

KHENG CHIU LOKE TIN KEE HOME

[UEN: S92SS0060E]

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

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2017**

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**Suhaimi Salleh &
Associates**

[UEN: S88PF0247L]

Public Accountants and
Chartered Accountants of Singapore

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

In the opinion of the Management Committee, the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of Kheng Chiu Loke Tin Kee Home (the "Home") as at 31 December 2017 and the results, the changes in funds and cash flows of the Home for the year then ended.

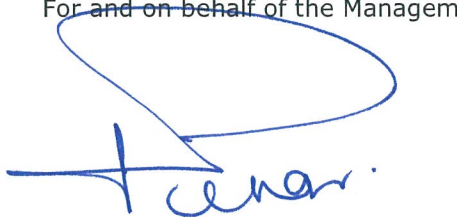
At the date of this statement, there are reasonable grounds to believe that the Home will be able to pay its debts as and when they fall due.

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

14 JUN 2018

Chairman	Foo Jong Peng	
Vice Chairman	Moh Tai Tong	
Honorary Secretary	Ngiam Seng Wee PB, PBS	(Appointed on 01 July 2017)
Assistant Honorary Secretary	Phoo Yap Lee	(Appointed on 24 March 2017)
Honorary Treasurer	Lim Fang Siang	
Assistant Honorary Treasurer	Lim Tew Tean	(Appointed on 24 March 2017)
Committee Member	Pang Hick Seng PBM	
Committee Member	Wong Kum Chee	
Committee Member	Chew See Bee PBM	
Committee Member	Foo Sek Juat	
Committee Member	Goh Juan Wah	(Appointed on 01 July 2017)

For and on behalf of the Management Committee,



Foo Jong Peng
Chairman



Lim Fang Siang
Honorary Treasurer

Singapore, **14 JUN 2018**

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Independent auditor's report to the members of:

KHENG CHIU LOKE TIN KEE HOME

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kheng Chiu Loke Tin Kee Home (the "Home"), which comprise the statement of financial position of the Home as at 31 December 2017, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Home as at 31 December 2017 and the results, changes in funds and cash flows of the Home for the financial year then ended on that date.

Basis for Opinion

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

Other Information

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

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

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

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(CONT'D)

Independent auditor's report to the members of:

KHENG CHIU LOKE TIN KEE HOME

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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Independent auditor's report to the members of:

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Home's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Home to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

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

Suhaimi Salleh & Associates

Suhaimi Salleh & Associates

Public Accountants and
Chartered Accountants
Singapore,

14 JUN 2018

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

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

		Unrestricted Fund		Restricted Funds		Total unrestricted and restricted funds		Unrestricted Fund		Restricted Fund		Total unrestricted and restricted funds	
	Note	General Fund 2017 S\$	Building Fund 2017 S\$	Cyclical Maintenance Fund 2017 S\$		General Fund 2017 S\$	Building Fund 2017 S\$	General Fund 2016 S\$	Building Fund 2016 S\$	Cyclical Maintenance Fund 2016 S\$		General Fund 2016 S\$	Building Fund 2016 S\$
INCOME													
Income from generating funds													
Voluntary income													
	5	226,644	0	0		226,644	0	170,061	0	0		170,061	0
		26,229	0	0		26,229	0	27,010	0	0		27,010	0
		26,900	0	0		26,900	0	27,580	0	0		27,580	0
		238,524	0	0		238,524	0	249,655	0	0		249,655	0
		0	0	0		0	0	0	0	74,312		74,312	0
		518,297	0	0		518,297	0	474,306	0	74,312		548,618	0
Investment income													
		47,342	0	0		47,342	0	47,671	0	0		47,671	0
Income from charitable activities													
		876,920	0	0		876,920	0	922,402	0	0		922,402	0
Other income													
	10	268,152	0	0		268,152	0	268,152	0	0		268,152	0
		32,138	0	0		32,138	0	39,942	0	0		39,942	0
		300,290	0	0		300,290	0	308,094	0	0		308,094	0
		1,742,849	0	0		1,742,849	0	1,752,473	0	74,312		1,826,785	0

