

ST. JOHN'S HOME FOR ELDERLY PERSONS

[UEN. S61SS0176G]

[IPC No. IPC000361]

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

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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Fiducia LLP

(UEN. T10LL0955L)

Public Accountants and
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STATEMENT BY MANAGEMENT COMMITTEE

In the opinion of the Management Committee,

- a) the financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of St. John's Home for Elderly Persons (the "Home") as at 31 December 2018, and the results, changes in fund and changes in cash flows of the Home for the financial year then ended.
- b) 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 as at the date of this statement, comprising the following, authorised the issue of these financial statements on **26 MAR 2019**

Chairman	Woon Wee Yim
Vice-chairman	Andrew Lioe Hui Siang
Honorary Secretary	John Poopalan Kiramathypathy
Assistant Honorary Secretary	Warren Consigliere
Honorary Treasurer	Victor Vijendran Alfreds
Committee Member	Lester Lee Keng Kok
Committee Member	David Alexander Ong Liang Bong
Committee Member	Jeyaraj Indra Raj
Committee Member	Tan Willie
Committee Member	Pearl Lee Tuan Kee
Committee Member	Rachel Ong Chuan Chuan (Appointed on 25 September 2018)

For and on behalf of the Management Committee,



Woon Wee Yim
Chairman



Victor Vijendran Alfreds
Honorary Treasurer

Singapore, **26 MAR 2019**

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Independent auditor's report to the members of:

ST. JOHN'S HOME FOR ELDERLY PERSONS

[UEN. S61SS0176G]
[IPC No. IPC000361]

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in the Republic of Singapore]

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ST. JOHN'S HOME FOR ELDERLY PERSONS** (the "Home"), which comprise the statement of financial position as at 31 December 2018, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Home for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations ("the Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Home as at 31 December 2018, and the results, changes in funds and cash flows of the Home for the financial year 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 other information. The other information comprises the Statement by 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:

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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,

- (a) the accounting and other records required 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; and
- (b) the fund-raising appeal held during the financial year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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Independent auditor's report to the members of:

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Report on other Legal and Regulatory Requirements (Cont'd)

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

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



Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, 26 MAR 2019

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

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

	Note	Unrestricted Funds			Restricted Funds		Total Funds
		General Fund S\$	Building Fund S\$	Building and Lease Fund S\$	Endowment Fund S\$	Total S\$	
2018							
INCOME							
Income from generating voluntary funds		687,405	3,044,975	0	0	3,044,975	3,732,380
Grants		271,166	0	0	0	0	271,166
Income from provision of care services		729,686	0	0	0	0	729,686
Other income		136,317	60,018	0	0	60,018	196,335
		<u>1,824,574</u>	<u>3,104,993</u>	<u>0</u>	<u>0</u>	<u>3,104,993</u>	<u>4,929,567</u>
EXPENDITURE							
Cost of generating voluntary funds		38,966	0	0	0	0	38,966
Cost of provision of care services		1,210,942	0	96,002	0	96,002	1,306,944
Governance and administrative costs		199,984	383,752	0	0	383,752	583,736
		<u>1,449,892</u>	<u>383,752</u>	<u>96,002</u>	<u>0</u>	<u>479,754</u>	<u>1,929,646</u>
NET SURPLUS / (DEFICIT)		374,682	2,721,241	(96,002)	0	2,625,239	2,999,921
Gross transfer between funds	9	(650,000)	650,000	0	0	650,000	0
Net movement in funds		(275,318)	3,371,241	(96,002)	0	3,275,239	2,999,921
Accumulated funds brought forward		3,067,440	4,482,892	2,688,066	6,012,000	13,182,958	16,250,398
Accumulated funds carried forward		<u>2,792,122</u>	<u>7,854,133</u>	<u>2,592,064</u>	<u>6,012,000</u>	<u>16,458,197</u>	<u>19,250,319</u>

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

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

	Unrestricted Funds	Restricted Funds			Total Funds
	General Fund S\$	Building Fund S\$	Building and Lease Fund S\$	Endowment Fund S\$	Total S\$
2017					
INCOME					
Income from generating voluntary funds	571,630	3,015,386	0	6,012,000	9,599,016
Grants	83,098	427,038	0	0	510,136
Income from provision of care services	801,979	0	0	0	801,979
Other income	62,621	17,365	0	0	79,986
	<u>1,519,328</u>	<u>3,459,789</u>	<u>0</u>	<u>6,012,000</u>	<u>9,471,789</u>
EXPENDITURE					
Cost of generating voluntary funds	28,497	0	0	0	28,497
Cost of provision of care services	1,241,866	0	96,002	0	1,337,868
Governance and administrative costs	178,539	94,400	0	0	272,939
	<u>1,448,902</u>	<u>94,400</u>	<u>96,002</u>	<u>0</u>	<u>1,639,304</u>
NET SURPLUS / (DEFICIT)	70,426	3,365,389	(96,002)	6,012,000	9,351,813
Gross transfer between funds	0	(2,784,068)	2,784,068	0	0
Net movement in funds	70,426	581,321	2,688,066	6,012,000	9,351,813
Accumulated funds brought forward	<u>2,997,014</u>	<u>3,901,571</u>	<u>0</u>	<u>0</u>	<u>6,898,585</u>
Accumulated funds carried forward	<u>3,067,440</u>	<u>4,482,892</u>	<u>2,688,066</u>	<u>6,012,000</u>	<u>16,250,398</u>

