

**KHENG CHIU LOKE TIN KEE
HOME**

[UEN. S92SS0060E]

[Registered under the Societies Act 1966 in
the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022**

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**Suhaimi Salleh &
Associates**

[UEN. S88PF0247L]

Public Accountants and
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STATEMENT BY THE MANAGEMENT COMMITTEE

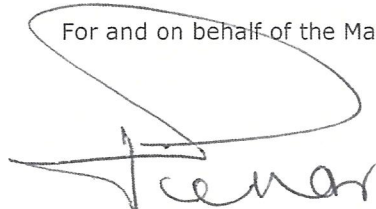
In the opinion of the Management Committee, the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of Kheng Chiu Loke Tin Kee Home (the "Home") as at 31 December 2022 and the results, the changes in funds and cash flows of the Home for 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 24 June 2024.

Chairman	Foo Jong Peng
Vice Chairman	Ngiam Seng Wee PB, PBS
Honorary Secretary	Lim Fang Siang
Assistant Secretary	Goh Juan Wah
Honorary Treasurer	Liang Foo Jee
Assistant Treasurer	Phoo Yap Lee
Committee Member	Goh Gee Mui
Committee Member	David Ong Wee Beng
Committee Member	Oh Kar Chye
Committee Member	Chew Sung Kwang
Committee Member	Chew See Bee PBM

For and on behalf of the Management Committee,



Foo Jong Peng
Chairman

Singapore, 24 June 2024



Liang Foo Jee
Honorary Treasurer

Suhaimi Salleh & AssociatesPublic Accountants and
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Independent auditor's report to the members of:

KHENG CHIU LOKE TIN KEE HOME

[UEN. S92SS0060E]

[Registered under the Societies Act 1966 in the Republic
of Singapore]**Report on the Audit of the Financial Statements****Qualified 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 2022, 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, except for those matters referred to in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the "Societies Act"), the Charities Act 1994 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 2022 and the results, changes in funds and cash flows of the Home for the financial year ended on that date.

Basis for Qualified OpinionRecoverability of the advances to a related party

As disclosed in Note 9 to the financial statements, the Home has recorded advances to a related party of S\$1,883,731 (2021: S\$1,787,790). The management has assessed that no allowance for impairment should be provided for the advances to a related party. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the amount. The amount had remained uncollected as at the date of our report.

Consequently, we are unable to obtain satisfactory information and adequate assurance regarding the recovery of the debts. Accordingly, we are unable to satisfy ourselves as to whether the carrying amount of the advances to a related party in the financial statements is fairly stated. Any adjustment for impairment to the debts might have a significant consequential effect on the net assets of the Home as at 31 December 2022 and on the results of the Home for the reporting period then ended.

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 qualified opinion.

Suhaimi Salleh & Associates

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(CONT'D)

Independent auditor's report to the members of:

KHENG CHIU LOKE TIN KEE HOME

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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. As disclosed in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence on the recoverability of the advances to a related party. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Suhaimi Salleh & Associates

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(CONT'D)

Independent auditor's report to the members of:

KHENG CHIU LOKE TIN KEE HOME

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

- 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.
- 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, except for those matters referred to the *Basis for Qualified Opinion* paragraph, 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.

DocuSigned by:

Suhaimi Salleh & Associates

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Suhaimi Salleh & Associates

Public Accountants and
Chartered Accountants

Singapore, 24 June 2024

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

Kheng Chiu Loke Tin Kee Home
[UEN: S92SS0060E]

