

**ADVENTIST HOME FOR THE ELDER  
AND ITS SUBSIDIARY**

[UEN. S80SS0046B]  
[IPC No. IPC000385]

[Registered under the Societies-Act, Chapter 311  
in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2019**

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**Fiducia LLP**

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Public Accountants and  
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**STATEMENT BY MANAGEMENT COMMITTEE**

The Management Committee present their statement together with the audited financial statements of **Adventist Home for the Elders** (the "Home") and its subsidiary (the "Group") for the financial year ended 31 December 2019.

In the opinion of the Management Committee,

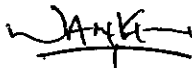
- (a) the consolidated financial statements of **Adventist Home for the Elders** (the "Home") and its subsidiary (the "Group") and the financial position of the Home are drawn up so as to present fairly, in all material aspect, the state of affairs of the Group and the Home as at 31 December 2019, and the result of the Group and the Home, change in funds and cash flows of the Group for the financial year ended; and
- (b) 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 **20 AUG 2020**

Wan Kwong Weng  
Choong Loon @ Chong Kok Loon  
Foo Chee Fah  
Cheng Chay Choo Ruth  
Oi Keng Hunt  
Seah Siew Beng Albert  
Han Wee Lan  
Andrew Samuel Ing  
Ong Ang Toh

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

On behalf of the Management Committee,



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Wan Kwong Weng  
Chairman



---

Oi Keng Hunt  
Treasurer

Singapore, **20 AUG 2020**

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Independent Auditor's report to the members of:

### **ADVENTIST HOME FOR THE ELDERS AND ITS SUBSIDIARY**

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## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of **Adventist Home for the Elders** (the "Home") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Home as at 31 December 2019, the consolidated statement of financial activities, consolidated statement of changes in funds and consolidated statement of cash flows of the Group and the statement of financial activities of the Home for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of financial activities the Home are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations ("the Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Group and of the Home as at 31 December 2019, and the results, changes in funds and cash flows of the Group and the result of the Home for the financial year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Other Information**

Management is responsible for the other information. The other information comprises the Statement by the Management Committee but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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(CONT'D)

Independent Auditor's report to the members of:

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### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and FRSS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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### **Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

In our opinion, the accounting and other records required to be kept by the Group have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

In our opinion, the accounting and other records required by the subsidiary cooperation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Companies Act.

## Fiducia LLP

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### **Report on Other Legal and Regulatory Requirements (Cont'd)**

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial year:

- (a) the Home has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Home has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



**Fiducia LLP**  
Public Accountants and  
Chartered Accountants

Singapore, **20 AUG 2020**

Partner-in-charge: Soo Hon Weng  
PAB. No.: 01089

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	Unrestricted fund	Restricted funds		Total funds
		General Fund	Maintenance and Development Fund	Care and Share Fund	
		S\$	S\$	S\$	S\$
<b>2019</b>					
<b>INCOME</b>					
<b>Income from generating fund</b>					
<b>Voluntary income</b>					
Donations					
- Non-tax deductible		24,936	0	0	24,936
- Tax deductible	4	211,208	0	0	211,208
Public assistance		22,800	0	0	22,800
Government and other grants		12,076	0	39,843	51,919
		<u>271,020</u>	<u>0</u>	<u>39,843</u>	<u>310,863</u>
<b>Income from charitable activities</b>					
Contribution from residents		223,397	0	0	223,397
Collections from classes		5,078	0	0	5,078
Collections from events		5,316	0	0	5,316
		<u>233,791</u>	<u>0</u>	<u>0</u>	<u>233,791</u>
<b>Investment income</b>					
Collaboration fee		40,800	0	0	40,800
Interest income		1,428	0	0	1,428
		<u>42,228</u>	<u>0</u>	<u>0</u>	<u>42,228</u>
<b>Other income</b>					
Interest income		36	0	0	36
Contribution from patients		5,253	0	0	5,253
Utility expense recovered		2,876	0	0	2,876
Miscellaneous sales		1,487	0	0	1,487
Third party's subsidy received		0	0	0	0
Others		15,599	0	0	15,599
		<u>25,251</u>	<u>0</u>	<u>0</u>	<u>25,251</u>
Total income		<u>572,290</u>	<u>0</u>	<u>39,843</u>	<u>612,133</u>
<b>EXPENDITURE</b>					
<b>Cost of charitable activities</b>					
Event and outing expenses		18,383	0	0	18,383
Food expenses		16,826	0	0	16,826
Living allowance		810	0	0	810
Staff costs	5	131,437	0	0	131,437
		<u>167,456</u>	<u>0</u>	<u>0</u>	<u>167,456</u>

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

	Note	Unrestricted fund	Restricted funds		Total funds
		General Fund	Maintenance and Development Fund	Care and Share Fund	
		S\$	S\$	S\$	S\$
<b>2019 EXPENDITURE (CONT'D)</b>					
<b>Governance and administrative costs</b>					
Audit fee		5,350	0	0	5,350
Allowance for impairment other receivables		6,400	0	0	6,400
Bank charges		269	0	0	269
Cost of clinic medicine, clinic supply		6,996	0	0	6,996
Depreciation	11	141,392	0	42,098	183,490
Insurance		4,438	0	0	4,438
Interest expense		18,487	0	0	18,487
Loss on disposal and written off of property, plant and equipment		1,167	0	0	1,167
License fee		321	0	0	321
Lease expense- short term lease	12	14,676	0	0	14,676
Membership fee		506	0	0	506
Minor fixed assets		2,590	0	0	2,590
Miscellaneous expenses		10,578	0	0	10,578
Printing and stationery		3,020	0	0	3,020
Professional fee		1,896	0	0	1,896
Recruitment expenses		35	0	0	35
Repair and maintenance		7,576	0	0	7,576
Staff costs	5	267,507	0	0	267,507
Sub contract and consultant work		1,200	0	0	1,200
Telecommunication		7,006	0	0	7,006
Transportation fee		823	0	0	823
Town council expenses		5,537	0	0	5,537
Upkeep of motor vehicle		205	0	0	205
Water and electricity		28,030	0	0	28,030
		<u>536,005</u>	<u>0</u>	<u>42,098</u>	<u>578,103</u>
Total expenses		<u>703,461</u>	<u>0</u>	<u>42,098</u>	<u>745,559</u>
<b>Net expenditure before tax expense</b>		<u>(131,171)</u>	<u>0</u>	<u>(2,255)</u>	<u>(133,426)</u>
<b>Income tax (subsidiary)</b>	6	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net expenditure</b>		<u>(131,171)</u>	<u>0</u>	<u>(2,255)</u>	<u>(133,426)</u>
<b>Balance as at 01.01.2019, as previously reported</b>		788,757	41,874	236,643	1,067,274
Effect of adopting of FRS 116 Leases		<u>(21,817)</u>	<u>0</u>	<u>0</u>	<u>(21,817)</u>
<b>Balance as at 01.01.2019, after adopting FRS 116 Leases</b>		<u>766,940</u>	<u>41,874</u>	<u>236,643</u>	<u>1,045,457</u>
<b>Total funds carried forward</b>		<u>635,769</u>	<u>41,874</u>	<u>234,388</u>	<u>912,031</u>

