-sale financial assets	10	5,000	0
		<u>328,390</u>	<u>198,770</u>
<b>Total assets</b>		<u>1,348,625</u>	<u>1,183,763</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	11	98,205	58,560
Deferred income	12	3,150	0
		<u>101,355</u>	<u>58,560</u>
<b>Total liabilities</b>		<u>101,355</u>	<u>58,560</u>
<b>NET ASSETS</b>		<u>1,247,270</u>	<u>1,125,203</u>
<b>FUNDS</b>			
<b>Unrestricted fund</b>			
General fund	13	<u>1,148,600</u>	<u>1,083,329</u>
<b>Restricted funds</b>			
Care and Share Fund	13	56,796	0
Maintenance and Development Fund	13	<u>41,874</u>	<u>41,874</u>
		<u>98,670</u>	<u>41,874</u>
<b>Total funds</b>		<u>1,247,270</u>	<u>1,125,203</u>

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

**STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Unrestricted Fund	Restricted Fund			Total S\$
	General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$	Total S\$	
<b>2015</b>					
Total funds at beginning of year	1,083,329	41,874	0	41,874	1,125,203
Net income	65,271	0	56,796	56,796	122,067
Total funds at end of the year	<u>1,148,600</u>	<u>41,874</u>	<u>56,796</u>	<u>98,670</u>	<u>1,247,270</u>

	Unrestricted Fund	Restricted Fund			Total S\$
	General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$	Total S\$	
<b>2014</b>					
Total funds at beginning of year	1,006,711	41,874	0	41,874	1,048,585
Net income	76,618	0	0	0	76,618
Total funds at end of the year	<u>1,083,329</u>	<u>41,874</u>	<u>0</u>	<u>41,874</u>	<u>1,125,203</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 2015**

	Note	2015 S\$	2014 S\$
<b>Cash flows from operating activities</b>			
Net income		122,067	76,618
Adjustments for:			
- Depreciation	9	49,749	38,796
- Interest income		(1,541)	(1,524)
Operating cash flow before working capital changes		170,275	113,890
Changes in operating assets and liabilities			
- Other receivables		(51,358)	(609)
- Other payables		39,645	(5,943)
- Deferred income		3,150	0
Cash generated from operations		161,712	107,338
Interest received		124	97
<b>Net cash provided by operating activities</b>		161,836	107,435
<b>Cash flows from investing activities</b>			
Purchase of investment		(5,000)	0
Purchases of property, plant and equipment	9	(174,369)	(2,430)
<b>Net cash used in investing activities</b>		(179,369)	(2,430)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(17,533)	105,005
Cash and cash equivalents at beginning of financial year		413,380	308,375
<b>Cash and cash equivalents at end of financial year</b>	6	395,847	413,380
<b>Cash and cash equivalents comprise:</b>			
Cash on hand		5,000	4,660
Cash in banks		390,847	408,720
	6	395,847	413,380

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 2015**

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 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 Standard ("FRS"), the disclosure requirements of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards. 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 2015**

On 1 January 2015, the Home adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Home's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Societies and had no material effect on the amounts reported for the current or prior financial years.

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

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

#### ***New or amended Standards and Interpretations effective after 1 January 2015***

The following are the new or amended Standards and Interpretations that are not yet applicable, but may be early adopted for the current financial year:

<b>Descriptions</b>	<b>Annual periods commencing on</b>
Amendments to FRS 27: Equity Method in Separate Financial Statements Amendments to FRS 110, FRS 112 and FRS 28 : Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 7: Disclosure Initiative	1 January 2017
FRS 109 Financial Instruments FRS 115 Revenue from Contracts with Customers	1 January 2018

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.

#### **2.2.5 Government grant**

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Home will comply with all the attached conditions.

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

### **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.

#### **2.3.2 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**

All 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 cost that is 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.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal and restoration is included as a consequence of acquiring or using the property, plant and equipment.

#### **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, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in the statement of financial activities when the changes arise.



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

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

#### **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 entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in statement of financial activities when incurred.

#### **2.4.4 Disposal**

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

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

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

For the purpose of impairment, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, 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 difference between the carrying amount and recoverable amount is recognised as an impairment loss in statement of financial activities, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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

A reversal of impairment loss for an asset other than goodwill is recognised in statement of financial activities, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revalued increase.