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

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

	Note	Unrestricted Funds			Restricted Funds			Total Funds
		General Fund S\$	Building Fund S\$	Building and Lease Fund S\$	Endowment Fund S\$	Total S\$	S\$	
2018 INCOME								
Income from generating voluntary funds								
Donations								
- Tax exempt	4	585,963	2,756,552	0	0	2,756,552	3,342,515	
- Non-tax exempt		101,442	288,423	0	0	288,423	389,865	
		687,405	3,044,975	0	0	3,044,975	3,732,380	
Grants								
Care and Share Grant	9	271,166	0	0	0	0	271,166	
Income from provision of care services								
Membership subscriptions		620	0	0	0	0	620	
Residents public assistance grants		166,775	0	0	0	0	166,775	
Residents upkeep contributions		562,291	0	0	0	0	562,291	
		729,686	0	0	0	0	729,686	
Other income								
Interest income		108,741	60,018	0	0	60,018	168,759	
Offeritory		4,445	0	0	0	0	4,445	
Special employment credit		21,031	0	0	0	0	21,031	
Silver Support		2,100	0	0	0	0	2,100	
		136,317	60,018	0	0	60,018	196,335	
TOTAL INCOME		1,824,574	3,104,993	0	0	3,104,993	4,929,567	
EXPENDITURES								
Cost of generating voluntary funds								
Fund raising expenses		12,231	0	0	0	0	12,231	
Gala dinner expenses		26,735	0	0	0	0	26,735	
		38,966	0	0	0	0	38,966	

DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (Cont'd)

	Note	Unrestricted Funds			Restricted Funds			Total Funds
		General Fund S\$	Building Fund S\$	Building and Lease Fund S\$	Endowment Fund S\$	Total S\$	S\$	
2018 EXPENDITURES (Cont'd)								
Cost of provision of care services								
Service costs								
- Cleaning		9,812	0	0	0	0	0	9,812
- Counselling services		20,116	0	0	0	0	0	20,116
- Landscape services		30,875	0	0	0	0	0	30,875
- Pest control		2,568	0	0	0	0	0	2,568
- Physiotherapist services		15,613	0	0	0	0	0	15,613
Depreciation	7	50,938	0	96,002	0	96,002	0	146,940
Donated expense		40,362	0	0	0	0	0	40,362
Employment agency fee		482	0	0	0	0	0	482
Food and provisions		108,509	0	0	0	0	0	108,509
General expenses		1,660	0	0	0	0	0	1,660
Insurance		7,459	0	0	0	0	0	7,459
License fees		100	0	0	0	0	0	100
Medical and clinical expenses		14,264	0	0	0	0	0	14,264
Repair and maintenance		53,000	0	0	0	0	0	53,000
Residents' pocket money		5,400	0	0	0	0	0	5,400
Sponsored purchases		3,858	0	0	0	0	0	3,858
Staff costs								
- CPF and SDL contribution		40,160	0	0	0	0	0	40,160
- Foreign workers' levy		75,780	0	0	0	0	0	75,780
- Salaries and annual wage supplements		474,040	0	0	0	0	0	474,040
- Staff repatriation travel		2,010	0	0	0	0	0	2,010
- Staff welfare		3,204	0	0	0	0	0	3,204
- Training		516	0	0	0	0	0	516
- Uniforms		300	0	0	0	0	0	300
Special event		4,470	0	0	0	0	0	4,470
Transportation		4,505	0	0	0	0	0	4,505
Tenancy rental		162,060	0	0	0	0	0	162,060
Utilities		78,881	0	0	0	0	0	78,881
		<u>1,210,942</u>	<u>0</u>	<u>96,002</u>	<u>0</u>	<u>96,002</u>	<u>0</u>	<u>1,306,944</u>

DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (Cont'd)

	Note	Unrestricted Funds			Restricted Funds		Total Funds
		General Fund S\$	Building Fund S\$	Building and Lease Fund S\$	Endowment Fund S\$	Total S\$	
2018							
EXPENDITURES (Cont'd)							
Governance and administrative costs							
Administrative							
- Audit fees		12,441	0	0	0	0	12,441
- Bank charges		8,759	0	0	0	0	8,759
- Printing and stationeries		10,273	0	0	0	0	10,273
- Professional fees		7,953	368,295	0	0	368,295	376,248
- Telecommunications		1,625	0	0	0	0	1,625
- Recruitment advertisement expense		159	0	0	0	0	159
Staff costs							
- CPF and SDL contribution		20,683	1,807	0	0	1,807	22,490
- Salaries and annual wage supplements		138,091	13,650	0	0	13,650	151,741
		<u>199,984</u>	<u>383,752</u>	<u>0</u>	<u>0</u>	<u>383,752</u>	<u>583,736</u>
TOTAL EXPENDITURE		<u>1,449,892</u>	<u>383,752</u>	<u>96,002</u>	<u>0</u>	<u>479,754</u>	<u>1,929,646</u>
NET SURPLUS/ (DEFICIT)		374,682	2,721,241	(96,002)	0	2,625,239	2,999,921
Gross transfer between funds	9	(650,000)	650,000	0	0	650,000	0
Net movement in funds		(275,318)	3,371,241	(96,002)	0	3,275,239	2,999,921
Accumulated funds brought forward		3,067,440	4,482,892	2,688,066	6,012,000	13,182,958	16,250,398
Accumulated funds carried forward		<u>2,792,122</u>	<u>7,854,133</u>	<u>2,592,064</u>	<u>6,012,000</u>	<u>16,458,197</u>	<u>19,250,319</u>