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



**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	Unrestricted fund	Restricted funds		Total funds
		General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$	
<b>2018</b>					
<b>INCOME</b>					
<b>Income from generating fund</b>					
<b>Voluntary income</b>					
Donations					
- Non-tax deductible		23,816	0	0	23,816
- Tax deductible	4	141,590	0	0	141,590
Public assistance		41,658	0	0	41,658
Government and other grants		15,354	0	83,451	98,805
		<u>222,418</u>	<u>0</u>	<u>83,451</u>	<u>305,869</u>
<b>Income from charitable activities</b>					
Contribution from residents		244,076	0	0	244,076
Collections from classes		3,789	0	0	3,789
Collections from events		6,685	0	0	6,685
		<u>254,550</u>	<u>0</u>	<u>0</u>	<u>254,550</u>
<b>Investment income</b>					
Collaboration fee		40,800	0	0	40,800
Interest income		1,428	0	0	1,428
		<u>42,228</u>	<u>0</u>	<u>0</u>	<u>42,228</u>
<b>Other income</b>					
Interest income		56	0	0	56
Contribution from patients		6,777	0	0	6,777
Utility expense recovered		2,703	0	0	2,703
Miscellaneous sales		1,765	0	0	1,765
Third party's subsidy received		6,319	0	0	6,319
Others		2,478	0	0	2,478
		<u>20,098</u>	<u>0</u>	<u>0</u>	<u>20,098</u>
Total income		<u>539,294</u>	<u>0</u>	<u>83,451</u>	<u>622,745</u>
<b>EXPENDITURE</b>					
<b>Cost of charitable activities</b>					
Event and outing expenses		15,525	0	0	15,525
Food expenses		16,913	0	0	16,913
Living allowance		1,620	0	0	1,620
Professional fee		49,195	0	0	49,195
Staff costs	5	107,811	0	0	107,811
		<u>191,064</u>	<u>0</u>	<u>0</u>	<u>191,064</u>

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)**

	Note	Unrestricted fund	Restricted funds		Total funds
		General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$	
<b>2018 EXPENDITURE (CONT'D)</b>					
<b>Governance and administrative costs</b>					
Audit fee		5,350	0	0	5,350
Bank charges		345	0	0	345
Cost of clinic medicine, clinic supply		2,065	0	0	2,065
Depreciation	11	40,489	0	42,523	83,012
Insurance		4,722	0	0	4,722
Licences fee		(145)	0	0	(145)
Minor fixed assets		1,637	0	0	1,637
Miscellaneous expenses		8,635	0	0	8,635
Printing and stationery		3,370	0	0	3,370
Recruitment expenses		232	0	0	232
Rental expenses		110,346	0	0	110,346
Repair and maintenance		8,225	0	0	8,225
Staff costs	5	291,888	0	0	291,888
Sub contract and consultant work		7,820	0	0	7,820
Telecommunication		6,512	0	0	6,512
Transportation fee		1,659	0	0	1,659
Town council expenses		3,403	0	0	3,403
Upkeep of motor vehicle		105	0	0	105
Water and electricity		28,808	0	0	28,808
		<u>525,466</u>	<u>0</u>	<u>42,523</u>	<u>567,989</u>
<b>Total expenses</b>		<u>716,530</u>	<u>0</u>	<u>42,523</u>	<u>759,053</u>
<b>Net expenditure before tax expense</b>		<u>(177,236)</u>	<u>0</u>	<u>40,928</u>	<u>(136,308)</u>
<b>Income tax (subsidiary)</b>	6	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net expenditure</b>		<u>(177,236)</u>	<u>0</u>	<u>40,928</u>	<u>(136,308)</u>
<b>Total funds brought forward</b>		<u>965,993</u>	<u>41,874</u>	<u>195,715</u>	<u>1,203,582</u>
<b>Total funds carried forward</b>		<u>788,757</u>	<u>41,874</u>	<u>236,643</u>	<u>1,067,274</u>

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 FOR THE HOME

Note	2019				2018			
	General fund S\$	Maintenance and Development fund S\$	Care and Share fund S\$	Total funds S\$	General fund S\$	Maintenance and Development fund S\$	Care and Share fund S\$	Total funds S\$
<b>INCOME</b>								
<b>Income from generating fund</b>								
<i>Voluntary income</i>								
Donations								
- Non-tax deductible	24,936	0	0	24,936	23,816	0	0	23,816
- Tax deductible	211,208	0	0	211,208	141,590	0	0	141,590
Public assistance	22,800	0	0	22,800	41,658	0	0	41,658
Government and other grants	12,076	0	39,843	51,919	15,354	0	83,451	98,805
	271,020	0	39,843	310,863	222,418	0	83,451	305,869
<b>Income from charitable activities</b>								
Contribution from residents	223,397	0	0	223,397	244,076	0	0	244,076
Collection from classes	5,078	0	0	5,078	3,789	0	0	3,789
Collection from events	5,316	0	0	5,316	6,685	0	0	6,685
	233,791	0	0	233,791	254,550	0	0	254,550
<b>Investment income</b>								
Collaboration fee	40,800	0	0	40,800	40,800	0	0	40,800
Interest income	1,428	0	0	1,428	1,428	0	0	1,428
	42,228	0	0	42,228	42,228	0	0	42,228
<b>Other income</b>								
Interest income	36	0	0	36	56	0	0	56
Utility expenses recovered	2,876	0	0	2,876	2,703	0	0	2,703
Miscellaneous sales	1,487	0	0	1,487	1,765	0	0	1,765
Administration cost	0	0	0	0	15,600	0	0	15,600
Others	15,599	0	0	15,599	2,478	0	0	2,478
	19,998	0	0	19,998	22,602	0	0	22,602
<b>Total income</b>	567,037	0	39,843	606,880	541,798	0	83,451	625,249

