

KHENG CHIU LOKE TIN KEE HOME

[UEN: S92SS0060E]

[Registered under the Societies Act (Chapter 311) in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018**

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**Suhaimi Salleh &
Associates**

[UEN: S88PF0247L]

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre #08-01
Singapore 408571
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STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of Kheng Chiu Loke Tin Kee Home (the "Home") as at 31 December 2018 and the results, the changes in funds and cash flows of the Home for the financial year then ended.

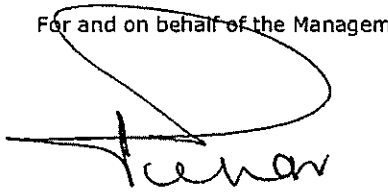
At the date of this statement, there are reasonable grounds to believe that the Home will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, authorised the issue of these financial statements on

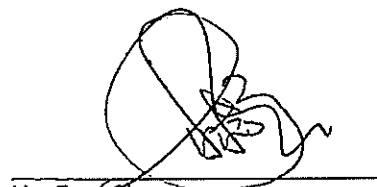
03 JUN 2019

Chairman	Foo Jong Peng
Vice Chairman	Moh Tai Tong
Honorary Secretary	Ngiam Seng Wee PB, PBS
Assistant Honorary Secretary	Phoo Yap Lee
Honorary Treasurer	Lim Fang Siang
Assistant Honorary Treasurer	Lim Tew Tean
Committee Member	Pang Hick Seng PBM
Committee Member	Wong Kum Chee
Committee Member	Chew See Bee PBM
Committee Member	Foo Sek Juat
Committee Member	Goh Juan Wah

For and on behalf of the Management Committee,



Foo Jong Peng
Chairman



Lim Fang Siang
Honorary Treasurer

Singapore, **03 JUN 2019**

Suhaimi Salleh & Associates

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Chartered Accountants of Singapore

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Independent auditor's report to the members of:

KHENG CHIU LOKE TIN KEE HOME

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of Singapore]

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kheng Chiu Loke Tin Kee Home (the "Home"), which comprise the statement of financial position of the Home as at 31 December 2018, and the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements 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 Home as at 31 December 2018 and the results, changes in funds and cash flows of the Home for the financial year then 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Home in accordance with the Accounting and Corporate Regulatory Authority ("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 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:

KHENG CHIU LOKE TIN KEE HOME

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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 Home'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 Home or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Home'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 auditors' 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 Home'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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Independent auditor's report to the members of:

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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 Home'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 Home 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.

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 Home have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

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.

Suhaimi Salleh & Associates

Suhaimi Salleh & Associates
Public Accountants and
Chartered Accountants

Singapore, **03 JUN 2019**

Partner-in-charge: Looi Chee Bin
PAB. No.: 01834

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

	Note	2018				2017			
		Unrestricted fund	Restricted funds		Unrestricted fund	Restricted funds		Total	
		General Fund S\$	Building Fund S\$	Cyclical Maintenance Fund S\$	and unrestricted restricted funds S\$	General Fund S\$	Building Fund S\$	Cyclical Maintenance Fund S\$	and unrestricted restricted funds S\$
INCOME									
Income from generating funds									
<u>Voluntary income</u>									
Donations	6	73,281	0	0	226,644	0	0	0	226,644
Grant		21,635	0	0	26,229	0	0	0	26,229
Public assistance allowances		22,450	0	0	26,900	0	0	0	26,900
Rental reimbursements		238,524	0	0	238,524	0	0	0	238,524
		355,890	0	0	518,297	0	0	0	518,297
Investment income									
Fixed deposits interest income		49,189	0	0	47,342	0	0	0	47,342
Income from charitable activities									
Admission and home fee from residents		876,075	0	0	876,920	0	0	0	876,920
Other income									
Amortisation of deferred capital grants and									
Donations	11	268,152	0	0	268,152	0	0	0	268,152
Miscellaneous income		30,642	0	0	32,138	0	0	0	32,138
		298,794	0	0	300,290	0	0	0	300,290
Total income		1,579,948	0	0	1,742,849	0	0	0	1,742,849