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)**

		Unrestricted Fund	Restricted Funds		Total unrestricted funds 2017 S\$	Unrestricted Fund		Restricted Fund		Total unrestricted funds 2016 S\$
	Note	General Fund 2017 S\$	Building Fund 2017 S\$	Maintenance Fund 2017 S\$		General Fund 2016 S\$		Building Fund 2016 S\$	Maintenance Fund 2016 S\$	
EXPENDITURE										
Cost of charitable activities										
Activities expenses		1,079	0	0	1,079	148	0	0	0	148
Bad debts		12,277	0	0	12,277	0	0	0	0	0
CPF contributions, SDL and FWL		79,966	0	0	79,966	80,419	0	0	0	80,419
Depreciation of property, plant and equipment	8	366,763	0	0	366,763	368,122	0	0	0	368,122
Festival celebrations		14,538	0	0	14,538	16,622	0	0	0	16,622
Food for the aged residents		180,989	0	0	180,989	193,514	0	0	0	193,514
General expenses		7,927	0	0	7,927	2,941	0	0	0	2,941
GST expenses		26,948	0	0	26,948	17,640	0	0	0	17,640
License expenses		326	0	0	326	233	0	0	0	233
Medical expenses		2,447	0	0	2,447	4,533	0	0	0	4,533
Office supplies		0	0	0	0	394	0	0	0	394
Printing and stationery		1,416	0	0	1,416	1,990	0	0	0	1,990
Postage and courier		1,333	0	0	1,333	1,147	0	0	0	1,147
Public assistance allowances		26,800	0	0	26,800	27,480	0	0	0	27,480
Rental of equipment		2,200	0	0	2,200	2,400	0	0	0	2,400
Rental of land		238,524	0	0	238,524	249,655	0	0	0	249,655
Repair and maintenance		64,153	0	0	64,153	94,036	0	0	0	94,036
Salaries, allowances and bonus		400,635	0	0	400,635	383,332	0	0	0	383,332
Staff training and welfare		36,330	0	0	36,330	24,166	0	0	0	24,166
Subscriptions		609	0	0	609	392	0	0	0	392
Telephone and internet charges		3,270	0	0	3,270	3,177	0	0	0	3,177
Transport		266	0	0	266	1,164	0	0	0	1,164
Upkeep of motor vehicles		2,979	0	0	2,979	2,367	0	0	0	2,367
Utilities		87,744	0	0	87,744	92,274	0	0	0	92,274
		1,559,519	0	0	1,559,519	1,568,146	0	0	0	1,568,146

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)**

Note	Unrestricted Fund		Restricted Funds		Total unrestricted and restricted funds 2017 S\$	Unrestricted Fund		Restricted Funds		Total unrestricted and restricted funds 2016 S\$
	General Fund 2017 S\$	Building Fund 2017 S\$	Cyclical Maintenance Fund 2017 S\$	General Fund 2016 S\$		Building Fund 2016 S\$	Cyclical Maintenance Fund 2016 S\$			
EXPENDITURE (CONT'D)										
Governance and administrative costs										
Advertisements and publicity	0	0	0	0	0	912	0	0	0	912
Audit fees	4,000	0	0	0	4,000	4,900	0	0	0	4,900
Bank charges	132	0	0	0	132	532	0	0	0	532
Entertainment and refreshments	186	0	0	0	186	1,015	0	0	0	1,015
Insurance	7,948	0	0	0	7,948	9,775	0	0	0	9,775
Newspaper and periodicals	689	0	0	0	689	912	0	0	0	912
Professional fee	0	0	0	0	0	708	0	0	0	7,076
	12,955	0	0	0	12,955	18,754	0	6,368		25,122
Total expenditure										
	1,572,474	0	0	0	1,572,474	1,586,900	0	6,368		1,593,268
Net income for the year	170,375	0	0	0	170,375	165,573	0	67,944		233,517
Total funds brought forward	3,857,110	160,855	754,165		4,772,130	3,653,985	160,855	723,773		4,538,613
Transfer from/(to)	0	0	0	0	0	37,552	0	(37,552)		0
Total funds carried forward	4,027,485	160,855	754,165		4,942,505	3,857,110	160,855	754,165		4,772,130