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 FOR THE HOME (CONT'D)**

	2019				2018			
	General fund	Restricted funds		Total funds	General fund	Restricted funds		Total funds
		Maintenance and Development fund	Care and Share fund			Maintenance and Development fund	Care and Share fund	
Note	S\$	S\$	S\$	S\$	S\$	S\$	S\$	
<b>EXPENSES</b>								
<b>Cost of charitable activities</b>								
Event and outing expenses	18,383	0	0	18,383	15,525	0	0	15,525
Food expenses	16,826	0	0	16,826	16,913	0	0	16,913
Living allowance	810	0	0	810	1,620	0	0	1,620
Staff costs	131,437	0	0	131,437	107,811	0	0	107,811
	167,456	0	0	167,456	141,869	0	0	141,869
<b>Governance and administrative costs</b>								
Audit fee	3,210	0	0	3,210	3,210	0	0	3,210
Allowance for impairment of other receivables	29,916	0	0	29,916	80,000	0	0	80,000
Bank charges	219	0	0	219	255	0	0	255
Depreciation	138,310	0	42,098	180,408	37,505	0	42,523	80,028
Insurance	4,438	0	0	4,438	4,722	0	0	4,722
Interest expense	18,487	0	0	18,487	0	0	0	0
Lease expense- short term lease	14,676	0	0	14,676	0	0	0	0
Membership fee	506	0	0	506	0	0	0	0
Minor fixed assets	2,590	0	0	2,590	1,177	0	0	1,177
Miscellaneous expenses	10,578	0	0	10,578	8,499	0	0	8,499
Printing and stationery	3,020	0	0	3,020	3,281	0	0	3,281
Recruitment expenses	35	0	0	35	232	0	0	232
Rental expenses	0	0	0	0	110,346	0	0	110,346
Repair and maintenance	7,576	0	0	7,576	7,705	0	0	7,705
Staff costs	267,507	0	0	267,507	291,468	0	0	291,468
Sub contract and consultant work	1,200	0	0	1,200	7,820	0	0	7,820
Telecommunication	7,006	0	0	7,006	5,370	0	0	5,370
Town council expenses	5,537	0	0	5,537	3,403	0	0	3,403
Transportation fee	823	0	0	823	1,659	0	0	1,659
Upkeep of motor vehicle	205	0	0	205	105	0	0	105
Water and electricity	28,030	0	0	28,030	28,808	0	0	28,808
	543,869	0	42,098	585,967	595,565	0	42,523	638,088
	(144,288)	0	(2,255)	(146,543)	(195,636)	0	40,928	(154,708)
<b>Net (expenditure) / income</b>								

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Note	Group		Home	
		2019 S\$	2018 S\$	2019 S\$	2018 S\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	210,582	127,467	185,419	103,360
Fixed deposits	8	572,705	571,275	572,705	571,275
Inventories	9	0	6,996	0	0
Other receivables	10	17,028	54,367	17,028	78,439
		<u>800,315</u>	<u>760,105</u>	<u>775,152</u>	<u>753,074</u>
<b>Non-current assets</b>					
Property, plant and equipment	11	605,874	400,506	605,874	393,341
Investment in a subsidiary	13	0	0	100	100
Financial assets, at FVOCI	14	7,000	7,000	7,000	7,000
		<u>612,874</u>	<u>407,506</u>	<u>612,974</u>	<u>400,441</u>
<b>Total assets</b>		<u>1,413,189</u>	<u>1,167,611</u>	<u>1,388,126</u>	<u>1,153,515</u>
<b>LIABILITY</b>					
<b>Current liabilities</b>					
Other payables	15	193,230	100,337	193,230	98,187
Lease liabilities	16	104,175	0	104,175	0
		<u>297,405</u>	<u>100,337</u>	<u>297,405</u>	<u>98,187</u>
<b>Non-current liabilities</b>					
Lease liabilities	16	203,753	0	203,753	0
<b>Total liabilities</b>		<u>501,158</u>	<u>100,337</u>	<u>501,158</u>	<u>98,187</u>
<b>NET ASSETS</b>		<u>912,031</u>	<u>1,067,274</u>	<u>886,968</u>	<u>1,055,328</u>
<b>FUNDS</b>					
<b>Unrestricted fund</b>					
General fund		<u>635,769</u>	<u>788,757</u>	<u>610,706</u>	<u>776,811</u>
<b>Restricted funds</b>					
Care and Share Fund		234,388	236,643	234,388	236,643
Maintenance and Development Fund		41,874	41,874	41,874	41,874
		<u>276,262</u>	<u>278,517</u>	<u>276,262</u>	<u>278,517</u>
<b>TOTAL FUNDS</b>	17	<u>912,031</u>	<u>1,067,274</u>	<u>886,968</u>	<u>1,055,328</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Unrestricted Fund	Restricted Funds			Total Funds S\$
	General Fund S\$	Care and Share Fund S\$	Maintenance and Development Fund S\$	Total S\$	
<b>2019</b>					
Balance as at 1 January 2019, as previously reported	788,757	236,643	41,874	278,517	1,067,274
Effect of adopting FRS 116 Leases (Note 2.1)	(21,817)	0	0	0	(21,817)
Balance as at 1 January 2019, after adopting FRS 116 Leases	766,940	236,643	41,874	278,517	1,045,457
Net expenditure	(131,171)	(2,255)	0	(2,255)	(133,426)
Total funds at end of the year	<u>635,769</u>	<u>234,388</u>	<u>41,874</u>	<u>276,262</u>	<u>912,031</u>

