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 2020

CONTENTS

Suhaimi Salleh & Associates
[UEN. S88PF0247L]
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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 2020 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 3 1 DEC 2022

Chairman	Foo Jong Peng	(Appointed 26 September 2020)
Vice Chairman	Ngiam Seng Wee PB, PBS	(Appointed 26 September 2020)
Advisor	Fu Chuan San BBM	(Appointed 26 September 2020)
Honorary Secretary	Lim Fang Siang	(Appointed 26 September 2020)
Assistant Secretary	Goh Juan Wah	(Appointed 26 September 2020)
Honorary Treasurer	Chew See Bee PBM	(Appointed 26 September 2020)
Assistant Treasurer	Phoo Yap Lee	(Appointed 26 September 2020)
Committee Member	Lim Tew Tean	(Resigned 12 December 2020)
Committee Member	Pang Hick Seng PBM	(Resigned 12 December 2020)
Committee Member	Foo Sek Juat	(Appointed 26 September 2020)
Committee Member	Goh Gee Mui	(Appointed 26 September 2020)
Committee Member	Wong Kum Chee	(Resigned 18 December 2021)
Committee Member	David Ong	(Appointed 12 December 2020)
Committee Member	Oh Kar Chye PPA	(Appointed 12 December 2020)
Committee Member	Liang Foo Jee PPA PBS	(Appointed 18 December 2021)

For and ~~on behalf of~~ the Management Committee,

Foo Jong Peng
Chairman

Chew See Bee PBM
Honorary Treasurer

Singapore, 3 1 DEC 2022

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Independent auditor's report to the members of:

KHENG CHIU LOKE TIN KEE HOME
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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 as at 31 December 2020, 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 2020 and the results, changes in funds and cash flows 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 *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 (set out on page 2), 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 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, except for matters as disclosed in Note 9 of the financial statements, nothing has come to our attention that causes us to believe that during the financial year:

(a) 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, 31 DEC 2022

Partner-in-charge: Gan Chek Huat
PAB No.: 01939

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		2020				2019			
		Unrestricted fund	Restricted funds		Total unrestricted and restricted funds	Unrestricted fund	Restricted funds		Total unrestricted and restricted funds
	Note	General Fund S$	Building Fund S$	Cyclical Maintenance Fund S$	S$	General Fund S$	Building Fund S$	Cyclical Maintenance Fund S$	S$
INCOME									
Income from generated funds									
Voluntary income									
Donations	6	156,965	0	0	156,965	147,682	0	0	147,682
Rental reimbursements		160,000	0	0	160,000	239,016	0	0	239,016
		316,965	0	0	316,965	386,698	0	0	386,698
Investment income									
Fixed deposits interest income		36,319	0	0	36,319	58,062	0	0	58,062
Income from charitable activities									
Admission and home fee from residents	5	851,970	0	0	851,970	886,194	0	0	886,194
Other income									
Amortisation of deferred capital grants and Donations	13	268,154	0	0	268,154	268,152	0	0	268,152
Government grants	7	113,343	0	0	113,343	9,817	0	0	9,817
Interest income on advances		41,642	0	0	41,642	0	0	0	0
Miscellaneous income		104	0	0	104	215	0	0	215
COVID-19 related rent concession		80,000	0	0	80,000	0	0	0	0
		503,243	0	0	503,243	278,184	0	0	278,184
Total income		1,708,497	0	0	1,708,497	1,609,138	0	0	1,609,138