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
ASSETS			
Current assets			
Cash and cash equivalents	6	4,441,702	4,145,472
Other receivables	7	<u>153,624</u>	<u>223,611</u>
		<u>4,595,326</u>	<u>4,369,083</u>
Non-current asset			
Property, plant & equipment	8	<u>4,004,827</u>	<u>4,364,074</u>
TOTAL ASSETS		<u>8,600,153</u>	<u>8,733,157</u>
LIABILITIES			
Current liability			
Other payables	9	<u>350,472</u>	<u>385,699</u>
Non-current liability			
Deferred capital grants and donations	10	<u>3,307,176</u>	<u>3,575,328</u>
Total liabilities		<u>3,657,648</u>	<u>3,961,027</u>
NET ASSETS		<u>4,942,505</u>	<u>4,772,130</u>
FUNDS			
Unrestricted fund			
General Fund	11	4,027,485	3,857,110
Restricted funds			
Building Fund	12	160,855	160,855
Cyclical Maintenance Fund	13	<u>754,165</u>	<u>754,165</u>
TOTAL FUNDS		<u>4,942,505</u>	<u>4,772,130</u>

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Balance at beginning of year S\$	Net income for the year S\$	Transfers from/ (to) S\$	Balance at end of year S\$
2017				
Unrestricted fund				
General Fund	3,857,110	170,375	0	4,027,485
Restricted funds				
Building Fund	160,855	0	0	160,855
Cyclical Maintenance Fund	754,165	0	0	754,165
Total funds	<u>4,772,130</u>	<u>170,375</u>	<u>0</u>	<u>4,942,505</u>
	Balance at beginning of year S\$	Net income for the year S\$	Transfers from/ (to) S\$	Balance at end of year S\$
2016				
Unrestricted fund				
General Fund	3,653,985	165,573	37,552	3,857,110
Restricted funds				
Building Fund	160,855	0	0	160,855
Cyclical Maintenance Fund	723,773	67,944	(37,552)	754,165
Total funds	<u>4,538,613</u>	<u>233,517</u>	<u>0</u>	<u>4,772,130</u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
Cash flows from operating activities			
Net income for the year		170,375	233,517
Adjustments for:			
- Amortisation of deferred capital grants and donations	10	(268,152)	(268,152)
- Bad debts		12,277	0
- Depreciation of property, plant and equipment	8	366,763	368,122
- Fixed deposits interest income		(47,342)	(47,671)
Operating cash flow before working capital changes		233,921	285,816
Changes in working capital			
- Other receivables		57,566	(144,825)
- Other payables		(35,227)	(50,319)
Net cash generated from operating activities		<u>256,260</u>	<u>90,672</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(7,516)	(70,918)
Fixed deposits interest received		47,486	47,789
Net cash generated from/(used in) investing activities		<u>39,970</u>	<u>(23,129)</u>
Net increase in cash and cash equivalents		296,230	67,543
Cash and cash equivalents at beginning of financial year		4,145,472	4,077,929
Cash and cash equivalents at end of financial year	6	<u>4,441,702</u>	<u>4,145,472</u>
Cash and cash equivalents comprise:			
Cash on hand	6	1,633	3,066
Cash at banks	6	569,619	301,358
Fixed deposits	6	3,870,450	3,841,048
		<u>4,441,702</u>	<u>4,145,472</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

1. General information

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

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

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

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

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.1 Interpretations and amendments to published standards effective in 2017

In the current financial year, the Home has adopted all the new and revised FRSs and interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective on 1 January 2017. The adoption of the standard did not have any material effect on the financial statements.