	Unrestricted Fund	Restricted Funds			Total Funds S\$
	General Fund S\$	Care and Share Fund S\$	Maintenance and Development Fund S\$	Total S\$	
<b>2018</b>					
Total funds at beginning of year	965,993	195,715	41,874	237,589	1,203,582
Net (expenditure) / income	(177,236)	40,928	0	40,928	(136,308)
Total funds at end of the year	<u>788,757</u>	<u>236,643</u>	<u>41,874</u>	<u>278,517</u>	<u>1,067,274</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 S\$	2018 S\$
<b>Cash flows from operating activities</b>			
Net expenditure		(133,426)	(136,308)
Adjustments for:			
- Depreciation	11	183,490	83,012
- Interest income		(1,428)	(1,484)
- Interest expense		18,487	0
- Loss on disposal & written off of property, plant and equipment		1,167	0
Operating cash flow before working capital changes		<u>68,290</u>	<u>(54,780)</u>
Changes in working capital			
- Inventories		6,996	(6,996)
- Other receivables		37,339	(22,283)
- Other payables		92,893	6,857
Cash used in operations		<u>205,518</u>	<u>(77,202)</u>
Interest received		<u>1,428</u>	<u>1,484</u>
<b>Net cash used in operating activities</b>		<u>206,946</u>	<u>(75,718)</u>
<b>Cash flows from investing activities</b>			
Increase in fixed deposits		(1,430)	(1,423)
Purchases of property, plant and equipment	11	<u>(5,056)</u>	<u>(11,673)</u>
<b>Net cash used in investing activities</b>		<u>(6,486)</u>	<u>(13,096)</u>
<b>Cash flows from financing activities</b>			
Interest expense on lease liabilities		(18,487)	0
Principal payment of lease liabilities		(98,858)	0
<b>Net cash used in financing activities</b>		<u>(117,345)</u>	<u>0</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		83,115	(88,814)
Cash and cash equivalents at beginning of financial year		<u>127,467</u>	<u>216,281</u>
<b>Cash and cash equivalents at end of financial year</b>	7	<u>210,582</u>	<u>127,467</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 2019**

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, Chapter 37 since 28 July 1986. The sector administrator of the Home is Ministry of Social and Family Development ("MSF").

The Home's registered address and principal place of operation is located at Block 195 Kim Keat Avenue, #01-294, Singapore 310195.

The Home has been accorded an Institution of a Public Character ("IPC") status for the period from 1 August 2018 to 31 January 2020 and subsequently renewed from 1 February 2020 to 31 July 2021.

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

There are three active centres managed by the Home:

- Adventist Active Centre @Golden Peony at Block 530A Jurong West Avenue 1, #01-907, Singapore 641530
- Adventist Active Centre @Golden Clover at Block 196, Kim Keat Avenue, #01-506, Singapore 310196
- Adventist Active Centre @Kallang Trivista at Block 8 Upper Boon Keng Road, #01-02 Singapore 380008

On 10 November 2016, a private limited company, Advent Medical Clinic Pte. Ltd. (the "Subsidiary") was incorporated. The two directors of the subsidiary are the Management Committee of the Home, namely the Vice-Chairman and Honorary Treasurer, Choong Loon @Chong Kok Loon and Oi Keng Hunt. The principal activities of the subsidiary are clinics and other general medical services.

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

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

The consolidated financial statements of the Group and statement of financial position and statement of financial activities of the Home have been prepared in accordance with the provisions of the Societies Act, Chapter 311, the Charities Act, Chapter 37 and Regulations and Financial Reporting Standards. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Group'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.

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



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

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

#### **Interpretations and amendments to published standards effective in 2019**

On 01 January 2019, the Group adopted the new or amended FRSs and Interpretations of FRSs ("INT FRSs") that are relevant and mandatory to its operations and effective on 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

Except for the adoption of *FRS 116 Leases*, the adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

#### **Adoption of FRS 116 Leases**

##### When the Group is the lessee

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2.14.

On initial application of FRS 116, the Group has elected to apply the following practical expedients:

- i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under *FRS 17 Leases*, *INT FRS 104 Determining whether an Arrangement contains a Lease*, the Group has not reassessed if such contracts contain leases under FRS 116; and
- ii) On a lease-by-lease basis, the Group has:
  - a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
  - b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
  - c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
  - d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
  - e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

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

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

**Adoption of FRS 116 Leases (Cont'd)**

When the Group is the lessee (Cont'd)

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

- (i) On a lease-by-lease basis, the Group chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at a carrying amount as if FRS 116 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
- (iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. Comparative information is not restated.
- (iv) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liabilities as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

The effects of adoption of FRS 116 on the Group's financial statements as at 1 January 2019 are as follows:

	1 January 2019 S\$ (As previously reported)	FRS 116 adjustments S\$	1 January 2019 S\$ (As restated)
<b><u>Statement of financial position</u></b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	400,506	384,969	785,475
<b><u>Current liabilities</u></b>			
Lease liabilities	0	(98,858)	(98,858)
<b><u>Non-current liabilities</u></b>			
Lease liabilities	0	(307,928)	(307,928)
<b><u>Equity</u></b>			
General Fund	<u>(788,757)</u>	<u>21,817</u>	<u>(766,940)</u>

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

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

#### **Adoption of FRS 116 Leases (Cont'd)**

##### When the Group is the lessee (Cont'd)

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the statement of financial position as at 1 January 2019 are as follows :

	S\$
Operating lease commitment disclosed as at 31 December 2018	33,348
Add: Lease commitment not recognised in prior financial year	188,611
Add: Extension clause exercised during the year	225,958
Less: Discounting effect using weighted average incremental borrowing rate of 5.25%	<u>(41,131)</u>
Lease liabilities recognised as at 1 January 2019	<u>406,786</u>

#### **Standards issued but not yet effective**

The Group has not adopted the following standards that have been issued but not yet effective:

Descriptions	Annual periods commencing on
Amendments to: - References to the Conceptual Framework in FRS Standards - Illustrative examples, implementation guidance and FRS practice statements - FRS 103 : Definition of a Business - FRS 1 and FRS 8: Definition of Material - FRS 109, FRS 39 and FRS 107: Interest Rate Benchmark Reform	1 January 2020
Amendments to: - FRS 116 : Covid-19 – Related Rent Concessions	1 June 2020
FRS 117 Insurance contracts	1 January 2021
Amendments to: - FRS 1 : Classification of Liabilities as Current or Non-current	1 January 2022

The Management Committee 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. Significant accounting policies (Cont'd)**

### **2.2 Income recognition**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation.

#### **2.2.1 Donations**

Donations are taken up and accrued as and when they are committed. Those uncommitted donations are recognised on receipt basis. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

#### **2.2.2 Contributions from residents**

Contributions from residents are recognised on accrual basis.

#### **2.2.3 Collections from classes**

Collections from classes are recognised on a monthly basis at end of the month.

#### **2.2.4 Collections from events**

Collections from events are recognised at the end of the event.

#### **2.2.5 Collaboration fee**

Collaboration fee are recognised on a time proportion basis that takes into account the yield on the asset on a straight-line basis over the lease term.