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

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

	Note	Restricted Funds				Total Funds
		Unrestricted Funds	Building and Lease Fund	Endowment Fund	Total	
		General Fund S\$	Building Fund S\$	Fund S\$	S\$	S\$
2017 INCOME						
Income from generating voluntary funds						
Donations						
- Tax exempt		437,005	731,470	0	731,470	1,168,475
- Non-tax exempt	4	134,625	2,283,916	6,012,000	8,295,916	8,430,541
		571,630	3,015,386	6,012,000	9,027,386	9,599,016
Grants						
Tote Board Grants		0	94,644	0	94,644	94,644
Care and Share Grant	9	83,098	332,394	0	332,394	415,492
		83,098	427,038	0	427,038	510,136
Income from provision of care services						
Membership subscriptions		960	0	0	0	960
Residents public assistance grants		181,725	0	0	0	181,725
Residents upkeep contributions		619,294	0	0	0	619,294
		801,979	0	0	0	801,979
Other income						
Interest income		42,327	17,365	0	17,365	59,692
Offeritory		3,883	0	0	0	3,883
Sales of scrap/ unused items		171	0	0	0	171
Special employment credit		15,640	0	0	0	15,640
Silver Support		600	0	0	0	600
		62,621	17,365	0	17,365	79,986
TOTAL INCOME		1,519,328	3,459,789	6,012,000	9,471,789	10,991,117
EXPENDITURES						
Cost of generating voluntary funds						
Fund raising expenses		2,761	0	0	0	2,761
Gala dinner expenses		25,736	0	0	0	25,736
		28,497	0	0	0	28,497

DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (Cont'd)

	Note	Unrestricted Funds		Restricted Funds			Total Funds
		General Fund S\$	Building Fund S\$	Building and Lease Fund S\$	Endowment Fund S\$	Total S\$	
2017 EXPENDITURES (Cont'd)							
Cost of provision of care services							
Service costs							
- Cleaning		9,839	0	0	0	0	9,839
- Counselling services		20,972	0	0	0	0	20,972
- Landscape services		35,750	0	0	0	0	35,750
- Pest control		3,060	0	0	0	0	3,060
- Physiotherapist services		25,940	0	0	0	0	25,940
Depreciation	7	49,084	0	96,002	0	96,002	145,086
Donated expense		36,545	0	0	0	0	36,545
Employment agency fee		768	0	0	0	0	768
Food and provisions		109,009	0	0	0	0	109,009
General expenses		4,374	0	0	0	0	4,374
Insurance		9,774	0	0	0	0	9,774
License fees		112	0	0	0	0	112
Medical and clinical expenses		19,565	0	0	0	0	19,565
Repair and maintenance		78,216	0	0	0	0	78,216
Residents' pocket money		6,500	0	0	0	0	6,500
Sponsored purchases		1,667	0	0	0	0	1,667
Staff costs							
- CPF and SDL contribution		41,848	0	0	0	0	41,848
- Foreign workers' levy		78,578	0	0	0	0	78,578
- Salaries and annual wage supplements		454,374	0	0	0	0	454,374
- Staff repatriation travel		3,018	0	0	0	0	3,018
- Staff welfare		2,418	0	0	0	0	2,418
- Training		463	0	0	0	0	463
- Uniforms		1,781	0	0	0	0	1,781
Special event		887	0	0	0	0	887
Transportation		5,168	0	0	0	0	5,168
Tenancy rental		162,060	0	0	0	0	162,060
Utilities		80,096	0	0	0	0	80,096
		<u>1,241,866</u>	<u>0</u>	<u>96,002</u>	<u>0</u>	<u>96,002</u>	<u>1,337,868</u>

DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (Cont'd)

	Restricted Funds				Total Funds
	Unrestricted Funds	Building Fund	Building and Lease Fund	Endowment Fund	
	General Fund	Building Fund	Building and Lease Fund	Endowment Fund	Total
	S\$	S\$	S\$	S\$	S\$
2017					
EXPENDITURES (Cont'd)					
Governance and administrative costs					
Administrative					
- Audit fees	18,763	0	0	0	18,763
- Bank charges	2,581	20	0	0	2,601
- Printing and stationeries	10,017	0	0	0	10,017
- Professional fees	2,547	94,380	0	0	96,927
- Telecommunications	3,325	0	0	0	3,325
- Property, plant and equipment written off	597	0	0	0	597
Staff costs					
- CPF and SDL contribution	19,064	0	0	0	19,064
- Salaries and annual wage supplements	121,645	0	0	0	121,645
	<u>178,539</u>	<u>94,400</u>	<u>0</u>	<u>0</u>	<u>272,939</u>
TOTAL EXPENDITURE	1,448,902	94,400	96,002	0	1,639,304
NET SURPLUS / (DEFICIT)	70,426	3,365,389	(96,002)	6,012,000	9,351,813
Gross transfer between funds	0	(2,784,068)	2,784,068	0	0
Net movement in funds	70,426	581,321	2,688,066	6,012,000	9,351,813
Accumulated funds brought forward	2,997,014	3,901,571	0	0	6,898,585
Accumulated funds carried forward	3,067,440	4,482,892	2,688,066	6,012,000	16,250,398