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

		2020				2019			
		Unrestricted fund	Restricted funds		Total unrestricted and restricted funds	Unrestricted fund	Restricted funds		Total unrestricted and restricted funds
	Note	General Fund S$	Building Fund S$	Cyclical Maintenance Fund S$	S$	General Fund S$	Building Fund S$	Cyclical Maintenance Fund S$	S$
EXPENDITURE									
Cost of charitable activities									
Activities expenses		783	0	0	783	197	0	0	197
Amortisation of right-of-use assets	10	219,875	0	0	219,875	219,875	0	0	219,875
Bad debts		23,991	0	0	23,991	2,968	0	0	2,968
CPF contributions, SDL and FWL		70,611	0	0	70,611	78,811	0	0	78,811
Covid-19 expenses		4,887	0	0	4,887	0	0	0	0
Depreciation	10	401,374	0	0	401,374	371,863	0	0	371,863
Festival celebrations		43,811	0	0	43,811	37,986	0	0	37,986
Food for the aged residents		176,966	0	0	176,966	161,952	0	0	161,952
General expenses		14,008	0	0	14,008	16,554	0	0	16,554
GST expenses		38,710	0	0	38,710	26,550	0	0	26,550
Handling charges		1,127	0	0	1,127	0	0	0	0
Interest expense on lease liabilities		34,471	0	0	34,471	40,575	0	0	40,575
License expenses		401	0	0	401	409	0	0	409
Medical expenses		8,792	0	0	8,792	6,164	0	0	6,164
Printing and stationery		1,214	0	0	1,214	1,597	0	0	1,597
Postage and courier		167	0	0	167	3,678	0	0	3,678
Public assistance allowances		15,850	0	0	15,850	18,250	0	0	18,250
Repairs and maintenance		67,654	0	0	67,654	63,093	0	0	63,093
Salaries, allowances and bonus		417,237	0	0	417,237	434,340	0	0	434,340
Staff training and welfare		37,329	0	0	37,329	36,606	0	0	36,606
Subscriptions		26	0	0	26	488	0	0	488
Telephone and internet charges		3,303	0	0	3,303	2,353	0	0	2,353
Transport		892	0	0	892	2,049	0	0	2,049
Upkeep of motor vehicles		2,559	0	0	2,559	3,650	0	0	3,650
Utilities		81,045	0	0	81,045	95,636	0	0	95,636
		1,667,083	0	0	1,667,083	1,625,644	0	0	1,625,644

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

		2020				2019			
		Unrestricted fund	Restricted funds		Total	Unrestricted fund	Restricted funds		Total
	Note	General Fund S$	Building Fund S$	Cyclical Maintenance Fund S$	unrestricted and restricted funds S$	General Fund S$	Building Fund S$	Cyclical Maintenance Fund S$	unrestricted and restricted funds S$
EXPENDITURE (CONT'D)									
Governance and administrative costs									
Audit fees		5,900	0	0	5,900	4,900	0	0	4,900
Bank charges		1,757	0	0	1,757	1,642	0	0	1,642
Entertainment and refreshments		873	0	0	873	1,270	0	0	1,270
Insurance		13,262	0	0	13,262	12,713	0	0	12,713
Interest expense on advances		183,565	0	0	183,565	0	0	0	0
Newspaper and periodicals		1,453	0	0	1,453	2,385	0	0	2,385
Office supplies		1,297	0	0	1,297	176	0	0	176
		208,107	0	0	208,107	23,086	0	0	23,086
Total expenditure		1,875,190	0	0	1,875,190	1,648,730	0	0	1,648,730
Net expenditure for the financial year		(166,693)	0	0	(166,693)	(39,592)	0	0	(39,592)
Total funds brought forward		4,046,020	160,855	754,165	4,961,040	4,085,612	160,855	754,165	5,000,632
Total funds carried forward		3,879,327	160,855	754,165	4,794,347	4,046,020	160,855	754,165	4,961,040

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 S$	2019 S$
ASSETS			
Current assets			
Cash and cash equivalents	8	2,903,232	4,611,235
Other receivables	9	163,865	166,938
		3,067,097	4,778,173
Non-current assets			
Other receivables	9	1,320,677	0
Property, plant and equipment	10	4,264,118	4,587,018
		5,584,795	4,587,018
TOTAL ASSETS		8,651,892	9,365,191
LIABILITIES			
Current liabilities			
Contract liabilities	5	51,645	150,162
Other payables	11	248,454	220,604
Lease liabilities	12	212,105	207,943
		512,204	578,709
Non-current liabilities			
Deferred capital grants and donations	13	2,502,718	2,770,872
Lease liabilities	12	842,623	1,054,570
		3,345,341	3,825,442
Total liabilities		3,857,545	4,404,151
NET ASSETS		4,794,347	4,961,040
FUNDS			
Unrestricted fund			
General Fund	14	3,879,327	4,046,020
Restricted funds			
Building Fund	15	160,855	160,855
Cyclical Maintenance Fund	15	754,165	754,165
		915,020	915,020
TOTAL FUNDS		4,794,347	4,961,040

