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 2025

CONTENTS

Suhaimi Salleh & Associates
[UEN. S88PF0247L]
Public Accountants and
Chartered Accountants of Singapore

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Singapore 408571
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STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of Kheng Chiu Loke Tin Kee Home (the "Home") as at 31 December 2025 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 19 June 2026.

Chairman	Tan Kia Kok
Honorary Secretary	Foo Fook Boon
Assistant Secretary	Goh Teng Huat
Honorary Treasurer	Han Lim Kwang
Assistant Treasurer	Lim Hong Liam

For and on behalf of the Management Committee,

Tan Kia Kok
Chairman

Han Lim Kwang
Honorary Treasurer

Singapore, 19 June 2026

Suhaimi Salleh & Associates
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Independent auditor's report to the members of:

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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 2025, 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 material accounting policy information.

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 2025 and the results, changes in funds and cash flows of the Home for the financial year ended on that date.

Basis for Qualified Opinion

Recoverability of the advances to a related party

As disclosed in Note 10 to the financial statements, the Home has recorded advances to a related party of S$1,883,731 (2024: S$1,883,731). The management has assessed that no allowance for impairment should be provided for the advances to a related party. Subsequent to the reporting date and as disclosed in Note 10 to the financial statements, both parties agreed in writing for the undertaking to repay in monthly instalment of S$50,000 commencing from January 2026. Up to date of report signing off, the Home have collected total S$250,000 from the related party as part of the repayment for these balances. There is no audited financial statements or management accounts available or provided by the management for impairment assessment on the ability of the repayment. And security of the guarantee for repayments was not in place as the undertaking letter are not legally binding, we're unable to perform alternative procedures as sufficient appropriate evidence are not provided to us to ascertain the ability of the debtor for repayment of these balances.

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 2025 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.

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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 and existence 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.

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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)

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.

- 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.

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Independent auditor's report to the members of:

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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.

Suhaimi Salleh & Associates

Suhaimi Salleh & Associates
Public Accountants and
Chartered Accountants

Singapore, 19 June 2026

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

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025				2024			
		Unrestricted fund	Restricted funds		Total unrestricted and restricted funds	Unrestricted fund	Restricted funds		Total unrestricted and restricted funds
		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	24,728	0	0	24,728	24,792	0	0	24,792
		24,728	0	0	24,728	24,792	0	0	24,792
Investment income									
Fixed deposits interest income		1,589	0	0	1,589	33,461	0	0	33,461
Income from charitable activities									
Admission and home fee from residents	5	730,770	0	0	730,770	760,407	0	0	760,407
Other income									
Amortisation of deferred capital grants and donations	14	268,152	0	0	268,152	268,152	0	0	268,152
Donation in kind		4,500	0	0	4,500	0	0	0	0
Grants and subsidies - others	7	7,191	0	0	7,191	4,337	0	0	4,337
Miscellaneous income		15,399	0	0	15,399	7,845	0	0	7,845
		295,242	0	0	295,242	280,334	0	0	280,334
Total income		1,052,329	0	0	1,052,329	1,098,994	0	0	1,098,994

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

		2025				2024			
		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		639	0	0	639	173	0	0	173
CPF contributions, SDL and FWL		96,302	0	0	96,302	94,085	0	0	94,085
COVID-19 expenses		0	0	0	0	299	0	0	299
Depreciation of property, plant and equipment	11	606,451	0	0	606,451	612,299	0	0	612,299
Donation		1,000	0	0	1,000	0	0	0	0
Festival celebrations		3,245	0	0	3,245	11,421	0	0	11,421
Food for the aged residents		135,560	0	0	135,560	143,015	0	0	143,015
General expenses		18,804	0	0	18,804	7,082	0	0	7,082
Interest expense on lease liabilities	13	21,893	0	0	21,893	28,298	0	0	28,298
Medical expenses		1,482	0	0	1,482	4,708	0	0	4,708
Printing and stationery		4,434	0	0	4,434	716	0	0	716
Postage and courier		10,809	0	0	10,809	11,503	0	0	11,503
Public assistance allowances		1,350	0	0	1,350	2,100	0	0	2,100
Repairs and maintenance		95,455	0	0	95,455	91,526	0	0	91,526
Salaries, allowances and bonus		289,909	0	0	289,909	358,445	0	0	358,445
Staff training and welfare		13,103	0	0	13,103	22,328	0	0	22,328
Subscriptions		1,992	0	0	1,992	3,060	0	0	3,060
Telephone and internet charges		3,369	0	0	3,369	2,278	0	0	2,278
Transport		2,552	0	0	2,552	2,047	0	0	2,047
Utilities		113,477	0	0	113,477	102,658	0	0	102,658
Others		3,227			3,227	0	0	0	0
		1,425,053	0	0	1,425,053	1,498,041	0	0	1,498,041