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

	Note	2018				2017				
		Unrestricted fund		Restricted funds		Unrestricted fund		Restricted funds		Total unrestricted and restricted funds S\$
		General Fund S\$	Building Fund S\$	Building Fund S\$	Cyclical Maintenance Fund S\$	General Fund S\$	Building Fund S\$	Maintenance Fund S\$	Cyclical Fund S\$	
EXPENDITURE										
Cost of charitable activities										
Activities expenses		15	0	0	0	0	0	0	0	1,079
Bad debts		833	0	0	0	0	0	0	0	12,277
CPF contributions, SDL and FWL		68,993	0	0	0	0	0	0	0	79,966
Depreciation	9	368,968	0	0	0	0	0	0	0	366,763
Donations		200	0	0	0	0	0	0	0	0
Festival celebrations		14,884	0	0	0	0	0	0	0	14,538
Food for the aged residents		180,414	0	0	0	0	0	0	0	180,989
General expenses		7,043	0	0	0	0	0	0	0	7,927
GST expenses		26,446	0	0	0	0	0	0	0	26,948
Kheng Chiu Happy Lodge coffee corner expenses		7,459	0	0	0	0	0	0	0	0
License expenses		202	0	0	0	0	0	0	0	326
Medical expenses		5,135	0	0	0	0	0	0	0	2,447
Printing and stationery		1,521	0	0	0	0	0	0	0	1,416
Postage and courier		1,231	0	0	0	0	0	0	0	1,333
Public assistance allowances		22,450	0	0	0	0	0	0	0	26,800
Rental of equipment		2,601	0	0	0	0	0	0	0	2,200
Rental of land		238,524	0	0	0	0	0	0	0	238,524
Repair and maintenance		60,026	0	0	0	0	0	0	0	64,153
Salaries, allowances and bonus		367,924	0	0	0	0	0	0	0	400,635
Staff training and welfare		31,681	0	0	0	0	0	0	0	36,330
Subscriptions		568	0	0	0	0	0	0	0	609
Telephone and internet charges		2,878	0	0	0	0	0	0	0	3,270
Transport		3,502	0	0	0	0	0	0	0	266
Upkeep of motor vehicles		3,824	0	0	0	0	0	0	0	2,979
Utilities		88,547	0	0	0	0	0	0	0	87,744
		1,505,869	0	0	0	0	0	0	0	1,559,519
										1,505,869

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

Note	2018					2017				
	Unrestricted fund	Restricted funds		Total unrestricted and restricted funds S\$		Unrestricted fund	Restricted funds		Total unrestricted and restricted funds S\$	
	General Fund S\$	Building Fund S\$	Maintenance Fund S\$			Cyclical Fund S\$	General Fund S\$	Building Fund S\$		Maintenance Fund S\$
EXPENDITURE (CONT'D)										
Governance and administrative costs										
Advertisements and publicity	1,000	0	0	1,000	0	0	0	0	0	0
Audit fees	4,000	0	0	4,000	4,000	0	0	0	4,000	4,000
Bank charges	52	0	0	52	132	0	0	0	132	132
Entertainment and refreshments	785	0	0	785	186	0	0	0	186	186
Insurance	10,115	0	0	10,115	7,948	0	0	0	7,948	7,948
Newspaper and periodicals	0	0	0	0	689	0	0	0	689	689
	15,952	0	0	15,952	12,955	0	0	0	12,955	12,955
Total expenditure	1,521,821	0	0	1,521,821	1,572,474	0	0	0	1,572,474	1,572,474
Net income for the financial year	58,127	0	0	58,127	170,375	0	0	0	170,375	170,375
Total funds brought forward	4,027,485	160,855	754,165	4,942,505	3,857,110	160,855	754,165	4,772,130	4,772,130	4,772,130
Total funds carried forward	4,085,612	160,855	754,165	5,000,632	4,027,485	160,855	754,165	4,942,505	4,942,505	4,942,505