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	At beginning of financial year S$	Net expenditure for the financial year S$	At end of financial year S$
2020			
Unrestricted fund			
General Fund	4,046,020	(166,693)	3,879,327
Restricted funds			
Building Fund	160,855	0	160,855
Cyclical Maintenance Fund	754,165	0	754,165
	915,020	0	915,020
Total funds	4,961,040	(1,058)	4,794,347

	At beginning of financial year S$	Net expenditure for the financial year S$	At end of financial year S$
2019			
Unrestricted fund			
General Fund	4,085,612	(39,592)	4,046,020
Restricted funds			
Building Fund	160,855	0	160,855
Cyclical Maintenance Fund	754,165	0	754,165
	915,020	0	915,020
Total funds	5,000,632	(39,592)	4,961,040

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 S$	2019 S$
Cash flows from operating activities			
Net expenditure for the financial year		(166,693)	(39,592)
Adjustments for:			
- Depreciation	10	401,374	371,863
- Bad debts		23,991	2,968
- Amortisation of deferred capital grants and donations	13	(268,154)	(268,152)
- Amortisation of right-of-use assets	10	219,875	219,875
- Fixed deposits interest income		(36,319)	(58,062)
- Interest income on advances		(41,642)	0
- Interest expense on lease liabilities		34,471	40,575
- Interest expense on advances to a related party		183,565	0
- Rent concessions received from lessor		(80,000)	0
Operating cash flow before working capital changes		270,468	269,475
Changes in working capital			
- Other receivables		(1,546,524)	7,870
- Contract liabilities		(98,517)	1,256
- Other payables		27,850	46,713
Net cash (used in)/generated from operating activities		1,617,191	325,314
Cash flows from investing activities			
Purchases of property, plant and equipment	10	(298,349)	(17,733)
Fixed deposits interest received		99,325	56,652
Net cash (used in)/generated from investing activities		(199,024)	38,919
Cash flows from financing activities			
Payment of principal portion of lease liabilities	12	(127,785)	(200,653)
Interest paid		(34,471)	(40,575)
Net cash (used in) financing activities		(162,256)	(241,228)
Net (decrease)/increase in cash and cash equivalents		(1,708,003)	123,005
Cash and cash equivalents at beginning of financial year		4,611,235	4,488,230
Cash and cash equivalents at end of financial year	8	2,903,232	4,611,235

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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, Kheng Chiu Happy Lodge, 70 Tampines Avenue 4, Singapore 529681.

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 was accorded an Institutions of a Public Character ("IPC") status from 1 August 2019 to 31 July 2020 and subsequently renewed from 1 August 2020 to 31 July 2021.

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") under the historical cost convention, except as disclosed in the accounting policies below.

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

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Home's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.1 Interpretations and amendments to published standards effective in 2020

In the current financial year, the Home has adopted all the new or amended FRSs and Interpretations of FRSs ("INT FRSs") that are relevant and mandatory to its operations and effective on 1 January 2020. Changes to the Home's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

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

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Early adoption of Amendments to FRS 116 Leases – COVID-19 Related Rent Concessions

The Home has elected to early adopt the amendments to FRS 116 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

The Home has elected to apply this practical expedient to all property leases. In 2020, the Home has received rental concessions amounting to S$80,000 which is presented in the statement of financial activities under "Other income".

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 not yet effective:

Descriptions	**Effective for annual periods beginning on or after**
Amendments to: - FRS 103 : Reference to the Conceptual Framework - FRS 16 : Property, Plant and Equipment – Proceeds before Intended Use - FRS 37 : Onerous Contracts – Cost of Fulfilling a Contract Annual Improvements to FRSs 2018-2020	1 January 2022
FRS 117 : Insurance Contracts Amendments to: - FRS 1 : Classification of Liabilities as Current or Non-current - FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies - FRS 8 : Definition of Accounting Estimates - FRS 12 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The management believe that the adoption of the amended standards and interpretations do not have material impact on the financial statements in the period of the initial application.