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

		2025				2024			
		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 (CONT'D)									
Governance and administrative costs									
Audit fees		5,700	0	0	5,700	6,050	0	0	6,050
Bank charges		402	0	0	402	429	0	0	429
Entertainment and refreshments		0	0	0	0	1,455	0	0	1,455
Fines and penalties		0	0	0	0	100	0	0	100
General expenses		162	0	0	162	1,502	0	0	1,502
Insurance		5,599	0	0	5,599	7,567	0	0	7,567
Newspaper and periodicals		596	0	0	596	930	0	0	930
Office supplies		1,413	0	0	1,413	379	0	0	379
Professional fees		84,812	0	0	84,812	82,650	0	0	82,650
		98,684	0	0	98,684	101,062	0	0	101,062
Total expenditure		1,523,737	0	0	1,523,737	1,599,103	0	0	1,599,103
Net expenditure for the financial year		(471,408)	0	0	(471,408)	(500,109)	0	0	(500,109)
Total funds brought forward		2,556,619	160,855	754,165	3,471,639	3,056,728	160,855	754,165	3,971,748
Total funds carried forward		2,085,211	160,855	754,165	3,000,231	2,556,619	160,855	754,165	3,471,639

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Note	2025 S$	2024 S$
ASSETS			
Current assets			
Cash and cash equivalents	8	1,183,286	1,530,300
Fixed deposits	9	51,500	0
Other receivables	10	691,951	106,181
		1,926,737	1,636,481
Non-current assets			
Fixed deposit	9	0	51,500
Other receivables	10	1,283,731	1,883,731
Property, plant and equipment	11	1,851,722	2,458,173
		3,135,453	4,393,404
TOTAL ASSETS		5,062,190	6,029,885
LIABILITIES			
Current liabilities			
Other payables	12	248,948	243,823
Contract liabilities	5	29,030	41,662
Lease liabilities	13	226,952	221,136
Deferred capital grants and donations	14	268,152	268,152
		773,082	774,773
Non-current liabilities			
Lease liabilities	13	395,071	621,515
Deferred capital grants and donations	14	893,806	1,161,958
		1,288,877	1,783,473
Total liabilities		2,061,959	2,558,246
NET ASSETS		3,000,231	3,471,639
FUNDS			
Unrestricted fund			
General Fund	15	2,085,211	2,556,619
Restricted funds			
Building Fund	16	160,855	160,855
Cyclical Maintenance Fund	17	754,165	754,165
		915,020	915,020
TOTAL FUNDS		3,000,231	3,471,639

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	At beginning of financial year S$	Net expenditure for the financial year S$	At end of financial year S$
2025			
Unrestricted fund			
General Fund	2,556,619	(471,408)	2,085,211
Restricted funds			
Building Fund	160,855	0	160,855
Cyclical Maintenance Fund	754,165	0	754,165
	915,020	0	915,020
Total funds	3,471,639	(471, 408)	3,000,231
2024			
Unrestricted fund			
General Fund	3,056,728	(500,109)	2,556,619
Restricted funds			
Building Fund	160,855	0	160,855
Cyclical Maintenance Fund	754,165	0	754,165
	915,020	0	915,020
Total funds	3,971,748	(500,109)	3,471,639