Audited Financial Statements
Financial Year Ended 31 December 2022

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

	Note	2022				2021			
		Unrestricted fund		Restricted funds		Unrestricted fund		Restricted funds	
		General Fund S\$	Building Fund S\$	Cyclical Maintenance Fund S\$	Total unrestricted and restricted funds S\$	General Fund S\$	Building Fund S\$	Cyclical Maintenance Fund S\$	Total unrestricted and restricted funds S\$
EXPENDITURE									
Cost of charitable activities		154	0	0	154	509	0	0	509
Activities expenses									
Amortisation and depreciation of property, plant and equipment	10	622,861	0	0	622,861	624,135	0	0	624,135
Bad debts		3,873	0	0	3,873	6,541	0	0	6,541
CPF contributions, SDL and FWL		96,139	0	0	96,139	76,064	0	0	76,064
COVID-19 expenses		3,895	0	0	3,895	3,827	0	0	3,827
Festival celebrations		5,027	0	0	5,027	7,638	0	0	7,638
Food for the aged residents		196,381	0	0	196,381	224,000	0	0	224,000
General expenses		4,530	0	0	4,530	7,333	0	0	7,333
GST expenses		17,043	0	0	17,043	10,578	0	0	10,578
Interest expense on lease liabilities	12	27,770	0	0	27,770	27,895	0	0	27,895
Medical expenses		1,892	0	0	1,892	11,456	0	0	11,456
Printing and stationery		645	0	0	645	635	0	0	635
Postage and courier		244	0	0	244	150	0	0	150
Public assistance allowances		7,350	0	0	7,350	11,200	0	0	11,200
Repairs and maintenance		61,794	0	0	61,794	68,333	0	0	68,333
Salaries, allowances and bonus		399,031	0	0	399,031	642,033	0	0	642,033
Staff training and welfare		22,562	0	0	22,562	27,059	0	0	27,059
Subscriptions		566	0	0	566	442	0	0	442
Telephone and internet charges		3,715	0	0	3,715	3,490	0	0	3,490
Transport		2,715	0	0	2,715	3,791	0	0	3,791
Upkeep of motor vehicles		231	0	0	231	3,079	0	0	3,079
Utilities		148,644	0	0	148,644	102,361	0	0	102,361
		1,627,062	0	0	1,627,062	1,862,549	0	0	1,862,549

Kheng Chiu Loke Tin Kee Home
[UEN. S92SS0060E]

Audited Financial Statements
Financial Year Ended 31 December 2022

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

	Note	2022				2021			
		Unrestricted fund		Restricted funds		Unrestricted fund		Restricted funds	
		General Fund S\$	Building Fund S\$	Cyclical Maintenance Fund S\$	Total unrestricted and restricted funds S\$	General Fund S\$	Building Fund S\$	Cyclical Maintenance Fund S\$	Total unrestricted and restricted funds S\$
EXPENDITURE (CONT'D)									
Governance and administrative costs									
Audit fees		5,000	0	0	5,000	5,900	0	0	5,900
Bank charges		51	0	0	51	1,304	0	0	1,304
Entertainment and refreshments		273	0	0	273	561	0	0	561
Fines and penalties		100	0	0	100	51	0	0	51
General expenses		3,287	0	0	3,287	1,428	0	0	1,428
Interest expense on advances to related party		0	0	0	0	24,636	0	0	24,636
Insurance		14,732	0	0	14,732	12,590	0	0	12,590
Newspaper and periodicals		678	0	0	678	644	0	0	644
Office supplies		242	0	0	242	407	0	0	407
Professional fees		1,500	0	0	1,500	1,500	0	0	1,500
		25,863	0	0	25,863	49,021	0	0	49,021
Total expenditure		1,652,925	0	0	1,652,925	1,911,570	0	0	1,911,570
Net expenditure for the financial year		(131,106)	0	0	(131,106)	(378,724)	0	0	(378,724)
Total funds brought forward		3,500,603	160,855	754,165	4,415,623	3,879,327	160,855	754,165	4,794,347
Total funds carried forward		3,369,497	160,855	754,165	4,284,517	3,500,603	160,855	754,165	4,415,623

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

Kheng Chiu Loke Tin Kee Home
[UEN. S92SS0060E]