2.1.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
FRS 109 Financial instruments	1 January 2018
FRS 115 Revenue from contracts with customers	1 January 2018
FRS 116 Leases	1 January 2019

Except for FRS 116 Leases, management committee believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of initial application.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.2 Standards issued but not yet effective (Cont'd)

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Home's accounting periods beginning on or after 1 January 2018 and which the Home has not early adopted:

FRS 115	Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)
FRS 109	Financial instruments (effective for annual periods beginning on or after 1 January 2018)
FRS 116	Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 115 Revenue from contracts with customers

This is the converged standard on revenue recognition. It replaces FRS11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with that core principle by applying the following steps

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Home plans to adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115.

The Home is in a business of receiving donations from the public and collecting admission and home fee from residents. The Home believes there are no material impact upon adoption of FRS 115 as there are no multiple performance obligations in generating income and income was recognised based on the monthly fee collected and donation received.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.2 Standards issued but not yet effective (Cont'd)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cashflow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 116 Leases

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

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

2.2 Income recognition

Income comprises the fair value of the consideration received or receivable in the ordinary course of the Home's activities. Income is recognised as follows:

2.2.1 Donations

Donations are taken up and accrued as and when they are committed. Those uncommitted donations, income from the events and all income except as listed below, are recognised on receipt basis. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

2.2.2 Rendering of services

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

2.2.3 Interest income

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

2.2.4 Government grants

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

2.2.5 Other income

Other income is recognised when received.

2. Significant accounting policies (Cont'd)

2.3 Expenditure recognition

All expenditure is accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible, where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.3.1 Cost of charitable activities

Cost of charitable activities comprises all directly attributable costs incurred in the pursuit of the charitable objects of the Home and an apportionment of overhead and shared costs.

2.3.2 Governance and administrative costs

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

2.4 Property, plant and equipment

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.

Depreciation

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

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

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

Subsequent expenditure

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

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

Disposal

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

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

2.5 Impairment of non-financial assets

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

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

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

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

2.6 Financial assets

2.6.1 Classification

The Home classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are classified within "Cash and cash equivalents" and "Other receivables" on the statement of financial position.

2.6.2 Recognition and derecognition

Usual 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.

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

2.6.3 Initial measurement

Financial assets are initially recognised at fair value plus transactions costs.

2.6.4 Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.6.5 Impairment

The Home assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments is considered indicators that the receivables are impaired.

An allowance for impairment of loans and receivables including other receivables is recognised when there is objective evidence that the Home will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the amount becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in statement of financial activities.

The allowance for impairment loss account is reduced through statement of financial activities in a subsequent period when the amount of impairment losses decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.7 Cash and cash equivalents

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

2.8 Other receivables

Other receivables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.9 Financial liabilities

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

2. Significant accounting policies (Cont'd)

2.9 Financial liabilities (Cont'd)

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

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

2.10 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.

2.11 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.

2.12 Operating leases as lessee

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

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

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

2. Significant accounting policies (Cont'd)

2.13 Employee compensation

2.13.1 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.

2.13.2 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.

2.14 Foreign currencies

Transactions in foreign currencies are measured in Singapore Dollar and recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at the reporting date. All exchange differences are recognised in the statement of financial activities.

2.15 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.

2.16 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.

2.17 Events after the reporting date

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

2. Significant accounting policies (Cont'd)

2.18 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Home if that person:
 - (i) Has control or joint control over the Home;
 - (ii) Has significant influence over the Home; or
 - (iii) Is a member of the key management personnel of the Home or of a parent of the Home.
- (b) An entity is related to the Home if any of the following conditions applies:
 - (i) The entity and the Home are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others;
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Home or an entity related to the Home. If the Home is itself such a plan, the sponsoring employers are also related to the Home;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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 Management is of the opinion that there are no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year.