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 S\$	2017 S\$
ASSETS			
Current assets			
Cash and cash equivalents	5	16,352,821	13,457,003
Other receivables	6	312,319	116,190
		<u>16,665,140</u>	<u>13,573,193</u>
Non-current asset			
Property, plant and equipment	7	<u>2,777,321</u>	<u>2,762,678</u>
Total assets		<u>19,442,461</u>	<u>16,335,871</u>
LIABILITY			
Current liability			
Accruals and other payables	8	<u>192,142</u>	<u>85,473</u>
Total liability		<u>192,142</u>	<u>85,473</u>
NET ASSETS		<u>19,250,319</u>	<u>16,250,398</u>
FUNDS			
Unrestricted fund			
- General fund	9	<u>2,792,122</u>	<u>3,067,440</u>
Restricted funds			
- Building fund (current development)	10	7,854,133	4,482,892
- Building and land lease	10	2,592,064	2,688,066
- Endowment fund	10	6,012,000	6,012,000
		<u>16,458,197</u>	<u>13,182,958</u>
TOTAL FUNDS		<u>19,250,319</u>	<u>16,250,398</u>

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

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

	Balance at beginning of financial year S\$	Surplus / (deficit) S\$	Transfers of funds S\$	Balance at end of financial year S\$
2018				
Unrestricted fund				
General fund	3,067,440	374,682	(650,000)	2,792,122
Restricted funds				
Building fund	4,482,892	2,721,241	650,000	7,854,133
Building and lease fund	2,688,066	(96,002)	0	2,592,064
Endowment fund	6,012,000	0	0	6,012,000
Total	13,182,958	2,625,239	650,000	16,458,197
Total funds	16,250,398	2,999,921	0	19,250,319
	Balance at beginning of financial year S\$	Surplus / (deficit) S\$	Transfers of funds S\$	Balance at end of financial year S\$
2017				
Unrestricted fund				
General fund	2,997,014	70,426	0	3,067,440
Restricted funds				
Building fund	3,901,571	3,365,389	(2,784,068)	4,482,892
Building and lease fund	0	(96,002)	2,784,068	2,688,066
Endowment fund	0	6,012,000	0	6,012,000
Total	3,901,571	9,281,387	0	13,182,958
Total funds	6,898,585	9,351,813	0	16,250,398

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

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

	Note	2018 S\$	2017 S\$
Cash flows from operating activities			
Net Surplus		2,999,921	9,351,813
Adjustments for:			
- Depreciation	7	146,940	145,086
- Property, plant and equipment written off		0	597
- Interest income		(168,759)	(59,693)
Operating cash flow before changes in working capital		<u>2,978,102</u>	<u>9,437,803</u>
Changes in working capital:			
- Other receivables		(168,252)	(8,283)
- Accruals and other payables		24,142	(1,350)
Net cash generated from operating activities		<u>2,833,992</u>	<u>9,428,170</u>
Cash flows from investing activities			
Interest received		140,882	48,156
Purchases of property, plant and equipment	7	(79,056)	(41,302)
Net cash generated from investing activities		<u>61,826</u>	<u>6,854</u>
Net increase in cash and cash equivalents		2,895,818	9,435,024
Cash and cash equivalents at beginning of financial year		<u>13,457,003</u>	<u>4,021,979</u>
Cash and cash equivalents at end of financial year	5	<u>16,352,821</u>	<u>13,457,003</u>

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

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

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

1. General information

St. John's Home for Elderly Persons (the "Home") was established in the Republic of Singapore and is registered with the Registrar of Societies, Singapore under the Societies Act, Chapter 311 on 18 October 1961. The Home's registered address is located at 69 Wan Tho Avenue, Sennett Estate, Singapore 347601.

The objective of the Home is to provide shelter and to care for the physical and spiritual needs of such elderly persons as have no home or suitable accommodation and no children or close relatives who have adequate facilities for looking after them. The Home is open to all regardless of race or creed.

The Home is a charity registered under the Charities Act, Chapter 37 since 12 March 1988. The Home is granted Institution of a Public Character ('IPC') status for the period from 01 October 2014 to 31 March 2018 and subsequently renewed from 01 April 2018 to 31 March 2022.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRSs"). The Home is also subject to the provision of the Charities Act, Chapter 37. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Home's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

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

The financial statements are presented in Singapore Dollar ("S\$"), which is the Home's functional currency. Functional currency is the currency of the primary economic environment in which the Home operates. All financial information presented are denominated in Singapore Dollar unless otherwise stated.