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.

2. Significant accounting policies (Cont'd)

2.2 Income recognition (Cont'd)

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.

2.2.1 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 Other income

Other income is recognised when received.

2.3 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to the statement of financial activities over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by government or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.4 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.

2.4.1 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.

2.4.2 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)

2.5 Leases

At the inception of the contract, the Home 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.

When the Home is the lessee:

The Home applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Home recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

- Right-of-use assets

  The Home 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.

  If ownership of the leased asset transfers to the Home at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10. The Home's right-of-use assets are presented within "Property, plant and equipment" as disclosed in Note 10.

- Lease liabilities

  The initial measurement of a 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 Home 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 Home exercising that option.

  In calculating the present value of lease payments, the Home uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

  For contract that contain both lease and non-lease components, the Home allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Home 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)

2.5 Leases (Cont'd)

When the Home 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; or
  - There is a change in the Home's assessment of whether it will exercise an extension option; or
  - There are 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 profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

  The Home has applied the amendment to FRS116 Leases: Covid-19-Related Rent Concessions. The Home applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Home applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Home chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Home assesses whether there is a lease modification.

- Short-term leases and leases of low-value assets

  The Home has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms 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 the 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 Home shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.6 Employee compensation

2.6.1 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.

2.6.2 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. Significant accounting policies (Cont'd)

2.7 Financial assets

(a) Classification and measurement

The Home classified its financial assets into amortised cost category.

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.

At subsequent measurement

Debt instruments

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

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 the statement of financial activities when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

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 ("ECL"). 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 ECL will be calculated and recognised.

2. Significant accounting policies (Cont'd)

2.7 Financial assets (Cont'd)

(c) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Home has transferred substantially all risks and rewards of ownership.

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

2.8 Cash and cash equivalents

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

2.9 Property, plant and equipment

2.9.1 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.

2.9.2 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
Right-of-use assets – land and copier	Over the remaining lease terms

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

The residual values, estimated useful lives 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 when the changes arise.

2. Significant accounting policies (Cont'd)

2.9 Property, plant and equipment (Cont'd)

2.9.3 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. All other repairs and maintenance expenses are recognised in the statement of financial activities when incurred.

2.9.4 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.

2.10 Impairment of non-financial assets

Non-financial assets 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 generated 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, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the statement of financial activities, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in the statement of financial activities.

2.11 Financial liabilities

Financial liabilities are recognised when, and only when, the Home becomes a party to the contractual agreements of the financial 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 includes "Other payables" and "Lease liabilities" in the statement of financial position.

2. Significant accounting policies (Cont'd)

2.11 Financial liabilities (Cont'd)

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 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.

2.12 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.

2.13 Borrowings

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and their redemption values is recognised in the income statement over the period of borrowings using the effective interest method. Borrowings, which are due to be settled within twelve months after the reporting date, are included in current borrowings in the statement of financial position.

2.14 Borrowing costs

Borrowing costs are recognised in the statement of financial activities using the effective interest method except for those costs that are not directly attributable to the construction or development of properties and assets under construction. Borrowing costs may include interest in respect of lease liability recognised in accordance with FRS 116.

2.15 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.

2.16 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.

3. Significant accounting policies (Cont'd)

2.17 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.

2.18 Events after the reporting period

Post year-end events that provide additional information about the Home'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. 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.

<u>Government grants</u>

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.

3.2 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.

3.2.1 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 2020 were disclosed in Note 10 of the financial statements.

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

3.2 Key sources of estimation uncertainty (Cont'd)

3.2.2 Impairment of fees receivables and other receivables

The impairment of fess receivables and other receivables are based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Home's fee receivables and other receivables as at 31 December 2020 was disclosed in Note 9.

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 (1) of the Income Tax Act, Chapter 134.

5. Revenue from contracts with customers

a) Disaggregation of revenue from contracts with customers

	Note	2020 S$	2019 S$
Revenue from:			
Admission and home fee from residents		851,970	886,194
Timing of transfer of services - Over time		851,970	886,194

(b) Contract liabilities

	2020 S$	2019 S$
Amounts received in advance for home fees	51,645	150,162

(i) Income recognised in relation to contract liabilities

	2020 S$	2019 S$
Revenue recognised in current period that was included in contract liabilities balance at the beginning of the year	106,633	5,031

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.