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 S\$	2017 S\$
ASSETS			
Current assets			
Cash and cash equivalents	7	4,488,230	4,441,702
Other receivables	8	<u>176,366</u>	<u>153,624</u>
		<u>4,664,596</u>	<u>4,595,326</u>
Non-current asset			
Property, plant & equipment	9	<u>3,697,857</u>	<u>4,004,827</u>
TOTAL ASSETS		<u>8,362,453</u>	<u>8,600,153</u>
LIABILITIES			
Current liabilities			
Contract liabilities	5	148,906	157,060
Other payables	10	<u>173,891</u>	<u>193,412</u>
		<u>322,797</u>	<u>350,472</u>
Non-current liability			
Deferred capital grants and donations	11	<u>3,039,024</u>	<u>3,307,176</u>
Total liabilities		<u>3,361,821</u>	<u>3,657,648</u>
NET ASSETS		<u>5,000,632</u>	<u>4,942,505</u>
FUNDS			
Unrestricted fund			
General Fund	12	4,085,612	4,027,485
Restricted funds			
Building Fund	13	160,855	160,855
Cyclical Maintenance Fund	14	<u>754,165</u>	<u>754,165</u>
		<u>915,020</u>	<u>915,020</u>
TOTAL FUNDS		<u>5,000,632</u>	<u>4,942,505</u>

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	At beginning of financial year S\$	Net income for the financial year S\$	At end of financial year S\$
2018			
Unrestricted fund			
General Fund	4,027,485	58,127	4,085,612
Restricted funds			
Building Fund	160,855	0	160,855
Cyclical Maintenance Fund	754,165	0	754,165
	<u>915,020</u>	<u>0</u>	<u>915,020</u>
Total funds	<u>4,942,505</u>	<u>58,127</u>	<u>5,000,632</u>
	At beginning of financial year S\$	Net income for the financial year S\$	At end of financial year S\$
2017			
Unrestricted fund			
General Fund	3,857,110	170,375	4,027,485
Restricted funds			
Building Fund	160,855	0	160,855
Cyclical Maintenance Fund	754,165	0	754,165
	<u>915,020</u>	<u>0</u>	<u>915,020</u>
Total funds	<u>4,772,130</u>	<u>170,375</u>	<u>4,942,505</u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 S\$	2017 S\$
Cash flows from operating activities			
Net income for the financial year		58,127	170,375
Adjustments for:			
- Depreciation	9	368,968	366,763
- Bad debts		833	12,277
- Amortisation of deferred capital grants and donations	11	(268,152)	(268,152)
- Fixed deposits interest income		(49,189)	(47,342)
Operating cash flow before working capital changes		110,587	233,921
Changes in working capital			
- Other receivables		(20,822)	57,566
- Contract liabilities		(8,154)	(28,084)
- Other payables		(19,521)	(7,143)
Net cash generated from operating activities		<u>62,090</u>	<u>256,260</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(61,998)	(7,516)
Fixed deposits interest received		46,436	47,486
Net cash (used in)/generated from investing activities		<u>(15,562)</u>	<u>39,970</u>
Net increase in cash and cash equivalents		46,528	296,230
Cash and cash equivalents at beginning of financial year		4,441,702	4,145,472
Cash and cash equivalents at end of financial year	7	<u>4,488,230</u>	<u>4,441,702</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

1. General information

Kheng Chiu Loke Tin Kee Home (the "Home") is registered and domiciled in Singapore. The Home's registered address and principal place of business is at 70 Tampines Avenue 4, Kheng Chiu Happy Lodge, Singapore 529681.

Kheng Chiu Loke Tin Kee Home (the "Home") was registered on 29 April 1992 under the Societies Act (Chapter 311) and is a charity registered under the Charities Act, Chapter 37 since 11 September 1992.

The Home has been accorded an Institutions of a Public Character ("IPC") status until 31 July 2019.

The principal objectives of the Home are those of providing shelter and care to the aged destitute who are Singapore Citizens or Singapore permanent residents, irrespective of race, sex and religion.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs"). 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 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.

2.1.1 Interpretations and amendments to published standards effective in 2018

In the current financial year, the Home has adopted all the new and revised FRSs and interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective on 1 January 2018. The adoption of the standard did not have any material effect on the financial statements.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Home's accounting policies and had not material effect on the amounts requested for the current or prior financial years.