Interpretations and amendments to published standards effective in 2018

On 01 January 2018, the Home adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Home's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Interpretations and amendments to published standards effective in 2018 (Cont'd)

(i) Adoption of FRS 115 Revenue from Contracts with Customers

The Home adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. The changes arising from the adoption of FRS 115 have been applied retrospectively. There is no adjustment made to opening balance of retained earnings of the annual reporting period. Hence, there is no restatement made to the comparative information in the statement of financial position.

(ii) Adoption of FRS 109 Financial instruments – Impairment of financial assets

The Home has adopted FRS 109 which is effective for annual periods beginning on or after 1 January 2018.

- Cash and bank deposits
- Other receivables

The Home has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39. There is no adjustment made to opening balance of retained earnings of the annual reporting period that includes the date of initial application (i.e. 1 January 2018). Hence, there is no restatement made to the comparative information in the statement of financial position.

New or amended Standards and Interpretations not yet effective

The Home has not adopted the following standards that have been issued but not yet effective:

Descriptions	Annual periods commencing on
FRS 116 Leases Amendments to: - FRS 28 Investments in associates (Long term interests in associates and joint venture) - FRS 19 Employee benefits (Plan amendments, curtailment or settlement) - FRS 109 Financial Instruments (Prepayment features with negative compensation)	1 January 2019
Amendments to: - FRS 103 Business Combinations (Definition of a business)	1 January 2020
FRS 117 Insurance contracts	1 January 2021
FRS 110 Consolidated financial statement and FRS 28 Investment in associates and joint venture (Sale or contribution of assets between an investor and its associate or joint venture)	To be determined

2. Significant accounting policies (Cont'd)

2.2 Basis of preparation (Cont'd)

New or amended Standards and Interpretations not yet effective (Cont'd)

Except for FRS 116, the management believe that the adoption of the other standards and interpretations do not have material impact on the financial statements in the period of the initial application. The nature of the impending changes in accounting policy on adoption of the FRS116 is described below.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets 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. The new standard is effective for annual periods beginning on or after 1 January 2019. The Home is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Home expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA.

2.2 Income recognition

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

Revenue is recognised when the Home satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2.2.1 Donations

Donations, income from charitable activities and all income except as listed below, are recognised on receipt. In the case of donations received through Giving.sg, donations committed as at 31 December 2018 are recognised as donations received. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

2.2.2 Government grants

Grants from the government are recognised on receipt.

2.2.3 Rendering of services

Revenue from services is recognised over the period in which the services are rendered, in accordance with the relevant agreement.

2.2.4 Interest income

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

2.2.5 Other income

Other income is recognised when incurred.

2. Significant accounting policies (Cont'd)

2.3 Expense recognition

All expenditures are 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 generating funds

Cost of generating funds consists of costs of generating voluntary income, costs that are directly attributable to the fund-raising activities and are separated from those costs incurred in undertaking charitable activities.

2.3.2 Cost of provision of care services

Cost of provision of care services comprises all costs incurred in the pursuit of the charitable objects of the Home. The total costs of provision of care services are apportionment of overhead and shared costs.

2.3.3 Governance and administrative costs

Governance and administrative costs of governance arrangement, which relate 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 Operating lease payments

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in statement of financial activities on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in statement of financial activities when incurred.

2.5 Employee compensation

2.5.1 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Home pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Home has no further payment obligations once the contribution has been paid. The Home's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

2.5.2 Employee leaves entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2. Significant accounting policies (Cont'd)

2.6 Financial assets

- (a) The accounting for financial assets before 1 January 2018 under FRS 39 are as follows:

Loan and receivables

Cash and bank deposits

Other receivables

Bank balances, and other receivables are initially recognised at fair values plus transaction costs and subsequently carried at amortised cost using effective interest method, less accumulated impairment losses.

The Home assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

- (b) The accounting for financial assets from 1 January 2018 under FRS 109 are as follows:

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

- Amortised costs;
- Fair value through comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL)

The classification of debt instruments depends on the Home's operation 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.

- (i) At initial recognition

At initial recognition, the Home measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of financial activities.

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

- (ii) At subsequent measurement

Debt instrument

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

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

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of financial activities when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

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

For receivables, the Home applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits 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.

2.7 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 change in value.

2. Significant accounting policies (Cont'd)

2.8 Property, plant and equipment

2.8.1 Measurement

All items of 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.

2.8.2 Depreciation

Depreciation of property, plant and equipment is computed on a straight-line basis over their estimated useful lives of the assets as follows:

	Useful life
Equipment	5 years
Furniture and fittings	5 years
Leasehold land and building	30 years
Motor vehicle	10 years
Renovation	10 years

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

2.8.3 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 repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

2.8.4 Disposal

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

2. Significant accounting policies (Cont'd)

2.9 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the 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 is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in 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.

2.10 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 "Accruals and other payables".

Financial liabilities are derecognised when the obligations under the liability are discharged, 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.

2.11 Accruals and other payables

Accruals and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.12 Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Management Committee. Externally restricted funds may only be utilised in accordance with the purposes for which they are established. The Management Committee retains full control over the use of unrestricted funds for any of the Home's purposes.