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. Significant accounting judgements and estimates (Cont'd)

3.2 Key sources of estimation uncertainty (Cont'd)

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 2017 was S\$4,004,827 (2016: S\$4,364,074).

4. Income tax

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

5. Donations

	2017 S\$	2016 S\$
Tax exempt donations	192,304	107,166
Non-tax exempt donations	34,340	62,895
	<u>226,644</u>	<u>170,061</u>

6. Cash and cash equivalents

	2017 S\$	2016 S\$
Cash on hand	1,633	3,066
Cash at banks	569,619	301,358
Fixed deposits with financial institution	3,846,778	3,803,186
Fixed deposits held on behalf of residents	23,672	37,862
	<u>4,441,702</u>	<u>4,145,472</u>

The fixed deposits mature within 4 to 12 months (2016: 4 to 11 months) from the financial year end and earn interest at rate of 0.35% to 1.25% (2016: 1.18% to 1.25%) per annum.

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

7. Other receivables

	2017 S\$	2016 S\$
Grant receivable	19,877	80,948
Home fees in arrears	44,428	52,792
Interest receivables on fixed deposits	18,012	18,156
Deposits	60,351	60,351
Prepayments	10,956	11,364
	<u>153,624</u>	<u>223,611</u>

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

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

Receivables that are past due but not impaired

The Home had other receivables amounting to S\$28,502 (2016: S\$ 40,012) that were past due at the reporting date but not impaired at the reporting date was as follows:

	2017 S\$	2016 S\$
Other receivables past due but not impaired:		
30 – 60 days	7,354	8,230
61 – 90 days	5,866	6,590
More than 90 days	15,282	25,192
	<u>28,502</u>	<u>40,012</u>

8. Property, plant and equipment

	Leasehold building S\$	Furniture & fittings S\$	Motor vehicle S\$	Air conditioners S\$	Medical and rehabilitation equipment S\$	Office equipment S\$	Audio Visual Equipment S\$	Kitchen equipment S\$	Renovation S\$	Total S\$
Cost										
At 1 January 2016	8,044,565	124,052	37,125	15,500	24,707	4,520	5,867	13,190	777,181	9,046,707
Additions	0	10,137	0	0	0	0	0	0	60,781	70,918
Written off	0	(20,250)	0	0	0	(680)	(4,180)	0	0	(25,110)
At 31 December 2016	8,044,565	113,939	37,125	15,500	24,707	3,840	1,687	13,190	837,962	9,092,515
Additions	0	0	0	2,650	0	2,000	2,866	0	0	7,516
At 31 December 2017	8,044,565	113,939	37,125	18,150	24,707	5,840	4,553	13,190	837,962	9,100,031
Accumulated depreciation										
At 1 January 2016	4,201,174	103,618	37,125	15,500	13,128	2,967	5,484	6,433	0	4,385,429
Depreciation charge	268,152	12,325	0	0	1,647	555	249	1,398	83,796	368,122
Written off	0	(20,250)	0	0	0	(680)	(4,180)	0	0	(25,110)
At 31 December 2016	4,469,326	95,693	37,125	15,500	14,775	2,842	1,553	7,831	83,796	4,728,441
Depreciation charge	268,152	11,139	0	88	1,647	110	433	1,398	83,796	366,763
At 31 December 2017	4,737,478	106,832	37,125	15,588	16,422	2,952	1,986	9,229	167,592	5,095,204
Carrying amount										
31 December 2016	3,575,239	18,246	0	0	9,932	998	134	5,359	754,165	4,364,074
31 December 2017	3,307,087	7,107	0	2,562	8,285	2,888	2,567	3,961	670,370	4,004,827