#### **2.2.6 Rendering of services**

Revenue from services orders are recognised when the Group satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions, revenue is recognised as the service is provided.

#### **2.2.7 Interest income**

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

#### **2.2.8 Other income**

Other income is recognised when received.

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

### **2.3 Grants**

Grants from the government or non-profit organisation are recognised at their fair value where there is a reasonable assurance that the grants or contributions will be received and the Group will comply with all attached conditions.

Grants in recognition of specific expenses are recognised in income or expense on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

### **2.4 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.

#### **2.4.1 Cost of charitable activities**

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

#### **2.4.2 Governance and administrative costs**

Governance and administrative costs include the costs of governance arrangement, which relate to the general running of the Group, 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.

### **2.5 Group accounting**

#### **2.5.1 Subsidiaries**

##### *(i) Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

### **2.5 Group accounting (Cont'd)**

#### 2.5.1 Subsidiaries (Cont'd)

##### *(i) Consolidation (Cont'd)*

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Home. They are shown separately in the consolidated statement of financial activities, statement of changes in funds and the statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

The acquisition method of accounting is used to account for business combinations entered into by the Group.

##### *(ii) Acquisition*

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

##### *(iii) Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised.

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in the statement of financial activities.

#### 2.5.2 Transaction with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Home.

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

### **2.6 Property, plant and equipment**

#### **2.6.1 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.

#### **2.6.2 Depreciation**

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

	Useful life
Furniture and equipment	3 - 10 years
Motor vehicle	10 years
Leasehold improvement	10 years
Right-of-use ("ROU") assets – office units	Over the remaining lease term

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.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

#### **2.6.3 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 the statement of financial activities when incurred.

#### **2.6.4 Disposal**

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

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

### **2.7 Investments in subsidiaries**

Investments in subsidiaries are carried at cost, less accumulated impairment losses in the Home's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the statement of financial activities.

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

Property, plant and equipment, right-of-use assets and investment in a subsidiary are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

An impairment loss for an asset is reversed if, and only 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 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 is recognised in the statement of financial activities.

### **2.9 Financial assets**

#### **(a) Classification and measurement**

The Group classifies its financial assets into the measurement categories of amortised cost and fair value through other comprehensive income ("FVOCI").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.



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

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

#### **(a) Classification and measurement (Cont'd)**

##### At subsequent measurement

##### Debt instruments

Debt instruments of the Group mainly comprise of cash and cash equivalents, fixed deposits, and other receivables.

There are two subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

#### **(i) Amortised cost**

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

#### **(ii) FVOCI**

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the statement of financial activities. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to the statement of financial activities and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

#### **(b) Impairment**

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI.

For cash and bank balances, and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

On disposal of a debt instrument, 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.

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

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

#### **(b) Impairment (Cont'd)**

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in statement of financial activities if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to accumulated funds along with the amount previously recognised in other comprehensive income relating to that asset.

#### **(c) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group 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 Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in the statement of financial activities.

### **2.10 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.

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

### **2.11 Inventories**

Inventories are carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less applicable variable selling expenses. Cost is determined using the first-in, first-out basis. Costs include all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

### **2.12 Other payables**

Other payables, excluding accruals, are recognised at their transaction price, excluding transaction costs, if any, both at initial recognition and at subsequent measurement. Transaction costs will be recognised as expenditure in the statement of comprehensive income as incurred. Accruals are recognised at the best estimate of the amount payable and are normally settled within 12 months after the end of the financial reporting date.

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

### **2.13 Provisions for other liabilities and charges**

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

### **2.14 Financial liabilities**

Financial liabilities are recognised when the Group 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" and "Lease liabilities" in the statement of financial position.

Financial liabilities which are due to be settled within 12 months after the reporting date are presented as current liabilities in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue. Other financial liabilities due to be settled more than 12 months after the reporting date are presented as non-current liabilities in the statement of financial position.

Financial liabilities are derecognised when the obligations under the liability is discharged or cancelled or expired. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or 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.

### **2.15 Leases**

- (a) These following accounting policies are applied before the initial application date of FRS 116, 1 January 2019:

When the Group is the lessee:

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

Contingent rents are recognised as expense in statement of financial activities when incurred.

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

### 2.15 Leases (Cont'd)

- (b) These accounting policies are applied on and after the initial application date of FRS 116, 1 January 2019:

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use ("ROU") assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted of any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meet the definition of an investment property) are presented within "Property, plant and equipment".

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property lease and account these as one single lease component.

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

### **2.15 Leases (Cont'd)**

- (b) These accounting policies are applied on and after the initial application date of FRS 116, 1 January 2019: (Cont'd)

When the Group is the lessee: (Cont'd)

- Lease liabilities (Cont'd)

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in statement of financial activities if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease term of 12 months or less from the commencement date and do not contain a purchase option and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to statement of financial activities on a straight-line basis over the lease term.

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in statement of financial activities in the periods that triggered those lease payments.

### **2.16 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.

The carrying amounts of lease liabilities approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

### **2.17 Borrowings**

Borrowings, including lease liabilities, are initially recognised at fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of financial activities over the period of the borrowings using the effective interest method.

### **2.18 Borrowing costs**

Borrowing costs are recognised in the statement of financial activities using the effective interest method. Borrowing costs may include interest in respect of lease liability recognised in accordance with FRS 116.

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

### **2.19 Funds**

#### Unrestricted fund

Income and expenditure relating to the main activities of the Group are accounted for through the general fund in the statement of financial activities.

#### Restricted funds

Income and expenditure relating to funds set up for contributions/grants received and expenditure incurred for specific purpose is accounted for through the restricted funds in the statement of financial activities.

The assets and liabilities of these funds are accounted for separately. However, for presentation purposes, they are pooled in the statement of financial position.

### **2.20 Employee compensation**

#### Defined contribution plans

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

#### Employee leaves 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.

### **2.21 Income tax**

Current income tax liabilities for current and prior periods are recognised at the amounts expected to be paid to the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

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

### **2.21 Income tax (Cont'd)**

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

### **2.22 Events occurring after the reporting date**

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

## **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.

### Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There is no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

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

The Group 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. The carrying amount of property, plant and equipment and the depreciation charge for the financial year are disclosed in Note 11.

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

#### Critical accounting estimates and assumptions (Cont'd)

##### *Government grants*

Government grants to meet operating expenses are recognised as income in the statement of financial activities on the accrual basis in the financial year these operating expenses were incurred and there is reasonable assurance that the Group will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Group if the conditions are not met.