Audited Financial Statements
Financial Year Ended 31 December 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 S\$	2021 S\$
ASSETS			
Current assets			
Cash and cash equivalents	8	2,158,227	2,210,893
Other receivables	9	<u>123,165</u>	<u>122,093</u>
		<u>2,281,392</u>	<u>2,332,986</u>
Non-current assets			
Other receivables	9	1,883,731	1,787,790
Property, plant and equipment	10	<u>3,663,589</u>	<u>3,653,295</u>
		<u>5,547,320</u>	<u>5,441,085</u>
TOTAL ASSETS		<u>7,828,712</u>	<u>7,774,071</u>
LIABILITIES			
Current liabilities			
Contract liabilities	5	32,470	48,711
Other payables	11	289,251	234,804
Lease liabilities	12	<u>208,247</u>	<u>196,300</u>
		<u>529,968</u>	<u>479,815</u>
Non-current liabilities			
Deferred capital grants and donations	13	1,966,414	2,234,566
Lease liabilities	12	<u>1,047,813</u>	<u>644,067</u>
		<u>3,014,227</u>	<u>2,878,633</u>
Total liabilities		<u>3,544,195</u>	<u>3,358,448</u>
NET ASSETS		<u>4,284,517</u>	<u>4,415,623</u>
FUNDS			
Unrestricted fund			
General Fund	14	3,369,497	3,500,603
Restricted funds			
Building Fund	15	160,855	160,855
Cyclical Maintenance Fund	16	<u>754,165</u>	<u>754,165</u>
		<u>915,020</u>	<u>915,020</u>
TOTAL FUNDS		<u>4,284,517</u>	<u>4,415,623</u>

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

Kheng Chiu Loke Tin Kee Home
[UEN. S92SS0060E]

Audited Financial Statements
Financial Year Ended 31 December 2022

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	At beginning of financial year S\$	Net expenditure for the financial year S\$	At end of financial year S\$
2022			
Unrestricted fund			
General Fund	3,500,603	(131,106)	3,369,497
Restricted funds			
Building Fund	160,855	0	160,855
Cyclical Maintenance Fund	754,165	0	754,165
	915,020	0	915,020
Total funds	4,415,623	(131,106)	4,284,517
	At beginning of financial year S\$	Net expenditure for the financial year S\$	At end of financial year S\$
2021			
Unrestricted fund			
General Fund	3,879,327	(378,724)	3,500,603
Restricted funds			
Building Fund	160,855	0	160,855
Cyclical Maintenance Fund	754,165	0	754,165
	915,020	0	915,020
Total funds	4,794,347	(378,724)	4,415,623

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 S\$	2021 S\$
Cash flows from operating activities			
Net expenditure for the financial year		(131,106)	(378,724)
Adjustments for:			
- Amortisation and depreciation of property, plant and equipment	10	622,861	624,135
- Bad debts		3,873	6,541
- Amortisation of deferred capital grants and donations	13	(268,152)	(268,152)
- Fixed deposits interest income		(3,343)	(2,273)
- Unwinding of discount on Advances to a related party		(95,940)	(70,619)
- Interest expense on lease liabilities	12	27,770	27,895
- Interest expense on advances to related party		0	24,636
- Gain on disposal of property, plant and equipment		(800)	0
- Rent concessions received from lessor	12	0	(20,000)
Operating cash flow before working capital changes		155,163	(56,561)
Changes in working capital			
- Other receivables		(3,524)	(385,265)
- Contract liabilities		(16,241)	(2,934)
- Other payables		54,447	(13,650)
Net cash generated from/(used in) operating activities		189,845	(458,410)
Cash flows from investing activities			
Purchases of property, plant and equipment	10	(2,976)	(13,312)
Proceeds from disposal of property, plant and equipment		800	0
Fixed deposits interest received		1,921	1,639
Net cash used in investing activities		(255)	(11,673)
Cash flows from financing activities			
Payment of principal portion of lease liabilities	12	(214,486)	(194,361)
Interest paid	12	(27,770)	(27,895)
Net cash used in financing activities		(242,256)	(222,256)
Net decrease in cash and cash equivalents		(52,666)	(692,339)
Cash and cash equivalents at beginning of financial year		2,210,893	2,903,232
Cash and cash equivalents at end of financial year	8	2,158,227	2,210,893

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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.

The Home was registered on 29 April 1992 under the Societies Act 1966 and is a charity registered under the Charities Act 1994 since 11 September 1992.