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.

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. There is no 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.

Critical judgements in applying the entity's accounting policies

The critical judgements in applying the entity's accounting policies at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Government grants

Government grants to meet operating expenses are recognised as income in the statement of financial activities on the accrual basis in the financial year these operating expenses were incurred and there is reasonable assurance that the Home will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Home if the conditions are not met. The Home does not receive any Government grant for operating expenses, other than Care and Share and Employment credits.

4. Tax deductible receipts

During the financial year, the Home issued tax-exempt receipts for donations collected amounting to S\$3,342,515 (2017: S\$1,168,475) pursuant to its Institution of a Public Character ("IPC") status. They are recorded as follows:

	2018 S\$	2017 S\$
<u>Statement of financial activities</u>		
General fund		
• Donations	<u>585,963</u>	<u>437,005</u>
Building fund		
• Donations	2,500,952	458,450
• Fund raising : GALA dinner	<u>255,600</u>	<u>273,020</u>
	<u>2,756,552</u>	<u>731,470</u>
Total	<u>3,342,515</u>	<u>1,168,475</u>

5. Cash and cash equivalents

	2018 S\$	2017 S\$
Cash on hand	1,500	1,500
Cash at bank	3,337,117	1,284,441
Fixed deposits	<u>13,014,204</u>	<u>12,171,062</u>
	<u>16,352,821</u>	<u>13,457,003</u>

Cash at bank earns interest at bank deposit rates.

Fixed deposits are with interest from 1% to 1.80% (2017: 1% to 1.25%) per annum. Interest earned but not yet received as at reporting date is recognised under other receivables as shown in Note 6. The principal and interest will be rolled forward for the same tenor until further instructions from the Home.

As at the end of the reporting date, the tenures of the fixed deposits are as follows:

	2018 S\$	2017 S\$
Within 1 year	<u>13,014,204</u>	<u>12,171,062</u>

The fixed deposits may be uplifted by the Home prior to maturity date if necessary.

Cash and cash equivalents are attributable to:

	Note	2018 S\$	2017 S\$
- General fund		2,648,271	2,973,524
- Building fund	10	7,692,550	4,471,479
- Endowment fund	10	<u>6,012,000</u>	<u>6,012,000</u>
		<u>16,352,821</u>	<u>13,457,003</u>

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

6. Other receivables

	2018 S\$	2017 S\$
Deposits	46,940	44,855
Donations receivable	176,935	40,274
Interest receivable	42,244	14,367
Residents upkeep fees	23,024	16,300
Prepayments	6,699	294
Others receivable	<u>16,477</u>	<u>100</u>
	<u>312,319</u>	<u>116,190</u>

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

7. Property, plant and equipment

	Equipment S\$	Furniture and fittings S\$	Leasehold land and building S\$	Motor vehicle S\$	Renovation S\$	Capital work in progress S\$	Total S\$
2018							
Cost							
Beginning of financial year	426,108	212,441	2,880,070	66,372	1,098,728	0	4,683,719
Additions	79,056	0	0	0	0	82,527	161,583
Written off	(2,072)	(10,159)	0	0	0	0	(12,231)
End of financial year	503,092	202,282	2,880,070	66,372	1,098,728	82,527	4,833,071
Accumulated depreciation							
Beginning of financial year	382,312	212,441	192,004	66,372	1,067,912	0	1,921,041
Depreciation	20,122	0	96,002	0	30,816	0	146,940
Written off	(2,072)	(10,159)	0	0	0	0	(12,231)
End of financial year	400,362	202,282	288,006	66,372	1,098,728	0	2,055,750
Carrying amount at end of financial year	102,730	0	2,592,064	0	0	82,527	2,777,321

	Equipment S\$	Furniture and fittings S\$	Leasehold land and building S\$	Motor vehicle S\$	Renovation S\$	Total S\$
2017						
Cost						
Beginning of financial year	393,489	212,601	2,880,070	66,372	1,098,728	4,651,260
Additions	41,302	0	0	0	0	41,302
Written off	(8,683)	(160)	0	0	0	(8,843)
End of financial year	426,108	212,441	2,880,070	66,372	1,098,728	4,683,719
Accumulated depreciation						
Beginning of financial year	374,985	212,601	96,002	63,517	1,037,096	1,784,201
Depreciation	15,413	0	96,002	2,855	30,816	145,086
Written off	(8,086)	(160)	0	0	0	(8,246)
End of financial year	382,312	212,441	192,004	66,372	1,067,912	1,921,041
Carrying amount at end of financial year	43,796	0	2,688,066	0	30,816	2,762,678

The property located at 69 Wan Tho Avenue, Sennett Estate, Singapore 347601, with an area of 12,293.8 square meters, has been held in trust by the Board of Trustees since 1955. The 30 year lease from 1 January 1986 expired on 31 Dec 2015.