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

##### *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.

### 4. Tax deductible receipts

Tax deductible receipts issued by the Home for donations received during the financial year, pursuant to its Institutions of a Public Character ("IPC") status, are recorded as follows:

	Group and Home	
	2019	2018
	S\$	S\$
Statement of Financial Activities:		
- Donations	211,208	141,590

### 5. Staff costs

	Group	
	2019	2018
	S\$	S\$
Salaries and bonuses	328,238	337,499
CPF contributions	38,062	43,840
Foreign worker levy	20,865	14,247
Unutilised leave	7,210	0
Staff welfare	4,911	4,409
Medical expenses	1,162	1,344
Training expenses	(1,504)	(1,640)
	398,944	399,699
Staff costs are allocated as follows:		
- Costs of charitable activities	131,437	107,811
- Governance and administrative cost	267,507	291,888
	398,944	399,699



**6. Income tax**

The Home is registered as a Charity organisation under Charities Act, Chapter 37. Consequently, the income of the Home is exempted from income tax under the provisions of Section 13 of the Income Tax Act, Chapter 134.

The Group's income tax includes the loss before income tax attributable solely to its subsidiary.

	Group	
	2019 S\$	2018 S\$
Tax expense attributable to profits is made up of:		
- Current income tax	0	0

The income tax expense varies from the amount of income tax determined by applying the Singapore income tax rate to profit before income tax as a result of the following:

	Group	
	2019 S\$	2018 S\$
Net expenditure before income tax	(133,426)	(134,302)
Tax calculated at a tax rate of 17% (2018:17%)	(22,682)	(22,831)
Effects of:		
- Income not subject to tax	20,914	12,359
- Deferred tax benefit not recognised	1,768	10,472
Tax charge	0	0

As at the reporting date, the Subsidiary had unabsorbed tax losses carried forward amounting to approximately S\$72,000 (2018: S\$61,600). The availability of the unused tax losses for offset against future taxable income is subject to agreement by the Singapore Controller of Income Tax and the requirement under Section 37 and 23 of Singapore Income Tax Act.

Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation in the foreseeable future.

**7. Cash and cash equivalents**

	Group		Home	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Cash on hand	5,000	5,000	5,000	4,900
Cash at banks	205,582	122,467	180,419	98,460
	210,582	127,467	185,419	103,360

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

**8. Fixed deposits**

	Group		Home	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Fixed deposits	572,705	571,275	572,705	571,275

Fixed deposits at the reporting date had an average maturity of 7 months (2018: 7 months) from that date and had a weighted average effective interest rate of 0.25% (2018:0.25%) per annum.

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

**9. Inventories**

	Group		Home	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Inventories	0	6,996	0	0

The cost of inventories recognised as an expense and included in "Governance and administrative costs" for the financial year amounted to S\$6,996 (2018: S\$2,065).

**10. Other receivables**

	Group		Home	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Amount due from:				
- related parties	6,400	6,400	6,400	6,400
- a subsidiary	0	0	103,516	104,072
	6,400	6,400	109,916	110,472
Less: Allowance for impairment	(6,400)	0	(109,916)	(80,000)
	0	6,400	0	30,472
Deposits	13,811	13,581	13,811	13,581
Receivables from residents	0	3,120	0	3,120
Interest receivables	1,048	1,050	1,048	1,050
Other receivables	2,169	26,768	2,169	26,768
Prepayment	0	2,348	0	2,348
Staff loan	0	1,100	0	1,100
	17,028	54,367	17,028	78,439

**10. Other receivables (Cont'd)**

	Group		Home	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Movement of allowance for impairment of other receivables				
Beginning of financial year	0	0	80,000	0
Allowance made	<u>6,400</u>	<u>0</u>	<u>29,916</u>	<u>80,000</u>
End of financial year	<u><u>6,400</u></u>	<u><u>0</u></u>	<u><u>109,916</u></u>	<u><u>80,000</u></u>

Amount due from related parties, subsidiary were non-trade, interest free and repayable on demand.

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

**11. Property, plant and equipment**

Group 2019	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	ROU – Office units S\$	Total S\$
<b>Cost</b>					
At 1 January 2019	230,281	56,417	576,269	0	862,967
Effect of adopting FRS 116					
Leases	<u>0</u>	<u>0</u>	<u>0</u>	<u>501,745</u>	<u>501,745</u>
At 1 January 2019 (restated)	230,281	56,417	576,269	501,745	1,364,712
Additions	5,056	0	0	0	5,056
Written off	<u>(7,980)</u>	<u>0</u>	<u>(600)</u>	<u>0</u>	<u>(8,580)</u>
End of financial year	<u><u>227,357</u></u>	<u><u>56,417</u></u>	<u><u>575,669</u></u>	<u><u>501,745</u></u>	<u><u>1,361,188</u></u>
<b>Accumulated depreciation</b>					
At 1 January 2019	125,744	11,261	325,456	0	462,461
Effect of adopting FRS 116					
Leases	<u>0</u>	<u>0</u>	<u>0</u>	<u>116,776</u>	<u>116,776</u>
At 1 January 2019 (restated)	125,744	11,261	325,456	116,776	579,237
Depreciation	20,239	5,642	56,882	100,727	183,490
Written off	<u>(7,263)</u>	<u>0</u>	<u>(150)</u>	<u>0</u>	<u>(7,413)</u>
End of financial year	<u><u>138,720</u></u>	<u><u>16,903</u></u>	<u><u>382,188</u></u>	<u><u>217,503</u></u>	<u><u>755,314</u></u>
<b>Carrying amount</b>	<u><u>88,637</u></u>	<u><u>39,514</u></u>	<u><u>193,481</u></u>	<u><u>284,242</u></u>	<u><u>605,874</u></u>
<b>Group 2018</b>	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$	
<b>Cost</b>					
Beginning of financial year	225,708	56,417	569,169	851,294	
Additions	<u>4,573</u>	<u>0</u>	<u>7,100</u>	<u>11,673</u>	
End of financial year	<u><u>230,281</u></u>	<u><u>56,417</u></u>	<u><u>576,269</u></u>	<u><u>862,967</u></u>	
<b>Accumulated depreciation</b>					
Beginning of financial year	104,932	5,619	268,898	379,449	
Depreciation	<u>20,812</u>	<u>5,642</u>	<u>56,558</u>	<u>83,012</u>	
End of financial year	<u><u>125,744</u></u>	<u><u>11,261</u></u>	<u><u>325,456</u></u>	<u><u>462,461</u></u>	
<b>Carrying amount</b>	<u><u>104,537</u></u>	<u><u>45,156</u></u>	<u><u>250,813</u></u>	<u><u>400,506</u></u>	