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

(b) Contract liabilities (Cont'd)

(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

	2020 S$	2019 S$
Tax exempt donations	58,901	66,481
Non-tax exempt donations	98,064	81,201
	156,965	147,682

During the financial year, the Home issued tax deductible receipts for donations totalling S$58,901 (2019: S$66,481) pursuant to its Institutions of a Public Character ("IPC") status.

7. Grants

	2020 S$	2019 S$
Jobs Support Scheme	86,703	0
Wage Credit Scheme	10,486	2,938
Special Employment Credit	3,654	6,879
NCSS ComChest funding support	3,000	0
Foreign worker levy rebates	9,500	0
	113,343	9,817

8. Cash and cash equivalents

	2020 S$	2019 S$
Cash on hand	4,783	3,264
Cash at banks	2,165,651	473,788
Fixed deposits with financial institution	732,798	4,134,183
	2,903,232	4,611,235

The fixed deposits mature within 7 to 35 months (2019: 2 to 12 months) from the financial year end and earn interest at rate of 0.24% to 1.00% (2019: 1.10% to 2.34%) per annum.

Fixed deposits are included as cash and cash equivalents as these can be readily converted into cash without incurring significant penalty.

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

9. Other receivables

	2020 S$	2019 S$
Current		
Grant receivables - MSF	40,000	20,000
Home fees in arrears	51,975	56,434
Interest receivables on fixed deposits	811	22,175
Deposits	61,150	61,150
Prepayments	9,929	7,179
	163,865	166,938
Non-current		
Advances to a related party	1,320,677	0
	1,484,542	166,938

Advances to a related party pertains to the amount provided to Kheng Chiu Tin Hou Kong, a permanent honorary member of the Home. The advances to a related party is non-interest bearing, unsecured and repayable on demand.

The nature of the advances to a related party does not warrant to seek a prior approval from the Sector Administrator of the Home. However, as stated in Regulation 11 of the Charities (Institutions of a Public Character) Regulations, the use of donation moneys of the Charities during the financial year shall be in accordance with the objectives and principal activities of the Institution of a Public Character.

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$51,975 (2019: S$56,434) that were past due at the reporting date but not impaired at the reporting date was as follows:

	2020 S$	2019 S$
Fee receivables past due but not impaired:		
1 – 30 days	19,285	14,499
31 – 60 days	12,663	1,990
61 – 90 days	7,727	0
More than 90 days	12,300	39,945
	51,975	56,434

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

10. Property, plant and equipment

	Leasehold building S$	Furniture and 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$	Right-of-use assets - land S$	Right-of-use assets - copier S$	Total S$
Cost												
At 31 December 2018, as previously reported	8,044,565	118,359	37,125	72,650	24,707	6,918	6,553	13,190	837,962	0	0	9,162,029
Effects of adopting FRS 116	0	0	0	0	0	0	0	0	0	1,451,165	0	1,451,165
At 31 December 2018, as restated	8,044,565	118,359	37,125	72,650	24,707	6,918	6,553	13,190	837,962	1,451,165	0	10,613,194
Additions	0	10,583	0	0	0	1,760	879	0	4,511	0	12,001	29,734
At 31 December 2019	8,044,565	128,942	37,125	72,650	24,707	8,678	7,432	13,190	842,473	1,451,165	12,001	10,642,928
Additions	0	15,167	0	0	0	2,139	14,182	0	266,861	0	0	298,349
Write-off	0	(103,104)	0	0	0	(2,560)	0	0	0	0	0	(105,664)
At 31 December 2020	8,044,565	41,005	37,125	72,650	24,707	8,257	21,614	13,190	1,109,334	1,451,165	12,001	10,835,613
Accumulated depreciation												
At 1 January 2019	5,005,630	109,895	37,125	25,201	18,069	3,478	2,759	10,627	251,388	0	0	5,464,172
Depreciation	268,152	3,508	0	11,430	1,647	645	1,061	1,398	84,022	217,675	2,200	591,738
At 31 December 2019	5,273,782	113,403	37,125	36,631	19,716	4,123	3,820	12,025	335,410	217,675	2,200	6,055,910
Depreciation	268,153	7,237	0	11,431	4,991	1,994	2,055	1,165	104,348	217,675	2,200	621,249
Write-off	0	(103,104)	0	0	0	(2,560)	0	0	0	0	0	(105,664)
At 31 December 2020	5,541,935	17,536	37,125	48,062	24,707	3,557	5,875	13,190	439,758	435,350	4,400	6,571,495
Carrying amount												
31 December 2019	2,770,783	15,539	0	36,019	4,991	4,555	3,612	1,165	507,063	1,233,490	9,801	4,587,018
31 December 2020	2,502,630	23,469	0	24,588	0	4,700	15,739	0	669,576	1,015,815	7,601	4,264,118