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 S$	2024 S$
Cash flows from operating activities			
Net expenditure for the financial year		(471,408)	(500,109)
Adjustments for:			
- Depreciation of property, plant and equipment	11	606,451	612,299
- Bad debts		412	0
- Amortisation of deferred capital grants and donations	14	(268,152)	(268,152)
- Fixed deposits interest income		(1,589)	(33,461)
- Interest expense on lease liabilities	13	21,893	28,298
Operating cash flow before working capital changes		(112,393)	(161,125)
Changes in working capital			
- Other receivables		15,407	(3,256)
- Contract liabilities		(12,632)	(5,405)
- Other payables		5,125	(22,631)
Net cash used in operating activities		(104,493)	(192,417)
Cash flows from investing activities			
Purchases of property, plant and equipment	11	0	(2,722)
Fixed deposits interest received		0	42,195
Net cash generated from investing activities		0	39,473
Cash flows from financing activities			
Payment of principal portion of lease liabilities	13	(264,414)	(214,989)
Interest paid	13	21,893	(28,298)
Net cash used in financing activities		(242,521)	(243,287)
Net decrease in cash and cash equivalents		(347,014)	(396,231)
Cash and cash equivalents at beginning of financial year		1,581,800	1,978,031
Cash and cash equivalents at end of financial year	8	1,234,786	1,581,800

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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 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. Material accounting policy information

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 preparation of these financial statements in conformity with FRSs requires management to exercise its judgement in 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.

The management has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

2.1.1 Interpretations and amendments to published standards effective in 2025

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 operation and effective on 1 January 2025. 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. Material accounting policy information (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 109 and FRS 107:Classification and Measurement of Financial Instruments	1 January 2026
- FRS 109 and FRS 107: Contracts Referencing Nature –dependent Electricity	1 January 2026
Annual Improvements to FRSs - Volume 11	1 January 2026
FRS 118: Presentation and Disclosure in Financial Statements	1 January 2027
FRS 119: Subsidiaries without Public Accountability: Disclosures	1 January 2027
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 new or amended accounting Standards and interpretations listed above are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Home. These are not expected to have a material impact on the Home in the current or future reporting periods and on foreseeable future transactions, except for FRS 118 as its impacts on presentation and disclosure are expected to be pervasive, in particular, those related to the statement of financial activities and providing management-defined performance measures within the financial statements. The Home is currently assessing the detailed implication of applying the new standard on the Home's financial statements.

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. Material accounting policy information (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.

<u>When the Home is the lessee:</u>

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.

2. Material accounting policy information (Cont'd)

2.5 Leases (Cont'd)

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

- 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's lease liabilities are disclosed in Note 12.

- 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 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. Material accounting policy information (Cont'd)

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.

<u>At initial recognition</u>

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.

<u>At subsequent measurement</u>

<u>Debt instrument</u>

Debt instruments of the Home mainly comprise of cash and cash equivalents, fixed deposits 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.

2. Material accounting policy information (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. 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.

2.9 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:

	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	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. Material accounting policy information (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. 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.

2.10 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 inflows 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. Material accounting policy information (Cont'd)

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 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. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical judgements in applying the entity's accounting policies

In the process of applying the Home's accounting policies, the management has made certain judgements, apart from those including estimations which have significant effect on the amounts recognised in the financial statements.

<u>Government grants</u>

Government grants to meet operating expenses are recognised as income in profit or loss 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 Critical accounting estimates and assumptions

The Home makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.2.1 Useful lives of property, plant and equipment

Management determines the estimated useful lives and the related depreciation for its property, plant and equipment based on the period over which the property, plant and equipment are expected to provide economic benefits. Management's estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The estimation of the useful lives of the property, plant and equipment could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of property, plant and equipment. The depreciation charge is increased where useful lives are less than previously estimated lives.

The carrying value of the Home's property, plant and equipment is disclosed in Note 10 to the financial statements.

Based on management's assessment, no change in the estimated useful lives of property, plant and equipment is required as of 31 December 2025 and 31 December 2024.