FRS 115 Revenue from contracts with customers

The Home had adopted the new standard on the required effective date using the full retrospective method and apply all the practical expenditures available for full retrospective approach under FRS 115.

The accounting policies for revenue from contracts with customers under FRS 115 are disclosed in Note 2.2. The Home is in a business of receiving donations from public and collecting admission and home fee from residents. The adoption of the standard did not have any material effect on the financial statements as there are no multiple performance obligation in generating income and income was recognised based on the monthly fee collected and donation received.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.2 Standards issued but not yet effective

The Home has not adopted the following relevant new/revised FRSs, INT FRSs and amendments to FRSs that were issued but are not yet effective:

Description	Effective for annual periods beginning on or after
FRS 116 Leases	1 January 2019
SFRS(I) INT 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for FRS 116, the management expect that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the FRS 116 is described below.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases which do not contain any purchase options. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Home is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Home expects the adoption of the new standard to result in an increase in total assets and total liabilities, earnings before interest, taxes and depreciation (EBITD).

2.2 Income recognition

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

Income is recognised when the Home satisfies a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control 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. Significant accounting policies (Cont'd)

2.2 Income recognition (Cont'd)

2.2.1 Donations

Donations are taken up and accrued as and when they are committed. Those uncommitted donations, income from the events and all income except as listed below, 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 Rendering of services

Revenue from rendering of services is recognised when the services have been performed and rendered.

2.2.3 Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.2.4 Government grants

Government grants are recognised as income in the financial statements over the periods necessary to match them with the related costs, which they are intended to compensate on a systematic basis.

2.2.5 Other income

Other income is recognised when received.

2.3 Expenditure recognition

All expenditure is 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 directly attributable costs incurred in the pursuit of the charitable objects of the Home and an apportionment of overhead and shared costs.

2.3.2 Governance and administrative costs

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

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

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 costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.4.2 Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful life as follows:

	Useful lives
Leasehold building	30 years
Furniture and fittings	5 years
Motor vehicle	5 years
Air conditioners	5 years
Medical and rehabilitation equipment	5 years
Office equipment	5 years
Audio visual equipment	5 years
Kitchen equipment	5 years
Renovation	10 years

The residual values, useful life and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting period. The effects of any revision are recognised in the statement of financial activities in the financial year in which the changes arise.

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that have already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Home and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repairs and maintenance expenses are recognised in the statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

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

Fully depreciated assets still in use are retained in the financial statements.

2. Significant accounting policies (Cont'd)

2.5 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

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

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

An impairment loss for an asset is reversed if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

2.6 Financial assets

2.6.1 The accounting for financial assets before 1 January 2018 under FRS 39 are as follows:

Loans and receivables

Cash and cash equivalents
Other receivables

Cash and cash equivalents and other receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using effective interest method, less accumulated impairment losses.

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. 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 are 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.

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

2.6.2 The accounting for financial assets from 1 January 2018 under FRS 109 are as follows:

The Home classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVPL).

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

At initial recognition

At initial recognition, the Home measures a financial assets 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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

Debt instrument

Debt instruments of the Home mainly comprise of cash and cash equivalents and other receivables.

There are three prescribed subsequent measurement categories, depending on the Home's business model in managing the assets and the cash flow characteristic of the assets. The Home managed these group of financial assets by collecting the contractual cash flow and these cash flows represented solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment 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 are recognised using the effective interest rate method.

The Home assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For cash and cash equivalents 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.

2. Significant accounting policies (Cont'd)

2.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions, which are subject to an insignificant risk of changes in value.

2.8 Financial liabilities

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

Financial liabilities is derecognised when the obligations under the liability is discharged or cancelled or expires. 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 financial activities.

2.9 Other payables

Other payables excluding accruals, are recognised at their transaction price, excluding transaction cost, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

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 Operating leases as lessee

Finance leases which transfer to the Home substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Home will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Significant accounting policies (Cont'd)

2.12 Employee compensation

2.12.1 Defined contribution plans

The Home makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.12.2 Employee leave entitlement

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Home has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably

2.13 Funds

Restricted fund balances are restricted by outside sources and may only be utilised in accordance with the purposes for which they are established. Designated funds are earmarked for specific purposes and are largely made up of funds allocated at the discretion of the Management Committee. These designated funds are treated as restricted funds as they contain funds restricted by outside sources.