The Home has been accorded an Institutions of a Public Character ("IPC") status 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"). 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 2022

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 2022. 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)

2.1.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023 1 January 2023
Amendments to FRS 8: Definition of Accounting Estimates	
Amendments to FRS 12: Deferred tax related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to FRS 1: Classification of Liabilities as Current or Non-current	1 January 2024 1 January 2024
Amendments to FRS 1: Non-current Liabilities with Covenants	1 January 2024
Amendments to FRS 116: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The management believes that the adoption of the revised 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.

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. Significant accounting policies (Cont'd)

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 governments 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.

2.5 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.

2. Significant accounting policies (Cont'd)

2.5 Leases (Cont'd)

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

- **Right-of-use assets (Cont'd)**

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.

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 the statement of financial activities if the carrying amount of the right-of-use asset has been reduced to zero. The Home has applied the amendment to FRS 116 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.

The Home's lease liabilities are disclosed in Note 12.

2. Significant accounting policies (Cont'd)

2.5 Leases (Cont'd)

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

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

The Home has elected to not recognise 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 in 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 the statement of financial activities 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.

2.7 Financial assets

(a) Classification and measurement

The Home classified its financial assets into amortised cost measurement 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.

2. Significant accounting policies (Cont'd)**2.7 Financial assets (Cont'd)****(a) Classification and measurement (Cont'd)**At subsequent measurementDebt instrument

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

The Home managed these group of financial assets by collecting the contractual cash flow and these cash flows represent 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 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 are recognised 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 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.

(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. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to 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. Significant accounting policies (Cont'd)

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.

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

2.9.2 Depreciation

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

	<u>Useful lives</u>
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	Over the remaining lease terms

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.

2.9.3 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. Other subsequent expenditure is recognised as repairs and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

2.9.4 Disposal

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

2. Significant accounting policies (Cont'd)**2.10 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 inflows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

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

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

2.11 Financial liabilities

Financial liabilities are recognised when, and only when, the Home becomes a party to the contractual provisions 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.

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 expire. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.12 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. Significant accounting policies (Cont'd)**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 statement of financial activities 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.

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 date

Events after the reporting date that provide additional information about the Home's position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date 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.

Government grants

Government grants to meet operating expenses are recognised as income in the statement of financial activities on the accrual basis in the financial year these operating expenses were incurred and there is reasonable assurance that the 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 2022 were disclosed in Note 10.

3.2.2 Impairment of fees receivables and other receivables

The impairment of fees 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 2022 were disclosed in Note 9.

4. Income tax

The Home is a charity registered under the Charities Act 1994 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 1947.

5. Revenue from contracts with customers

a) Disaggregation of revenue from contracts with customers

	Note	2022 S\$	2021 S\$
Revenue from:			
Admission and home fee from residents		<u>849,571</u>	<u>864,329</u>
Timing of transfer of services - Over time		<u>849,571</u>	<u>864,329</u>

b) Contract liabilities

	2022 S\$	2021 S\$
Amounts received in advance for home fees	<u>32,470</u>	<u>48,711</u>

(i) Income recognised in relation to contract liabilities

	2022 S\$	2021 S\$
Revenue recognised in current period that was included in contract liabilities balance at the beginning of the year	<u>3,065</u>	<u>31,447</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.

(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.

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6. Donations

	Note	2022 S\$	2021 S\$
Tax exempt donations		0	22,246
Non-tax exempt donations		137,697	22,927
	5	<u>137,697</u>	<u>45,173</u>

From 1 January 2021 to 31 July 2021, the Home issued tax-deductible receipts for donations totalling S\$22,246 pursuant to its Institutions of a Public Character ("IPC") status.

7. Grants and subsidies

	2022 S\$	2021 S\$
Jobs support scheme	0	18,446
Jobs' growth incentive	0	1,757
NCSS – Tech-and-GO	2,633	0
E2i – Senior Worker and Part-time grant	0	15,000
Wage credit scheme	10,234	2,098
Others	2,207	4,508
	<u>15,074</u>	<u>41,809</u>

8. Cash and cash equivalents

	2022 S\$	2021 S\$
Cash on hand	5,957	11,168
Cash at banks	1,415,912	1,465,288
Fixed deposits with financial institution	736,358	734,437
	<u>2,158,227</u>	<u>2,210,893</u>

The Home's fixed deposit matures within 7 to 11 months (2021: 6 to 24 months) from the financial year end and earn interest at the rate of 0.55% to 1.00% (2021: 0.28% to 1.00%) 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.