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

### **2.6 Financial assets**

#### **2.6.1 Classification**

The Home classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets. The classification depends on the nature of the assets and 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 presented as current assets, except those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "other receivables" and "cash and cash equivalents" on the statement of financial position.

##### Available-for-sale financial assets

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

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

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

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. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in statement of financial activities. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to statement of financial activities.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Home are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

#### **2.6.3 Initial measurement**

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

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

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

#### **2.6.4 Subsequent measurement**

Available-for-sale financial assets are subsequently carried at fair-value. Loans and receivables are subsequently carried at amortised cost using effective interest method. Interest and dividend income on available-for-sale financial assets are recognised separately in income.

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

#### **2.6.5 Impairment**

The Home assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

##### Loans and receivables

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

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

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

##### Available-for-sale financial assets

A significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

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

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

### **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 comprehensive income. Financial liabilities include "Other payables".

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expired. When existing financial liabilities are replaced by another from 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 comprehensive income.

### **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 fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

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

### **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

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 leave entitlement

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**

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Home if that person:
  - (i) Has control or joint control over the Home;
  - (ii) Has significant influence over the Home; or
  - (iii) Is a governing board member, trustee or a member of the key management personnel of the Home or of a parent of the Home;



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

### **2.15 Related parties (Cont'd)**

b) An entity is related to the Home if any of the following conditions applies:

- (i) The entity and the Home are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the Home is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Home or an entity related to the Home. If the Home is itself such a plan, the sponsoring employers are also related to the Home.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a governing board member, trustee or member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Home or to the parent of the Home.

## **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.

### 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*

Non-financial assets 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.

**4. Tax deductible receipts**

During the financial year, the Home issued tax-exempt receipts for donations collected amounting to S\$167,579 (2014: S\$77,611).

**5. Staff costs**

	2015 S\$	2014 S\$
CPF contributions	12,846	8,970
Foreign worker levy	12,190	11,675
Medical expenses	1,159	977
Salaries and bonuses	203,086	146,095
Staff welfare	2,860	0
Training expenses	80	0
	<u>232,221</u>	<u>167,717</u>
Staff costs are allocated as follows:		
- Costs of charitable activities	122,368	109,743
- Governance and administrative cost	<u>109,853</u>	<u>57,974</u>
	<u>232,221</u>	<u>167,717</u>

**6. Cash and cash equivalents**

	2015 S\$	2014 S\$
Cash on hand	5,000	4,660
Cash in banks	<u>390,847</u>	<u>408,720</u>
	<u>395,847</u>	<u>413,380</u>

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair values.

**7. Fixed deposits**

Fixed deposits are placed for a period of 12 months (2014: 12 months) with effective interest rate of 0.25% (2014: 0.25%) per annum.

At the reporting date, the carrying amounts of fixed deposits approximated their fair values.

**8. Other receivables**

	2015 S\$	2014 S\$
Deposits	12,812	4,652
Grant receivable	43,233	0
Interest receivables	759	759
Other receivables	574	609
	<u>57,378</u>	<u>6,020</u>

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

**9. Property, plant and equipment**

	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
<b>2015</b>				
<b>Cost</b>				
Beginning of financial year	81,350	53,900	298,630	433,880
Additions	74,930	0	99,439	174,369
End of financial year	<u>156,280</u>	<u>53,900</u>	<u>398,069</u>	<u>608,249</u>
<b>Accumulated depreciation</b>				
Beginning of financial year	60,186	43,122	131,802	235,110
Depreciation	9,474	5,390	34,885	49,749
End of financial year	<u>69,660</u>	<u>48,512</u>	<u>166,687</u>	<u>284,859</u>
<b>Net book value</b>	<u>86,620</u>	<u>5,388</u>	<u>231,382</u>	<u>323,390</u>
<b>2014</b>				
<b>Cost</b>				
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>
<b>Accumulated depreciation</b>				
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>
<b>Net book value</b>	<u>21,164</u>	<u>10,778</u>	<u>166,828</u>	<u>198,770</u>

**10. Available-for-sales financial assets**

	2015 S\$	2014 S\$
<u>Unquoted equity shares, at cost</u>		
At beginning of year	0	0
Acquired during the year	5,000	0
At end of year	<u>5,000</u>	<u>0</u>

The available-for sale financial assets represent investment in a company incorporated in Singapore with its principal activities as provision of dental services.