On 18 November 2015,

- after months of discussion, the Trustees, authorised by the Management Committee, accepted the offer from the Singapore Land Authority for a fresh 30 year lease for 3,300 square meters of the current site, at a premium of S\$2,880,070, paid on 14 December 2015. A five storey building is being built at an estimated construction cost of 16.4 million.
- the Trustees, authorised by the Management Committee, accepted the offer of the Singapore Land Authority for a lease of 3 years, with an option for a further 3 years, on the land and buildings on the remaining 8,923.7 square meters of the current premises for a rental of S\$162,060 per annum. This allows the Home time to consolidate its activities onto the reduced site.
- The Home exercised the option for a lease of further three years from 01 January 2019 at a rental of S\$163,200 per annum.

The said amount of S\$2,880,070 was transferred from prepayment to leasehold land and building in 2016.

7. Property, plant and equipment (Cont'd)

Capital work in progress represents construction costs in progress as at the reporting date for the new S\$16.4 million (inclusive of GST, Government fees, and fees to consultants) five storey building at 69 Wan Tho Avenue, Sennett Estate, Singapore 347601. Capital work in progress included in property, plant and equipment is not depreciated as the construction of the building has yet to be completed and available for use. Capital work in progress amounting to S\$82,527 has not been paid and included in other payables as at 31 December 2018.

8. Accruals and other payables

	2018 S\$	2017 S\$
Accruals	30,430	5,457
Advanced upkeep fee	1,800	900
CPF and FWL payables	39,717	38,077
Received in advance	1,528	679
Refundable upkeep deposit	35,640	40,360
Other payables	83,027	0
	<u>192,142</u>	<u>85,473</u>

At the reporting date, the carrying amounts of accruals and other payables approximated their fair values.

9. Unrestricted fund

General fund

General fund is available for use at the discretion of the Management Committee in furtherance of the Home's objective. During the financial year, it includes S\$271,166 (2017: S\$83,098) received from Care and Share fund to cover the costs of meeting the critical existing needs of the Home.

During the financial year, the Home transferred the balance of general fund above S\$3,000,000 totalling S\$650,000 to the building fund in accordance to the Reserve Policy of the Home.

10. Restricted funds

Restricted funds comprised:

Building fund (current development)

The Building Fund was setup in 2013 for the purpose of erecting a new building on 3,300 sqm of land leased for 30 years. The construction was successfully tendered out during the financial year at S\$15.4 million including GST. Another S\$910,000 is for consultants fees and fees to Government. The ground breaking ceremony was held on 1 September 2018, and construction is currently in progress, for completion in late 2020.

During the financial year, the Home engaged in several fundraising activities which raised a total of S\$3 million. These activities included "Donate a Room" appeals, appeals through SG Gives, an appeal by residents in a video that went viral, and a Gala Dinner held in conjunction with the Home's 60th anniversary.

10. Restricted funds (Cont'd)

Building and lease fund

The building and lease fund was established in 2017 to reflect the net book value of the cost of the land. \$2,880,070 was paid to the Commissioner of Lands SLA as prepayment on 14 December 2015 for the 30 year lease beginning on 1 January 2016 for 3,300 square meter of the land, on which the new five storey building is being constructed.

Net assets of the Building fund and Building and lease fund are as follows:

	Note	2018 S\$	2017 S\$
Building fund and Building and lease fund		<u>10,446,197</u>	<u>7,170,958</u>
Represented by:			
Cash and cash equivalents	5	7,692,550	4,471,479
Property, plant and equipment		2,674,591	2,688,066
Donations receivable		133,955	6,730
Interest receivable		27,628	4,683
Other payables		(82,527)	0
		<u>10,446,197</u>	<u>7,170,958</u>

Endowment fund

The endowment fund was established in 2017 as a long-term source of the Home's funds. No Capital of the Endowment Fund shall be expended without the approval of the Court. Amounts in excess of capital earned (which for the avoidance of doubt shall include net income, dividends, interest, accumulated surplus and capital gains) shall be applied by the Management Committee for the purposes as set out in Clause 3 of the Constitution.

Net assets of the Endowment fund are as follows:

	2018 S\$	2017 S\$
Endowment fund	<u>6,012,000</u>	<u>6,012,000</u>
Represented by:		
Cash and cash equivalents	<u>6,012,000</u>	<u>6,012,000</u>

11. Income tax

The Home is a charity registered under the Charities Act. Consequently, the income of the Home is exempt from tax under the provisions of Section 13 of the Income Tax Act, Chapter 134.

12. Related party transactions

The Home had no significant transactions with related parties during the financial year (2017: nil).

The Management Committee members did not receive any remuneration from the Home during the financial year (2017: nil).

There are no paid staffs who are close members of the Executive Head or Board Members during the financial year.

13. Key management personnel compensation

Key management personnel compensation for the financial year is as follows:

Remuneration band	2018 No. of key management personnel	2017 No. of key management personnel
S\$50,001 to S\$100,000	3	3
Below S\$50,000	<u>1</u>	<u>1</u>

The remuneration of the Executive Head did not exceed \$100,000.

The Management Committee is of the opinion that the Home's General Manager, the Accounts cum Administration Executive, the Community Partnership/Fund Raising Manager and Operations Manager are key personnel of the Home. The remuneration of key management personnel is determined by the Management Committee.

14. Commitments

(a) Capital commitments

The Home has capital commitments of S\$15.4 million relating to the cost of construction of the new five storey building.