The Management Committee retains full control over the use of unrestricted funds for any of the Home's purposes.

2.14 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

3. Significant accounting judgements and estimates

The preparation of the Home's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

The key critical judgements in applying the entity's accounting policies concerning the future 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 year, are discussed below.

Government grants

Government grants to meet operating expenses are recognised as income in statement of financial activities on the accrual basis in the year these operating expenses were incurred and there is reasonable assurance that the Home 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 Home if the conditions are not met.

3. Significant accounting judgements and estimates (Cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Home based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Home. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Home's property, plant and equipment as at 31 December 2018 were disclosed in Note 9 of the financial statements.

4. Income tax

The Home is a charity registered under the Charities Act since 11 September 1992. Consequently, the income of the Home is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap. 134.

5. Revenue from contracts with customers

a) Disaggregation of revenue from contracts with customers

	Note	2018 S\$	2017 S\$
Revenue from:			
Donations		73,281	226,644
Fixed deposits interest income		49,189	47,342
Admission and home fee from residents		876,075	876,920
Miscellaneous income		30,642	32,138
		<u>1,029,187</u>	<u>1,183,044</u>
Timing of transfer of services			
- At a point in time		153,112	306,124
- Over time		876,075	876,920
		<u>1,029,187</u>	<u>1,183,044</u>
 (b) Contract liabilities			
		31 December 2018 S\$	1 January 2018 S\$
Amounts received in advance for home fees		<u>148,906</u>	<u>157,060</u>

5. Revenue from contracts with customers (Cont'd)

(b) Contract liabilities (Cont'd)

(i) Income recognised in relation to contract liabilities

	2018 S\$
Revenue recognised in current period that was included in contract liabilities balance at the beginning of the year	<u>2,690</u>

The contract liabilities relate to the home fees for the unsatisfied performance obligation in providing the shelter services. Revenue will be recognised when the services have been performed and rendered.

There is no significant changes in contract liabilities balances.

(ii) Unsatisfied performance obligations

The Home is applying the practical expedient in the paragraph 121 of FRS 115. Under this practical expedient, the Home need not disclose the information about its transaction price allocated to the remaining performance obligation as the Home recognised revenue from the satisfaction of the performance obligation in accordance to the right to consideration from a customer in an amount that performance obligation is part of a contract that has an original expected duration of one year or less.

6. Donations

	2018 S\$	2017 S\$
Tax exempt donations	54,951	192,304
Non-tax exempt donations	18,330	34,340
	<u>73,281</u>	<u>226,644</u>

During the financial year, the Home issued tax deductible receipts for donations totalling S\$54,951 (2017: S\$192,304) pursuant to its Institutions of a Public Character ("IPC") status.

7. Cash and cash equivalents

	2018 S\$	2017 S\$
Cash on hand	1,135	1,633
Cash at banks	390,414	569,619
Fixed deposits with financial institution	4,096,681	3,846,778
Fixed deposits held on behalf of residents	0	23,672
	<u>4,488,230</u>	<u>4,441,702</u>

The fixed deposits mature within 7 to 12 months (2017: 4 to 12 months) from the financial year end and earn interest at rate of 1.20% to 1.55% (2017: 0.35% to 1.25%) per annum.

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

8. Other receivables

	2018 S\$	2017 S\$
Grant receivable	19,877	19,877
Home fees in arrears	65,557	44,428
Interest receivables on fixed deposits	20,765	18,012
Deposits	60,351	60,351
Prepayments	9,816	10,956
	<u>176,366</u>	<u>153,624</u>

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

There is no other class of financial assets that is part due and/or impaired except for home fee receivables.