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9. Other receivables

	Note	2022 S\$	2021 S\$
Current			
Home fees in arrears		50,938	48,172
Interest receivables on fixed deposits		2,867	1,445
Deposits		62,560	65,200
Prepayments		6,800	7,276
		<u>123,165</u>	<u>122,093</u>
Non-current			
Advances to a related party	24	<u>1,883,731</u>	<u>1,787,790</u>
		<u>2,006,896</u>	<u>1,909,883</u>

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 transactions do not require prior approval from the Sector Administrator. However, as stated in Regulation 11 of the Charities (Institutions of a Public Character) Regulations, the use of donation since 2020 is not in accordance with the objectives of the Institution of a Public Character. The Home has been accorded an Institutions of a Public Character ("IPC") status from 1 August 2020 to 31 July 2021 and no renewal up to date of issuance of these financial statements.

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\$50,938 (2021: S\$48,172) that were past due at the reporting date but not impaired at the reporting date was as follows:

	2022 S\$	2021 S\$
Fee receivables past due but not impaired:		
1 – 30 days	24,715	22,296
31 – 60 days	5,334	11,914
61 – 90 days	539	1,144
More than 90 days	20,350	12,818
	<u>50,938</u>	<u>48,172</u>

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

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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 1 January 2021	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
Additions	0	6,666	0	0	0	6,250	396	0	0	0	0	13,312
At 31 December 2021	8,044,565	47,671	37,125	72,650	24,707	14,507	22,010	13,190	1,109,334	1,451,165	12,001	10,848,925
Additions	0	197	0	0	0	0	485	2,294	0	630,179	0	633,155
Disposal	0	0	(37,125)	0	0	0	0	0	0	0	0	(37,125)
At 31 December 2022	8,044,565	47,868	0	72,650	24,707	14,507	22,495	15,484	1,109,334	2,081,344	12,001	11,444,955
Accumulated depreciation												
At 1 January 2021	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
Depreciation	268,152	7,342	0	11,430	0	2,371	4,032	0	110,933	217,675	2,200	624,135
At 31 December 2021	5,810,087	24,878	37,125	59,492	24,707	5,928	9,907	13,190	550,691	653,025	6,600	7,195,630
Depreciation	268,152	7,393	0	11,430	0	2,430	3,612	306	110,933	216,405	2,200	622,861
Disposal	0	0	(37,125)	0	0	0	0	0	0	0	0	(37,125)
At 31 December 2022	6,078,239	32,271	0	70,922	24,707	8,358	13,519	13,496	661,624	869,430	8,800	7,781,366
Carrying amount												
31 December 2021	2,234,478	22,793	0	13,158	0	8,579	12,103	0	558,643	798,140	5,401	3,653,295
31 December 2022	1,966,326	15,597	0	1,728	0	6,149	8,976	1,988	447,710	1,211,914	3,201	3,663,589

Leasehold building is located at 70 Tampines Avenue 4, Singapore 529681 with a lease term of 3 years commencing from 01 September 2019 to 31 August 2022. On 29 August 2022, the lease term was extended to another 3 years from 1 September 2022 to 31 August 2025, with further renewal option of 3 years.

Assets acquired under leasing arrangements

Right-of-use assets acquired under leasing arrangements are land use and office equipment and presented under the category of "Right-of-use assets". Details of such leased assets are disclosed in Note 12.

The Home's cash outflow on acquisition of property, plant and equipment amounted S\$2,976 (2021: S\$13,312) was made to purchase plant and equipment.