**11. Property, plant and equipment (Cont'd)**

<b>Home 2019</b>	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	ROU assets – Office units S\$	Total S\$
<b>Cost</b>					
At 1 January 2019	219,386	56,417	575,669	0	851,472
Effect of adopting FRS 116					
Leases	0	0	0	501,745	501,745
At 1 January 2019(restated)	219,386	56,417	575,669	501,745	1,353,217
Additions	7,972	0	0	0	7,972
End of financial year	<u>227,358</u>	<u>56,417</u>	<u>575,669</u>	<u>501,745</u>	<u>1,361,189</u>
<b>Accumulated depreciation</b>					
At 1 January 2019	121,504	11,261	325,366	0	458,131
Effect of adopting FRS 116					
Leases	0	0	0	116,776	116,776
At 1 January 2019(restated)	121,504	11,261	325,366	116,776	574,907
Depreciation	17,217	5,642	56,822	100,727	180,408
End of financial year	<u>138,721</u>	<u>16,903</u>	<u>382,188</u>	<u>217,503</u>	<u>755,315</u>
<b>Carrying amount</b>	<u>88,637</u>	<u>39,514</u>	<u>193,481</u>	<u>284,242</u>	<u>605,874</u>

<b>Home 2018</b>	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
<b>Cost</b>				
Beginning of financial year	217,756	56,417	568,569	842,742
Additions	1,630	0	7,100	8,730
End of financial year	<u>219,386</u>	<u>56,417</u>	<u>575,669</u>	<u>851,472</u>
<b>Accumulated depreciation</b>				
Beginning of financial year	103,616	5,619	268,868	378,103
Depreciation	17,888	5,642	56,498	80,028
End of financial year	<u>121,504</u>	<u>11,261</u>	<u>325,366</u>	<u>458,131</u>
<b>Carrying amount</b>	<u>97,882</u>	<u>45,156</u>	<u>250,303</u>	<u>393,341</u>

The following property, plant and equipment were purchased through the Care and Share Matching Fund as disclosed in Note 17.

<b>Home 2019</b>	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
<b>Cost</b>				
Beginning of financial year	122,476	56,417	244,344	423,237
Additions	0	0	0	0
End of financial year	<u>122,476</u>	<u>56,417</u>	<u>244,344</u>	<u>423,237</u>
<b>Accumulated depreciation</b>				
Beginning of financial year	41,854	11,261	68,831	121,946
Depreciation	12,022	5,642	24,434	42,098
End of financial year	<u>53,876</u>	<u>16,903</u>	<u>93,265</u>	<u>164,044</u>
<b>Carrying amount</b>	<u>68,600</u>	<u>39,514</u>	<u>151,079</u>	<u>259,193</u>

**11. Property, plant and equipment (Cont'd)**

<b>Home 2018</b>	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
<b>Cost</b>				
Beginning of financial year	122,476	56,417	240,844	419,737
Additions	0	0	3,500	3,500
End of financial year	<u>122,476</u>	<u>56,417</u>	<u>244,344</u>	<u>423,237</u>
<b>Accumulated depreciation</b>				
Beginning of financial year	29,174	5,619	44,630	79,423
Depreciation	12,680	5,642	24,201	42,523
End of financial year	<u>41,854</u>	<u>11,261</u>	<u>68,831</u>	<u>121,946</u>
<b>Carrying amount</b>	<u>80,622</u>	<u>45,156</u>	<u>175,513</u>	<u>301,291</u>

**12. Leases – The Group as a lessee**

**Nature of the Group's leasing activities**

The Group and Home leases office units for the purpose of its activities.

(a) Carrying amount

ROU assets classified within property, plant and equipment

	31.12.2019 S\$	01.01.2019 S\$
Office units	<u>284,242</u>	<u>384,969</u>

(b) Depreciation charged

	2019 S\$
Office units	<u>100,727</u>

(c) Interest expense on lease liabilities

	2019 S\$
Office units	<u>18,487</u>

(d) Lease expense not capitalised in lease liabilities

	2019 S\$
Lease expense – short term lease (office units)	<u>14,676</u>

(e) Total cash outflow for office unit lease in 2019 was \$117,345.

**13. Investment in subsidiary**

	Home	
	2019 S\$	2018 S\$
<u>Unquoted equity investment, at cost</u>		
Beginning and end of the financial year	100	100

Subsidiary	Date of incorporation	Country of Incorporation	Percentage of equity held 2019	Percentage of equity held 2018	Principal Activity
Advent Medical Clinic Pte. Ltd.	10 November 2016	Singapore	100%	100%	Clinics and other General Medical Services

**14. Financial assets**

Other financial assets are classified as follows:

	Group		Home	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Non- current assets:				
Financial assets, FVOCI	7,000	7,000	7,000	7,000

The financial assets represent unquoted equity investments in two companies, incorporated in Singapore, with principal activities of provision of dental services and provision of physiology services, respectively.

**15. Other payables**

	Group		Home	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Amount due to a related party	6,000	6,000	6,000	6,000
Accrued operating expenses	135,109	41,722	135,109	39,582
CPF payables	10,911	13,145	10,911	13,145
Deposits received from residents	34,000	38,000	34,000	38,000
Other payables	0	1,470	0	1,460
Provision for unutilised leave	7,210	0	7,210	0
	193,230	100,337	193,230	98,187

Amount due to a related party are unsecured, interest-free and repayable on demand.

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

**16. Lease liabilities**

	Group and Home	
	2019 S\$	2018 S\$
Current	104,175	0
Non-current	203,753	0
	307,928	0

A reconciliation of liabilities arising from financing activities is as follows:

	01.01.2019 S\$	Cash flows S\$	Non – cash change		31.12.2019 S\$
			Accretion of interests S\$	Other S\$	
Lease liabilities					
- current	98,858	(117,345)	18,487	104,175	104,175
- non-current	307,928	0	0	(104,175)	203,753
	406,786	(117,345)	18,487	0	307,928

**17. Funds**

Funds comprise of unrestricted and restricted fund.