Home fee receivables that are past due but not impaired

The Home had fee receivables amounting to S\$65,557 (2017: S\$ 44,428) that were past due at the reporting date but not impaired at the reporting date was as follows:

	2018 S\$	2017 S\$
Fee receivables past due but not impaired:		
1 - 30 days	15,530	15,926
30 - 60 days	8,146	7,354
61 - 90 days	0	5,866
More than 90 days	41,881	15,282
	<u>65,557</u>	<u>44,428</u>

9. Property, plant and equipment

	Leasehold building S\$	Furniture & fittings S\$	Motor vehicle S\$	Air conditioners S\$	Medical and rehabilitation equipment S\$	Office equipment S\$	Audio Visual Equipment S\$	Kitchen equipment S\$	Renovation S\$	Total S\$
Cost										
At 1 January 2017	8,044,565	113,939	37,125	15,500	24,707	3,840	1,687	13,190	837,962	9,092,515
Additions	0	0	0	2,650	0	2,000	2,866	0	0	7,516
At 31 December 2017	8,044,565	113,939	37,125	18,150	24,707	5,840	4,553	13,190	837,962	9,100,031
Additions	0	4,420	0	54,500	0	1,078	2,000	0	0	61,998
At 31 December 2018	8,044,565	118,359	37,125	72,650	24,707	6,918	6,553	13,190	837,962	9,162,029
Accumulated depreciation										
At 1 January 2017	4,469,326	95,693	37,125	15,500	14,775	2,842	1,553	7,831	83,796	4,728,441
Depreciation	268,152	11,139	0	88	1,647	110	433	1,398	83,796	366,763
At 31 December 2017	4,737,478	106,832	37,125	15,588	16,422	2,952	1,986	9,229	167,592	5,095,204
Depreciation	268,152	3,063	0	9,613	1,647	526	773	1,398	83,796	368,968
At 31 December 2018	5,005,630	109,895	37,125	25,201	18,069	3,478	2,759	10,627	251,388	5,464,172
Carrying amount										
31 December 2017	3,307,087	7,107	0	2,562	8,285	2,888	2,567	3,961	670,370	4,004,827
31 December 2018	3,038,935	8,464	0	47,449	6,638	3,440	3,794	2,563	586,574	3,697,857

10. Other payables

	2018 S\$	2017 S\$
Accruals	51,291	54,390
Residents and staff monies held in trust	0	23,672
Deposits received from residents	121,600	114,350
Tender deposit	<u>1,000</u>	<u>1,000</u>
	<u>173,891</u>	<u>193,412</u>

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

11. Deferred capital grants and donations

	2018 S\$	2017 S\$
Cost		
At beginning and end of financial year	<u>8,044,565</u>	<u>8,044,565</u>
Accumulated amortisation		
At beginning of financial year	4,737,389	4,469,237
Amortisation during the year	<u>268,152</u>	<u>268,152</u>
At end of financial year	<u>5,005,541</u>	<u>4,737,389</u>
Carrying value	<u>3,039,024</u>	<u>3,307,176</u>

The deferred capital grants related to capital funding received from Ministry of Social and Family Development (MSF), formerly known as Ministry of Community Development, Youth and Sports (MCYS) from year 1997 to 1999 for a sum of S\$7,099,784 being 90% of the construction cost of the Home's building. The balance of S\$944,781 of the construction cost was obtained from donations solicited from the public from year 1995 to 1997.

Deferred capital grants and donations are systematically amortised to the statement of financial activities over the estimated useful life of the Home's building which is 30 years.

12. General Fund

The General Fund is for the purpose of meeting operating expenses incurred by the Home.

13. Building Fund

This represents restricted fund that is set-up for the expansion of the space of the building.

14. Cyclical Maintenance Fund

This represents restricted fund that is set-up for cyclical maintenance for the Home.

15. Related party transactions

The remuneration of key management personnel during the financial year was as follows:

	2018 S\$	2017 S\$
Executive's remuneration:		
Salaries and other short-term employee benefits	49,400	49,500
Post-employment benefits – contributions to CPF	<u>3,705</u>	<u>3,718</u>
	<u>53,105</u>	<u>53,218</u>

None of the Home's employees were remunerated more than or equal to S\$100,000 during the financial years ended 31 December 2018 and 2017.

During the financial year, none of the Management Committee members received any remuneration from the Home.