11. Other payables

	2020 S$	2019 S$
Accruals	137,534	108,384
Deposits received from residents	109,920	111,220
Tender deposit	1,000	1,000
	248,454	220,604

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

12. Lease liabilities

	2020 S$	2019 S$
Current	212,105	207,943
Non-current	842,623	1,054,570
	1,054,728	1,262,513

	Note	2020 S$	2019 S$
Amount recognised in the statement of financial activities:			
Depreciation of right-of-use assets	10	219,875	219,875
Interest expense on lease liabilities		34,471	40,575
		254,346	260,450

Total cash outflow:

The Home had total cash outflows for leases of S$162,256 (2019: S$241,228).

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

				Non-cash changes		
	01.01.2020 S$	Cash flows S$	Accretion of interests S$	Rent concession S$	Other S$	31.12.2020 S$
Liabilities						
Lease liabilities						
- current	207,943	(162,256)	34,471	(80,000)	211,947	212,105
- non-current	1,054,570	0	0	0	(211,947)	842,623

				Non-cash changes		
	01.01.2019 S$	Additions S$	Cash flows S$	Accretion of interests S$	Other S$	31.12.2019 S$
Liabilities						
Lease liabilities						
- current	198,792	1,861	(241,228)	40,575	207,943	207,943
- non-current	1,252,373	10,140	0	0	(207,943)	1,054,570

13. Deferred capital grants and donations

	2020 S$	2019 S$
Cost		
At beginning and end of financial year	8,044,565	8,044,565
Accumulated amortisation		
At beginning of financial year	5,273,693	5,005,541
Amortisation during the year	268,154	268,152
At end of financial year	5,541,847	5,273,693
Carrying value	2,502,718	2,770,872

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.

14. Unrestricted fund

General fund

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

15. Restricted funds

(i) Building fund

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

(ii) Cyclical maintenance fund

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

16. Related party transactions

a) The following transactions with related party took place at terms agreed between the parties during the financial year:

	2020 S$	2019 S$
The Kheng Chiu Tin Hou Kong and Burial Ground – common committee member		
Advances	1,462,600	0

16. Related party transactions (Cont'd)

b) **Key management personnel compensation**

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

	2020 S$	2019 S$
Executives' remuneration:		
Salaries and other short-term employee benefits	53,500	60,500
Post-employment benefits – contributions to CPF	10,700	10,285
	64,200	70,785

None of the Home's employees were remunerated more than or equal to S$100,000 during the financial years ended 31 December 2020 and 2019.

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

17. Financial instruments by category

The carrying amounts of financial assets and financial liabilities at amortised costs are as follows:

	2020 S$	2019 S$
Financial assets, at amortised cost		
Cash and cash equivalents	2,903,232	4,611,235
Other receivables (excluding prepayments)	1,474,613	159,759
	4,377,845	4,770,994
Financial liabilities, at amortised cost		
Other payables	248,454	220,604
Lease liabilities	1,054,728	1,262,513
	1,303,182	1,483,117

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 and borrowings.

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.

18. Financial risk management (Cont'd)

18.1 Interest rate risk (Cont'd)

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:

	2020 S$	2019 S$
Fixed rate instruments		
Financial assets		
Fixed deposits	732,798	4,134,183
Financial liabilities		
Lease liabilities	1,054,728	1,262,513

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 refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Home.