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11. Other payables

	2022 S\$	2021 S\$
Other payables	46,231	0
Accruals	81,910	97,764
Provision for unutilised leaves	36,350	0
Deposits received from residents	103,760	116,040
Deposit received from Meal Catering services	21,000	21,000
	<u>289,251</u>	<u>234,804</u>

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

12. Lease liabilities

	2022 S\$	2021 S\$
Current	208,247	196,300
Non-current	<u>1,047,813</u>	<u>644,067</u>
	<u>1,256,060</u>	<u>840,367</u>
Amount recognised in profit or loss:	2022 S\$	2021 S\$
Depreciation of right-of-use assets	218,605	219,875
Interest expense on lease liabilities	27,770	27,895
Rental support	0	(20,000)
	<u>246,375</u>	<u>227,770</u>

Total cash outflow:

The Home had total cash outflows for leases of S\$242,256 (202: S\$222,256).

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

	01.01.2022 S\$	Lease modification S\$	Cash flows S\$	Non-cash changes		31.12.2022 S\$
				Accretion of interests S\$	Other S\$	
Liabilities						
Lease liabilities						
- current	196,300	630,179	(242,256)	27,770	(403,746)	208,247
- non-current	<u>644,067</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>403,746</u>	<u>1,047,813</u>
	01.01.2021 S\$	Cash flows S\$	Accretion of interests S\$	Rental support S\$	Other S\$	31.12.2021 S\$
Liabilities						
Lease liabilities						
- current	212,105	(222,256)	27,895	(20,000)	198,556	196,300
- non-current	<u>842,623</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(198,556)</u>	<u>644,067</u>

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13. Deferred capital grants and donations

	2022 S\$	2021 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	5,809,999	5,541,847
Amortisation during the year	<u>268,152</u>	<u>268,152</u>
At end of financial year	<u>6,078,151</u>	<u>5,809,999</u>
Carrying value	<u>1,966,414</u>	<u>2,234,566</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 costs were utilised from the 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. General Fund

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

15. Building Fund

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

16. Cyclical Maintenance Fund

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

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17. Related party transactions

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

	2022 S\$	2021 S\$
<u>The Kheng Chiu Tin Hou Kong and Burial Ground</u>		
- common committee member		
- Advances	0	421,131
- Unwinding of discount on Advances to a related party	95,940	70,619
- Interest expense on advances to related party	<u>0</u>	<u>24,636</u>

b) Key management personnel compensation

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

	2022 S\$	2021 S\$
Executive's remuneration:		
Salaries and other short-term employee benefits	52,000	52,000
Post-employment benefits – contributions to CPF	<u>7,520</u>	<u>8,840</u>
	<u>59,520</u>	<u>60,840</u>

None of the Home's employees were remunerated more than or equal to S\$100,000 during the financial years ended 31 December 2022 and 2021.

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

18. Financial instruments by category

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

	2022 S\$	2021 S\$
Financial assets, at amortised cost		
Cash and cash equivalents	2,158,227	2,210,893
Other receivables (excluding prepayments)	<u>2,000,096</u>	<u>1,902,607</u>
	<u>4,158,323</u>	<u>4,113,500</u>
Financial liabilities, at amortised cost		
Other payables	289,251	234,804
Lease liabilities	<u>1,256,060</u>	<u>840,367</u>
	<u>1,545,311</u>	<u>1,075,171</u>

19. 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.

19.1 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.

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:

	2022 S\$	2021 S\$
Fixed rate instruments		
<u>Financial assets</u>		
Fixed deposits	<u>736,358</u>	<u>734,437</u>
<u>Financial liabilities</u>		
Lease liabilities	<u>1,256,060</u>	<u>840,367</u>

The sensitivity analysis was 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.

19.2 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.

The Home has no significant concentration of credit risk.

19. Financial risk management (Cont'd)

19.2 Credit risk (Cont'd)

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 2022 and 31 December 2021.