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 2025 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

The Home derives revenue from the transfer of services and goods over time and at a point in time across the following major services and products lines:

	2025 S$	2024 S$
By major services/products:		
Admission and home fee from residents	730,770	760,407
By timing of revenue recognition:		
- Over time	730,770	760,407

b) Contract liabilities

	2025 S$	2024 S$
Amounts received in advance for home fees	29,030	41,662

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.

(i) Income recognised in relation to contract liabilities

	2025 S$	2024 S$
Revenue recognised in current period that was included in contract liabilities balance at the beginning of the year	35,652	5,405

(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

	2025 S$	2024 S$
Non-tax exempt donations	24,728	24,792

7. Grants and subsidies - others

	2025 S$	2024 S$
CPF transition offset	548	948
Senior employment credit scheme	189	844
Wage credit scheme	6,454	2,545
	7,191	4,337

8. Cash and cash equivalents

	2025 S$	2024 S$
Cash on hand	3,369	2,678
Cash at banks	1,179,917	1,527,622
	1,183,286	1,530,300

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Note	2025 S$	2024 S$
Cash and cash equivalents (as above)		1,183,286	1,530,300
Fixed deposits	9	51,500	51,500
		1,234,786	1,581,800

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

9. Fixed deposit

	2025 S$	2024 S$
<u>Current</u>		
Fixed deposit	51,500	0
<u>Non-current</u>		
Fixed deposit	0	51,500
	51,500	51,500

The fixed deposit mature within 11 months (2024: 22 months) from the financial year end and earn interest rate at 2.85% (2024: 2.85%) per annum.

10. Other receivables

	2025 S$	2024 S$
Current		
Home fees in arrears	9,900	32,652
Interest receivables on fixed deposits	3,022	1,433
Advances to a related party	510,669	0
Interest receivables from related party	89,331	0
Deposits	67,580	65,390
Prepayments	9,569	6,706
Others	1,880	0
	691,951	106,181
Non-current		
Advances to a related party	1,201,477	1,883,731
Interest receivables from related party	82,254	0
	1,283,731	1,883,731
	1,975,682	1,989,912

Fee receivables are non-interest bearing and are generally on 30 days' term.

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

In the view of the management, 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 Institutions of a Public Character.

On 22 September 2025, both parties agreed in writing that the outstanding balance would be repaid in monthly instalments of S$50,000 commencing from January 2026. The agreement further stipulated that the outstanding balance would be interest-free. Due to interest-free arrangement and for a duration of more than 12 months, fair value is determined by discounting future contractual cash flows using a market interest rate for a similar loan. The deemed interest costs were separately presented as interest receivables and to be reduced over the period of repayment via unwinding of discount.

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$9,900 (2024: S$32,652) that were past due at the reporting date but not impaired at the reporting date was as follows:

	2025 S$	2024 S$
Fee receivables past due but not impaired:		
1 - 30 days	6,300	11,212
31 - 60 days	1,800	3,400
More than 90 days	1,800	18,040
	9,900	32,652

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

11. Property, plant and equipment

	Leasehold building S$	Furniture and fittings 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 2024	8,044,565	48,204	72,650	24,707	22,907	22,495	17,484	1,109,334	2,081,344	12,001	11,455,691
Additions	0	1,143	0	0	0	1,579	0	0	0	8,151	10,873
Write off	0	0	0	0	0	0	0	0	0	(12,001)	(12,001)
At 31 December 2024 and 31 December 2025	8,044,565	49,347	72,650	24,707	22,907	24,074	17,484	1,109,334	2,081,344	8,151	11,454,563
Accumulated depreciation											
At 1 January 2024	6,346,391	39,355	72,650	24,707	11,108	16,898	14,321	772,557	1,087,105	11,000	8,396,092
Depreciation	268,152	6,507	0	0	3,680	3,054	859	110,933	216,891	2,223	612,299
Write off	0	0	0	0	0	0	0	0	0	(12,001)	(12,001)
At 31 December 2024	6,614,543	45,862	72,650	24,707	14,788	19,952	15,180	883,490	1,303,996	1,222	8,996,390
Depreciation	268,152	2,452	0	0	3,286	2,248	859	110,933	216,891	1,630	606,451
At 31 December 2025	6,882,695	48,314	72,650	24,707	18,074	22,200	16,039	994,423	1,520,887	2,852	9,602,841
Carrying amount											
31 December 2024	1,430,022	3,485	0	0	8,119	4,122	2,304	225,844	777,348	6,929	2,458,173
31 December 2025	1,161,870	1,033	0	0	4,833	1,874	1,445	114,911	560,457	5,299	1,851,722