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

Risk management

The Home adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Home mitigates its credit risks by transacting only with a counterparty who are rated "A" and above by independent rating agencies.

For other parties, the Home manages its credit risk by ensuring that the counterparty has sufficient financial assets and other committed credit lines to settle its financial and contractual obligations to the Home, as when they fall due.

Excessive risk concentration

At the reporting date, the Home has significant concentration of credit risk arising from the advances to related party comprising 90% (2019: NIL) of other receivables.

Impairment of financial assets

The Home does not expect to incur material credit losses on their risk management of financial assets.

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Other receivables are neither past due nor impaired are with creditworthy debtors with good payment record with the Home.

There is no credit loss allowance provided as at 31 December 2020 and 31 December 2019.

18. Financial risk management (Cont'd)

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.

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:

2020	Within one year S$	Later than one year but not later than five years S$	Total S$
Financial assets			
Cash and cash equivalents	2,903,232	0	2,903,232
Other receivables (excluding prepayments)	153,936	1,320,677	1,474,613
	3,057,168	1,320,677	4,377,845
Financial liabilities			
Other payables	(248,454)	0	(248,454)
Lease liabilities	(249,698)	(911,605)	(1,161,303)
	(498,152)	(911,605)	(1,409,757)
Net financial assets/(liabilities)	2,559,016	409,072	2,968,088

2019	Within one year S$	Later than one year but not later than five years S$	Total S$
Financial assets			
Cash and cash equivalents	4,611,235	0	4,611,235
Other receivables (excluding prepayments)	159,759	0	159,759
	4,770,994	0	4,770,994
Financial liabilities			
Other payables	(220,604)	0	(220,604)
Lease liabilities	(242,414)	(1,128,526)	(1,370,940)
	(463,018)	(1,128,526)	(1,591,544)
Net financial assets/(liabilities)	4,307,976	(1,128,526)	3,179,450

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 2020 is as follows:

		2020	2019	Increase/ (decrease)
		S$'000	S$'000	%
A	Unrestricted Fund			
	General Fund	3,879	4,046	(4.12)
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	4,794	4,961	(3.36)
E	Total Annual Operating Expenditure	1,875	1,649	13.74
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.07	2.45	

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 2020, 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.

The fair values of non-current financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Home for similar financial liabilities.

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. Comparative figures

Certain reclassifications have been made to the comparative information to enhance the comparability with current year's financial statements.

The following reclassification were made: -

	As previously reported S$	Reclassification S$	As reclassification S$
31.12.2019			
Statement of financial activities			
Income from generating funds			
Grants	9,817	(9,817)	0
Other income			
Grants	0	9,817	9,817
Cost of charitable activities			
Interest expense on lease liabilities	0	40,575	40,575
Governance and administrative costs			
Interest expense on lease liabilities	40,575	(40,575)	0

24. Impact of COVID-19 (Coronavirus Disease 2019)

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Home's significant operations are in Singapore which have been affected by the spread of COVID-19 in 2020. The nature of the Home's activities are those of charitable and other supporting activities aimed at humanitarian work. Summarise the impact of COVID-19 as below on the Home's financial performance reflected in this set of financial statements for the year ended 31 December 2020:

i. The Home has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. The Management Committee is continually monitoring the COVID-19 pandemic situation and will take further action as necessary in response to the service disruption.

ii. The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020 to 1 June 2020, to pre-empt the trend of increasing local transmission of COVID-19. Except for those providing essential services and selected economic sectors which are critical for our local and the global supply chains, all businesses are required to suspend all in-person activities and the Home's physical operations were temporarily closed to adhere to the respective governments' movement control measures.

iii. In 2020, the Home has received rental waiver for its office rental. The effects of such rental concession are reflected in the statement of financial activities and under "Other income".

iv. The government has also implemented assistance measure which might mitigate some of the impact of COVID-19 on the Home's results and liquidity.

24. Impact of COVID-19 (Coronavirus Disease 2019) (Cont'd)

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Home cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Home's assets may be subject to further write downs in the subsequent financial periods.

25. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Management Committee of the Home on 31 DEC 2022