19.3 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:

	Within one year S\$	Later than one year but not later than five years S\$	More than 5 years S\$	Total S\$
2022				
Financial assets				
Cash and cash equivalents	2,158,227	0	0	2,158,227
Other receivables (excluding prepayments)	116,365	1,883,731	0	2,000,096
	<u>2,274,592</u>	<u>1,883,731</u>	<u>0</u>	<u>4,158,323</u>
Financial liabilities				
Other payables	(289,251)	0	0	(289,251)
Lease liabilities	(242,414)	(961,284)	(160,000)	(1,363,698)
	<u>(531,665)</u>	<u>(961,284)</u>	<u>(160,000)</u>	<u>(1,652,949)</u>
Net financial assets/(liabilities)	<u>1,742,927</u>	<u>922,447</u>	<u>(160,000)</u>	<u>2,505,374</u>

19. Financial risk management (Cont'd)

19.3 Liquidity risk (Cont'd)

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2021			
Financial assets			
Cash and cash equivalents	2,210,893	0	2,210,893
Other receivables (excluding prepayments)	114,817	1,787,790	1,902,607
	<u>2,325,710</u>	<u>1,787,790</u>	<u>4,113,500</u>
Financial liabilities			
Other payables	(234,804)	0	(234,804)
Lease liabilities	(221,283)	(672,177)	(893,460)
	<u>(456,087)</u>	<u>(672,177)</u>	<u>(1,128,264)</u>
Net financial assets	<u>1,869,623</u>	<u>1,115,613</u>	<u>2,985,236</u>

20. 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.

21. Reserve position and policy

The Home's reserve position (excluding non-current assets) for financial year ended 31 December 2022 and 2021 are as follows:

		2022 S\$'000	2021 S\$'000	Increase/ (decrease) %
A	Unrestricted Fund			
	General Fund	3,369	3,500	(3.74)
B	Restricted Funds			
	Building Fund	161	161	-
	Cyclical Maintenance Fund	754	754	-
C	Endowment Fund	N/A	N/A	N/A
D	Total Funds	4,284	4,415	(2.97)
E	Total Annual Operating Expenditure	1,653	1,911	(13.50)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.04	1.83	

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.

22. Fair values

As at 31 December 2022, 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 carrying amounts of non-current financial liabilities approximate their fair values as they are subject to interest rates close to the market rate of interest for similar arrangements with financial institutions.

23. 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.

24. Events after the reporting date

The Home has recorded advances to a related party, Kheng Chiu Tin Hou Kong & Burial Ground ("THK"), totaling S\$1,883,731 (2021: S\$1,787,790) as at 31 December 2022.

The High Court had ordered THK to be wound up on 19 Jul 2021. However, the judge stayed the winding up order in the interim, to provide an opportunity for THK to apply formally for a stay pending appeal. THK board had a meeting on 28 Jul 2021 and had voted to agree to file for appeal.

Subsequent to the reporting date in regards to the progress of the litigation involved THK:

- (a) To avoid THK from being wound up, on 9 March 2023, THK entered into a Settlement Agreement appointing a Panel of Mediators, the purpose of which is to have a newly elected Council. The Settlement Agreement (9 March 2023) terms is to have a newly elected Council. In the event that the election does not take place and no new Council is elected for THK within 9 months from the date of this agreement (eg. 9 Dec 2023), parties shall have the liberty to apply to the Court of Appeals;
- (b) THK had a board meeting on 3 April 2023. It was resolved that the Settlement Agreement between THK and the plaintiff be approved;
- (c) On 5 May 2024, an election was called; and
- (d) On 9 May 2024, 159 THK members disputed the election and had filed a court action to set aside the new election. The court hearing is scheduled to be on 25 June 2024.

The Home's Management Committee will schedule a board meeting around July 2024 to discuss the course of action to be taken by the Home for the outstanding owed by THK. In view of the litigation, there are significant doubts in relates to the recoverability of the advances to THK as at the date of issuance of this report.

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

Management has not identified any material uncertainties resulting from the COVID -19 pandemic and the aftermath of the pandemic surrounding the Home's activities and operations. The ongoing and evolving COVID-19 pandemic, together with the adverse impacts on global and local economies, have heightened the estimation uncertainties, including but not limited to any estimated credit losses. The related impact may be further reflected in the Home's financial statements for the financial year ended 31 December 2023.

Notwithstanding this, the management has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. The Board is continuously monitoring the COVID-19 pandemic situation and will take further action as necessary in response to the economic disruption.

26. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Management Committee of the Home on 24 June 2024.