**17.1 Unrestricted general fund**

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

**17.2 Restricted funds**

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.

Restricted funds comprise:

**17.2.1 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.

**17.2.2 Maintenance and Development Fund**

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

**17. Funds (Cont'd)**

Net assets of the restricted funds

	Care and Share fund S\$	Group and Home Maintenance and development fund S\$	Total S\$
<b>Total restricted funds as at 31 December 2019</b>	<u>234,388</u>	<u>41,874</u>	<u>276,262</u>
<b>Represented by:</b>			
Cash and bank balances	(24,805)	41,874	17,069
Property, plant and equipment	<u>259,193</u>	<u>0</u>	<u>259,193</u>
	<u>234,388</u>	<u>41,874</u>	<u>276,262</u>

	Care and Share fund S\$	Group and Home Maintenance and development fund S\$	Total S\$
<b>Total restricted funds as at 31 December 2018</b>	<u>236,643</u>	<u>41,874</u>	<u>278,517</u>
<b>Represented by:</b>			
Cash and bank balances	(64,648)	41,874	(22,774)
Property, plant and equipment	<u>301,291</u>	<u>0</u>	<u>301,291</u>
	<u>236,643</u>	<u>41,874</u>	<u>278,517</u>

**18. 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:

	Group		Home	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$
<u>Subsidiary</u>				
Administration cost charged to a subsidiary	0	0	0	15,600
Advances to a subsidiary	0	0	0	10,000
Expenses paid on behalf of a subsidiary	<u>0</u>	<u>0</u>	<u>1,920</u>	<u>65,952</u>

The Management Committee members did not receive any remuneration from the Home during the financial year.



**19. Related party transactions (Cont'd)**

Key management personnel compensation for the financial year was as follows:

	Group and Home	
	2019	2018
	S\$	S\$
Salaries, allowance and bonuses	186,430	193,580
CPF and SDL contributions	30,740	30,303
	217,170	223,883

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

	Group and Home	
	2019	2018
Number of key management in remuneration bands		
S\$50,001 to S\$100,000	1	3
S\$50,000 and below	3	1

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.

**20. 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.

**21. Operating lease commitments**

The Group's leases office premises under non-cancellable operating lease agreements from non-related parties.

	Group	
	2019	2018
	S\$	S\$
Not later than one year	0	33,348

As disclosed in Note 2.1, the Group has adopted FRS 116 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the statement of financial position as at 31 December 2019.

**22. Reserve position and policy**

The Home's reserve position for financial year ended 31 December 2019 is as follows:

		2019	2018	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	General fund	611	777	(21)
B	Restricted or Designated Funds			
	Maintenance and development fund	42	42	0
	Care and Share fund	234	236	(1)
C	Endowment Funds	0	0	0
D	Total Funds	887	1,055	(16)
E	Total Annual Operating Expenditure	586	638	(8)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	1.04	1.22	

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.

**23. Financial instruments**

The financial assets and liabilities of the Group and Home as at the financial reporting date are as follows:

	Group S\$	Home S\$
<b>31 December 2019</b>		
Financial assets, at amortised cost		
Cash and cash equivalents	210,582	185,419
Fixed deposits	572,705	572,705
Other receivables (excluding prepayment)	17,028	17,028
Financial assets, at FVOCI	7,000	7,000
	807,315	782,152
 Financial liabilities, at amortised cost		
Other payables	193,230	193,230
Lease liabilities	307,928	307,928
	501,158	501,158

**23. Financial instruments (Cont'd)**

	Group S\$	Home S\$
<b>31 December 2018</b>		
Financial assets, loans and receivables		
Cash and cash equivalents	127,467	103,360
Fixed deposits	571,275	571,275
Trade and other receivables (excluding prepayment)	52,019	76,091
Financial assets, available-for-sale	7,000	7,000
	<u>757,761</u>	<u>757,726</u>
Financial liabilities, at amortised cost	<u>100,337</u>	<u>98,187</u>

**24. Financial risk management**

The Group'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.

The Group is primarily funded by grants from Ministries, donations, and contributions from residents. The Group's activities expose it to a variety financial risks primarily liquidity risk, credit risk and interest rate risk.

Liquidity risk

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

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

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

Group	Within one year S\$	Later than one year but within five years S\$	Total S\$
<b>2019</b>			
<b>Financial liabilities</b>			
Other payables	193,230	0	193,230
Lease liabilities	117,345	213,227	330,572
	<u>310,575</u>	<u>213,227</u>	<u>523,802</u>
<b>2018</b>			
<b>Financial liabilities</b>			
Other payables	100,377	0	100,377

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

Liquidity risk (Cont'd)

<b>Home</b>	Within one year S\$	Later than one year but within five years S\$	Total S\$
<b>2019</b>			
<b>Financial liabilities</b>			
Other payables	193,230	0	193,230
Lease liabilities	117,345	213,227	330,572
	<u>310,575</u>	<u>213,227</u>	<u>523,802</u>
<b>2018</b>			
<b>Financial liabilities</b>			
Other payables	98,187	0	98,187
	<u>98,187</u>	<u>0</u>	<u>98,187</u>

Credit risk

Credit risk refers to the risk that a counter party will default on its obligations resulting in financial loss to the Group.

The carrying amounts of cash and cash equivalents, other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. Cash and bank balances are placed with reputable licensed financial institutions.

Interest rate risk

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

The interest rates and terms of maturity of financial assets of the Group are disclosed in Note 8.

Changes in interest rates do not have a material impact on the Group as it does not have any interest-bearing liabilities.

**25. Fair values**

*Cash and bank, other receivables and other payables*

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Group approximate their fair values due to their short-term nature.

*Fair value of FVOCI – unquoted equity*

The cost of the investment is the best fair value measurement as there is insufficient recent information available to measure the fair value.

**26. Events after the reporting period**

- (a) An outbreak of COVID-19 (Coronavirus Disease 2019) had been reported in China on 31 December 2019. At the date of the financial statements, the outbreak has spread to the rest of the world. The Group operates in Singapore affected by the outbreak.

However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the governments and various private corporations, the potential financial impact of the COVID-19 outbreak on the Group's 2020 financial statements could not be reasonably quantified at this juncture.

- (b) In February 2020, the Group received an interim grant amount of S\$180,000 from Ministry of Health for three Senior Activity Centres. The amount disbursed was based on 6 months of grant quantum for 3 centres from February 2020 to August 2020.

**27. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on **20 AUG 2020**