9. Other payables

	2017 S\$	2016 S\$
Accruals	54,390	51,743
Advance receipts	157,060	185,144
Residents and staff monies held in trust	23,672	37,862
Deposits received from residents	114,350	109,950
Tender deposit	1,000	1,000
	<u>350,472</u>	<u>385,699</u>

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

10. Deferred capital grants and donations

	2017 S\$	2016 S\$
Cost		
At beginning and end of financial year	<u>8,044,565</u>	<u>8,044,565</u>
Accumulated amortisation		
At beginning of financial year	4,469,237	4,201,085
Amortisation during the year	<u>268,152</u>	<u>268,152</u>
At end of financial year	<u>4,737,389</u>	<u>4,469,237</u>
Carrying value	<u>3,307,176</u>	<u>3,575,328</u>

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

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

11. General Fund

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

12. Building Fund

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

13. Cyclical Maintenance Fund

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

In prior year, the Home have transferred S\$37,552 to General Fund as certain expenses were accounted under General Fund in the prior years.

14. Related party transactions

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

	2017 S\$	2016 S\$
Executive's remuneration:		
Salaries and other short-term employee benefits	49,500	67,200
Post-employment benefits – contributions to CPF	3,718	8,370
	<u>53,218</u>	<u>75,570</u>

None of the Home's employees were remunerated more than or equal to S\$100,000 during the financial years ended 31 December 2017 and 2016.

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

15. Commitments

15.1 Operating lease commitments

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

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

	2017 S\$	2016 S\$
Not later than one year	241,092	257,789
Later than one year but not later than five years	163,938	434,356
	<u>405,030</u>	<u>692,145</u>

16. Financial instruments

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

	2017 S\$	2016 S\$
<u>Financial assets</u>		
Cash and cash equivalents	4,441,702	4,145,472
Other receivables (excluding prepayments)	142,668	212,247
	<u>4,584,370</u>	<u>4,357,719</u>
<u>Financial liability</u>		
Other payables (excluding advance receipts)	<u>193,412</u>	<u>200,555</u>

17. 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.

17.1 Interest rate risk

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

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

Sensitivity analysis for interest rate risk

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

	2017 S\$	2016 S\$
Fixed rate instruments		
<u>Financial assets</u>		
Fixed deposits	<u>3,870,450</u>	<u>3,841,048</u>

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

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

17.2 Credit risk

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

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

17. Financial risk management (Cont'd)

17.3 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\$
2017			
Financial assets			
Cash and cash equivalents	4,441,702	0	4,441,702
Other receivables (excluding prepayments)	142,668	0	142,668
	<u>4,584,370</u>		<u>4,584,370</u>
Financial liability			
Other payables (excluding advance receipts)	(193,412)	0	(193,412)
Net financial assets	<u>4,390,958</u>	<u>0</u>	<u>4,390,958</u>

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2016			
Financial assets			
Cash and cash equivalents	4,145,472	0	4,145,472
Other receivables (excluding prepayments)	212,247	0	212,247
	<u>4,357,719</u>	<u>0</u>	<u>4,357,719</u>
Financial liability			
Other payables (excluding advance receipts)	(200,555)	0	(200,555)
Net financial assets	<u>4,157,164</u>	<u>0</u>	<u>4,157,164</u>

18. 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.

19. Reserve position and policy

The Home's reserve position (excluding non-current assets) for financial year ended 31 December 2017 and 2016 is as follows:

		2017	2016	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Fund			
	General Fund	4,027	3,857	4.41
B	Restricted Funds			
	Building Fund	161	161	0
	Cyclical Maintenance Fund	754	754	0
C	Endowment Fund	N/A	N/A	N/A
D	Total Funds	4,942	4,772	3.56
E	Total Annual Operating Expenditure	1,572	1,593	(1.32)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.56	2.42	

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.

20. Fair values

As at 31 December 2017, 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.

21. 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.

22. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Management Committee on

14 JUN 2018