Leasehold building is located at 70 Tampines Avenue 4, Singapore 529681 with a lease term signed for 3 years commencing from 1 September 2022 to 31 August 2025 and the lease was subsequently renewed for a period of 9 months from 1 September 2025. With effective from 20 April 2026, the Management Committee, Tan Kia Kok and Richard Joseph Cheng Tim Leck were appointed as trustees of the Home and authorised to enter into the renewal agreement with SLA as disclosed in Note 26 to the financial statements.

<u>Assets acquired under leasing arrangements</u>

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 outflows on acquisition of property, plant and equipment amounted S$NIL (2024: S$2,722) was made to purchase property, plant and equipment.

12. Other payables

	2025 S$	2024 S$
Accruals	65,948	69,453
Deposits received from residents	152,800	108,360
Tender deposits	1,000	1,000
Other payables	17,600	28,660
Provision for unutilised leaves	11,600	36,350
	248,948	243,823

Other payables are unsecured, interest-free and repayable on demand.

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

13. Lease liabilities

	2025 S$	2024 S$
Current	226,952	221,136
Non-current	395,071	621,515
	622,023	842,651

Amount recognised in profit or loss:	2025 S$	2024 S$
Depreciation of right-of-use assets	218,521	219,114
Interest expense on lease liabilities	21,893	28,298
	240,414	247,412

Total cash outflows:

The Home had total cash outflows for leases of S$242,521 (2024: S$243,287).

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

			Non-cash changes			
	01.01.2025 S$	Additions S$	Cash flows S$	Accretion of interests S$	Other S$	31.12.2025 S$
Liabilities						
Lease liabilities						
- current	221,136	0	(242,521)	21,893	226,444	226,952
- non-current	621,515	0	0	0	(226,444)	395,071
	842,651	0	(242,521)	21,893	0	622,023

			Non-cash changes			
	01.01.2024 S$	Additions S$	Cash flows S$	Accretion of interests S$	Other S$	31.12.2024 S$
Liabilities						
Lease liabilities						
- current	213,536	9,680	(243,287)	28,298	212,909	221,136
- non-current	834,424	0	0	0	(212,909)	621,515
	1,047,960	9,680	(243,287)	28,298	0	842,651

14. Deferred capital grants and donations

	2025 S$	2024 S$
Cost		
At beginning and end of financial year	8,044,565	8,044,565
Accumulated amortisation		
At beginning of financial year	6,614,455	6,346,303
Amortisation during the year	268,152	268,152
At end of financial year	6,882,607	6,614,455
Carrying value	1,161,958	1,430,110
Presented as follows:		
Current	268,152	268,152
Non-current	893,806	1,161,958
	1,161,958	1,430,110

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.

15. Service commitments

The Home entered into a maintenance service agreement from a third party under non-cancellable agreements for their elevator.

The future minimum service fees committed for at the reporting period are as follows:

	2025 S$	2024 S$
Not later than one year	10,500	12,114
Later than one year but not later than five years	19,500	0
	30,000	12,114

16. General Fund

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

17. Building Fund

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

18. Cyclical Maintenance Fund

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

19. Related party transactions

(a) Related party transactions and balances

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year.

	2025 S$	2024 S$
With Committee Members		
Advances to the Home	27,600	0

(b) Key management personnel compensation

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

	2025 S$	2024 S$
Executives' remuneration		
Salaries and other short-term employee benefits	96,719	68,000
Post-employment benefits – contributions to CPF	12,794	12,920
	109,513	80,920

None of the Home's employees were remunerated more than or equal to S$100,000 during the financial years ended 31 December 2025 and 2024.