**11. Other payables**

	2015 S\$	2014 S\$
Accrued operating expenses	58,205	16,860
Deposits received from residents	40,000	41,700
	<u>98,205</u>	<u>58,560</u>

At the reporting date, the carrying amounts of other payables approximated their fair values.

**12. Deferred income**

	2015 S\$	2014 S\$
Advance public assistance grant received	<u>3,150</u>	<u>0</u>

**13. Funds**

Funds comprise of unrestricted and restricted fund.

**13.1 Unrestricted general fund**

This fund represents accumulated surplus and is for the purpose of meeting operating expenses incurred by the Home.

**13.2 Restricted fund**

Fund balances restricted by outside sources are indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes.



### 13. Funds (Cont'd)

#### 13.2 Restricted fund (Cont'd)

Restricted funds comprise:

##### 13.2.1 Care and Share Fund

This is a grant from Ministry of Social and Family Development ("MSF"), based on qualifying donations, to develop the charitable agency's capabilities and capacity in the provision of social services and programmes for its beneficiaries.

##### 13.2.2 Maintenance and development fund

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

#### Net assets of the restricted funds

	Care and Share fund S\$	Maintenance and development fund S\$	Total S\$
<b>Total restricted funds as at 31 December 2015</b>	56,796	41,874	98,670
<b>Represented by:</b>			
Cash and bank balances	(145,861)	41,874	(103,987)
Property, plant and equipment	159,424	0	159,424
Grant receivables	43,233	0	43,233
	56,796	41,874	98,670

	Care and Share fund S\$	Maintenance and development fund S\$	Total S\$
<b>Total restricted funds as at 31 December 2014</b>	0	41,874	41,874
<b>Represented by:</b>			
Cash and bank balances	0	41,874	41,874
	0	41,874	41,874

### 14. 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.

## 15. 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:

	2015 S\$	2014 S\$
Purchase of goods and services from a related party	2,251	6,183
Purchase of property, plant and equipment from a related party	<u>550</u>	<u>0</u>

The Management Committee members did not receive any remuneration from the Home during the financial year (2014: NIL).

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

	2015	2014
Number of key management in remuneration bands		
S\$50,000 and below	<u>3</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.

## 16. Management of conflict of interest

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

Management 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.

## 17. Operating lease commitments

The Company leases office premises under non-cancellable operating lease agreements from non-related parties.

	2015 S\$	2014 S\$
Not later than one year	73,424	0
Between two and five years	<u>122,075</u>	<u>0</u>
	<u>195,499</u>	<u>0</u>

## 18. Reserve position and policy

The Home's reserve position for financial year ended 31 December 2015 is as follows:

		2015	2014	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	General fund	1,149	1,083	6
B	Restricted or Designated Funds			
	Maintenance and development fund	42	42	0
	Care and Share fund	57	0	100
C	Endowment Funds	N/A	N/A	N/A
D	Total Funds	1,248	1,125	11
E	Total Annual Operating Expenditure	446	303	47
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.58	3.57	

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.

The Home's Reserve Policy is as follows:

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

## 19. 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.

## 19. Financial risk management (Cont'd)

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.

	2015 S\$	2014 S\$
<u>Payable within one year</u>		
<i>Financial assets</i>		
Cash and cash equivalents	395,847	413,380
Fixed deposits	567,010	565,593
Other receivables	57,378	6,020
	<u>1,020,235</u>	<u>984,993</u>
<i>Financial liabilities</i>		
Other payables	98,205	58,560
	<u>98,205</u>	<u>58,560</u>
	<u>922,030</u>	<u>926,433</u>

### 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 7.

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

	2015 S\$	2014 S\$
<i>Financial assets</i>		
- Fixed interest rate	567,010	565,593
- Non-interest bearing	453,225	419,400
	<u>1,020,235</u>	<u>984,993</u>
<i>Financial liabilities</i>		
- Non-interest bearing	98,205	58,560
	<u>98,205</u>	<u>58,560</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.



**19. Financial risk management (Cont'd)**

***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.

**20. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on **10 JUN 2016**