Consultants fees amount to a further S\$720,000 and Government fees S\$191,000. In addition, new equipment (such as hospital beds and physiotherapy equipment) will cost S\$766,000.

(b) Operating lease commitments – as lessee

At the reporting date, the Home has commitments for future minimum lease payments under operating leases:

	2018 S\$	2017 S\$
Not later than one year	163,200	162,060
Later than one year but not later than five years	<u>326,400</u>	<u>0</u>
	<u>489,600</u>	<u>162,060</u>

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

15. Management of conflict of interest

There is no paid staff on the Home's Management Committee.

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 Management Committee member 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.

16. Governance

A. Board and executive management

Honorary Treasurer of the Home has the maximum term limit of four consecutive years or less. The current Honorary Treasurer of the Home was appointed in May 2017.

B. Financial management and internal control

The Management Committee ensures that the internal control systems are in place with documented standard operating procedures for the key areas of financial matters such as procurement, payment and receipting. To ensure that the internal control systems are adequate and performed effectively, reviews are conducted during the financial year by the Management Committee and an independent internal auditor appointed by the Home to review its internal control systems and operations management.

The Home does not make any loans nor any donations to any external party.

C. Conduct of fund raising activities

The Home held various fund raising activities during the financial year. The major fund raising activities are as follows:

- a. The Gala Dinner held on 25 August 2018 in conjunction with the Home's 60th anniversary;
- b. "Donate a room" and "Naming Rights" approaches to several corporates and individuals;
- c. Appeal letters sent to donors once a year. In 2018, the appeal letters were sent out in October;
- d. Use of our webpage to create awareness of our Home's cause and our needs. We have online donation campaigns via our own websites;
- e. Subscription to the SG Gives/Giving.sg and Simply Giving donation portals; and
- f. Organisations that chose us as beneficiary of their own fund raising campaign, such as Charity Golf and other similar events. A number of them come to know us from our webpage publicity.

	2018	2017
	S\$	S\$
Total Gross receipts	3,732,380	9,599,016
Total expenses	38,966	28,499
Fund raising efficiency ratio	<u>1%</u>	<u>0.30%</u>

The Home has not used and does not use any commercial fundraiser.

17. Reserve position and policy

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

	2018	2017	Increase (Decrease)	Percentage of Increase (Decrease)
	S\$'000	S\$'000	S\$'000	%
A Unrestricted Funds				
Accumulated General funds	2,792	3,067	(275)	(9%)
B Building Funds	7,854	4,483	3,371	75%
C Building and Lease Funds	2,592	2,688	(96)	(4%)
D Endowment Funds	6,012	6,012	0	0%
E Total Funds	19,250	16,250	3,000	18%
F Total Annual Operating Expenditure	1,929	1,639	290	18%
G Ratio of Funds to Annual Operating Expenditure (A/F)	1.45	1.87		

Reference:

- D. An endowment fund consists of assets, funds or property, which is held in perpetuity which produces annual income flow for a foundation to spend as grants.
- E. Total Funds include unrestricted, restricted / designated and endowment funds.
- F. 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 funds that the Home has set aside provide financial stability and the means for the development of principal activity. The Home maintains unrestricted funds at S\$3 million, approximately equivalent to two years of expenditure. Sums in excess are channelled to the Building Fund. There is also an Endowment Fund of S\$6 million. The management committee will annually review the amount of funds required to ensure they are adequate for the Home's continuing obligations.

18. Financial instruments

Financial instruments by category

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

	2018 S\$
Financial assets, at amortised cost	16,658,441
Financial liability, at amortised cost	<u>192,142</u>
	2017 S\$
Loans and receivables	13,572,899
Financial liability, at amortised cost	<u>85,473</u>

19. Financial risk management

The Home's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Management Committee of the Home on an informal basis.

Credit risk

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

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

For banks and financial institutions, the Home mitigate its credit risk by transacting only with counterparties who are rated "A" and above by independent rating agencies.

There is no significant concentration of credit risk, whether through exposure to specific industry sectors and/or regions.

Liquidity risk

The Home manages its liquidity risk by monitoring and maintaining a level of cash and bank balances deemed adequate by the Management Committee to fund the Home's operations and to mitigate the effects of fluctuations in short-term cash flows.

	2018 S\$	2017 S\$
<i>Payable within one year</i>		
<u>Financial assets</u>		
Cash and cash equivalents	16,352,821	13,457,003
Other receivables (excluding prepayments)	<u>305,620</u>	<u>115,896</u>
	<u>16,658,441</u>	<u>13,572,899</u>
<u>Financial liability</u>		
Accrual and other payables	<u>192,142</u>	<u>85,473</u>

19. Financial risk management (Cont'd)

Interest rate risk

The Home is exposed to interest rate risk on its bank deposits. The Home periodically reviews and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels.

The bank deposits are mainly denominated in Singapore Dollar. At 31 December 2018, if the Singapore Dollar interest rates had increased/decreased by 1% (2017: 1%) with all other variables including tax rate being held constant, the surplus for the year would have been lower/higher by S\$1,688 (2017: S\$597) as a result of higher/lower interest income on these bank deposits.

Fair values

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Home approximate their fair values.

20. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee of the Home on 26 MAR 2019