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

20. Financial instruments by category

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

	2025 S$	2024 S$
Financial assets, at amortised cost		
Cash and cash equivalents	1,183,286	1,530,300
Other receivables (excluding prepayments)	1,966,113	1,983,206
Fixed deposit	51,500	51,500
	3,200,899	3,565,006
Financial liabilities, at amortised cost		
Other payables (excluding provision for unutilised leaves)	237,348	207,473
Lease liabilities	622,023	842,651
	859,371	1,050,124

21. 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.

21.1 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:

	2025 S$	2024 S$
Fixed rate instruments		
Financial assets		
Fixed deposit	51,500	51,500
Financial liabilities		
Lease liabilities	622,023	842,651

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.

21.2 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 except for the amount due from a related party as disclosed in Note 10.

21. Financial risk management (Cont'd)

21.2 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 2025 and 31 December 2024.

21.3 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$	Total S$
2025			
Financial assets			
Cash and cash equivalents	1,183,286	0	1,183,286
Other receivables (excluding prepayments)	682,382	1,283,731	1,966,113
Fixed deposit	51,500	0	51,500
	1,917,168	1,283,731	3,200,899
Financial liabilities			
Other payables (excluding provision for unutilised leaves)	(237,348)	0	(237,348)
Lease liabilities	(241,936)	(406,291)	(648,227)
	(479,284)	(406,291)	(885,575)
Net financial assets	1,437,884	877,440	2,315,324
2024			
Financial assets			
Cash and cash equivalents	1,530,300	0	1,530,300
Other receivables (excluding prepayments)	99,475	1,883,731	1,983,206
Fixed deposit	0	51,500	51,500
	1,629,775	1,935,231	3,565,006
Financial liabilities			
Other payables (excluding provision for unutilised leaves)	(207,473)	0	(207,473)
Lease liabilities	(241,946)	(646,291)	(888,237)
	(449,419)	(646,291)	(1,095,710)
Net financial assets	1,180,356	1,288,940	2,469,296

22. 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.

23. Reserve position and policy

The Home's reserve position (excluding non-current assets) for financial year ended 31 December 2025 and 2024 are as follows:

		2025	2024	Increase/ (decrease)
		S$'000	S$'000	%
A	Unrestricted Fund			
	General Fund	2,085	2,557	(18.46)
B	Restricted Funds			
	Building Fund	161	161	-
	Cyclical Maintenance Fund	754	754	-
C	Endowment Fund	N/A	N/A	N/A
D	Total Funds	3,000	3,472	(13.59)
E	Total Annual Operating Expenditure	1,524	1,599	(4.69)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	1.37	1.60	

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.

24. Fair values

As at 31 December 2025, 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.

25. 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.

26. Events after the reporting date

i) On 13 February 2026, the Home applied to the Court a legal action against the Home's former chairman and other committee members for the potential breach of their duty and recover any monies that were improperly used by them from the Home. The application order is to have the former committee members jointly and severally pay the Home for S$114,941. On 25 April 2026, the respondents agreed to pay 90% of the sum due to a settlement between the Home and the Respondents on 29 April 2026 for S$103,447.17. The amount was collected by the Home on 05 May 2026.

ii) On 20 April 2026, the Home and Singapore Land Authority ("SLA") entered into the renewal agreement for 2 years and 3 months from 1 June 2026 to 31 August 2028.

27. Comparative figures

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

The following reclassifications have been made:

	As previously reported S$	Reclassification S$	As reclassified S$
<u>31.12.2024</u>			
Statement of financial position			
<u>Current assets</u>			
Fixed deposits	51,500	(51,500)	0
<u>Non-current assets</u>			
Fixed deposits	0	51,500	51,500
<u>Current liabilities</u>			
Deferred capital grants and donations	0	268,152	268,152
<u>Non-current liabilities</u>			
Deferred capital grants and donations	1,430,110	(268,152)	1,430,110

28. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Management Committee of the Home on 19 June 2026.