16. Operating lease commitments

The Home leases land and office equipment from non-related parties under non-cancellable operating lease agreements. These leases have renewal rights.

The future minimum rental payable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	2018 S\$	2017 S\$
Not later than one year	161,584	241,092
Later than one year but not later than five years	<u>2,354</u>	<u>163,938</u>
	<u>163,938</u>	<u>405,030</u>

17. Financial instruments by category

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised costs are as follows:

	2018 S\$
Financial assets, at amortised cost	4,654,780
Financial liabilities, at amortised cost	<u>173,891</u>
	2017 S\$
Loans and receivables	4,584,370
Financial liabilities, at amortised cost	<u>193,412</u>

18. Financial risk management

The Home is mainly exposed to interest rate risk, credit risk and liquidity risk.

Risk management is carried out under policies approved by the Management Committee. The Management Committee reviews and agrees on policies and procedures for management of these risks.

18.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Home's financial instruments will influence because of changes in market interest rates. The Home's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Home does not expect any significant effect on the Home's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

Sensitivity analysis for interest rate risk

At the reporting date, the interest rate profile of the Home's interest-bearing financial instruments was as follows:

	2018 S\$	2017 S\$
Fixed rate instruments		
<u>Financial assets</u>		
Fixed deposits	<u>4,096,681</u>	<u>3,870,450</u>

The sensitivity analysis is based on changes in the interest rates of variable rate financial instruments.

At the reporting date, the Home does not have variable rate interest-bearing financial instruments.

18.2 Credit risk

Credit risk is the potential financial loss resulting from customer defaulting on its contractual obligations to the Home.

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

18.3 Liquidity risk

Liquidity risk is the risk that the Home will encounter difficulty in meeting its financial obligations due to shortage of funds. The Home exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets or liabilities.

Management Committee monitors and ensures that the Home maintains a level of cash and cash equivalents deemed adequate to finance the Home's operations.

18. Financial risk management (Cont'd)

18.3 Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Home's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2018			
Financial assets			
Cash and cash equivalents	4,488,230	0	4,488,230
Other receivables (excluding prepayments)	<u>166,550</u>	<u>0</u>	<u>166,550</u>
	<u>4,654,780</u>	<u>0</u>	<u>4,654,780</u>
Financial liability			
Other payables	<u>(173,891)</u>	<u>0</u>	<u>(173,891)</u>
Net financial assets	<u>4,480,889</u>	<u>0</u>	<u>4,480,889</u>
	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2017			
Financial assets			
Cash and cash equivalents	4,441,702	0	4,441,702
Other receivables (excluding prepayments)	<u>142,668</u>	<u>0</u>	<u>142,668</u>
	<u>4,584,370</u>	<u>0</u>	<u>4,584,370</u>
Financial liability			
Other payables	<u>(193,412)</u>	<u>0</u>	<u>(193,412)</u>
Net financial assets	<u>4,390,958</u>	<u>0</u>	<u>4,390,958</u>

19. Fund management policy

The primary objective of the Home is to ensure it maintains sufficient cash in order to support its activities. Its approach to fund management is to balance the allocation of cash and the incurrence of debt. Available cash is deployed primarily to cover operational requirements.

20. Reserve position and policy

The Home's reserve position (excluding non-current assets) for financial year ended 31 December 2018 is as follows:

		2018	2017	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Fund			
	General Fund	4,086	4,027	1.47
B	Restricted Funds			
	Building Fund	161	161	0
	Cyclical Maintenance Fund	754	754	0
C	Endowment Fund	N/A	N/A	N/A
D	Total Funds	5,001	4,942	1.19
E	Total Annual Operating Expenditure	1,522	1,572	(0.03)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.68	2.56	

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 Administrative Costs.

The Home's Reserve Policy is as follows:

The maximum operating reserves for the Home shall be three (3) years of the amount of the annual operating expenditure.

21. Fair values

As at 31 December 2018, the carrying amounts of financial assets and liabilities recorded in the financial statements of the Home approximate their fair values due to their short-term nature.

22. 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 Home's Management Committee members 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.

23. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Management Committee on

03 JUN 2019