

ADVENTIST HOME FOR THE ELDERS AND ITS SUBSIDIARY

[Unique Entity No. S80SS0046B]
[IPC No. IPC000385]

[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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Fiducia LLP

(UEN. T10LL0955L)

Public Accountants and
Chartered Accountants of Singapore

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STATEMENT BY MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the statement of financial position of Adventist Home for the Elders (the "Home") and the consolidated financial statements of the Group are drawn up so as to present fairly, in all material respects, the state of affairs of Group as at 31 December 2017 and the results, changes in funds and cash flows of the Group for the financial year then ended

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

The Management Committee, comprising the following, authorised the issue of these financial statements on **29 JUN 2018**

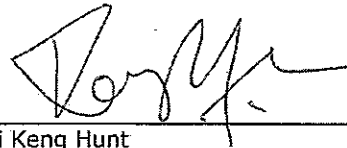
Wan Kwong Weng
Choong Loon @ Chong Kok Loon
Foo Chee Fah
Cheng Chay Choo Ruth
Oi Keng Hunt
Seah Siew Beng Albert
Han Wee Lan
Andrew Samuel Ing
Ong Ang Toh

Chairman
Vice Chairman
Vice Chairman
Secretary
Treasurer
Assistant Treasurer
Committee Member
Committee Member
Committee Member

On behalf of the Management Committee,



Wan Kwong Weng
Chairman



Oi Keng Hunt
Treasurer

Singapore, **29 JUN 2018**

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Independent Auditor's report to the members of:

ADVENTIST HOME FOR THE ELDERS AND ITS SUBSIDIARY

[Unique Entity No. S80SS0046B]
[IPC No. IPC000385]

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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 **Adventist Home for the Elders** (the "Home") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Home as at 31 December 2017, the consolidated statement of financial activities, consolidated statement of changes in funds and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Home 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 Group and of the Home as at 31 December 2017, and the results, changes in funds and cash flows of the Group 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory ("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 audit opinion.

Other Information

Management is responsible for the other information. The other information comprises the Statement by Management Committee and detailed statement of financial activity for the Home but does not include the financial statements and our auditors' 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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[Registered under the Societies-Act (Chapter 311)
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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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Group'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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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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Group have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

In our opinion, the accounting and other records required by the subsidiary cooperation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Companies Act.

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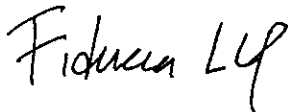
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Report on other Legal and Regulatory Requirements (Cont'd)

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, 29 June 2018

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

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

	Note	Unrestricted fund	Restricted funds		Total funds
		General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$	
2017 INCOME					
Income from generating fund					
Voluntary income					
Donations					
- Non-tax deductible		15,352	0	0	15,352
- Tax deductible	4	179,685	0	0	179,685
Public assistance		38,500	0	0	38,500
Government and other grants		12,206	0	3,309	15,515
Fund raising income	5	0	0	0	0
		<u>245,743</u>	<u>0</u>	<u>3,309</u>	<u>249,052</u>
Income from charitable activities					
Contribution from residents		235,474	0	0	235,474
Investment income					
Collaboration fee		37,500	0	0	37,500
Interest income		1,810	0	0	1,810
		<u>39,310</u>	<u>0</u>	<u>0</u>	<u>39,310</u>
Other income					
Interest income		113	0	0	113
Services charges		6,400	0	0	6,400
Miscellaneous income		16,276	0	0	16,276
		<u>22,789</u>	<u>0</u>	<u>0</u>	<u>22,789</u>
Total income		<u>543,316</u>	<u>0</u>	<u>3,309</u>	<u>546,625</u>
EXPENDITURE					
Cost of generating fund					
Fund raising expenses	5	0	0	0	0
Cost of charitable activities					
Event and outing expenses		19,271	0	0	19,271
Food expenses		19,494	0	0	19,494
Living allowance		1,890	0	0	1,890
Staff costs	6	268,390	0	0	268,390
		<u>309,045</u>	<u>0</u>	<u>0</u>	<u>309,045</u>

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

	Note	Unrestricted fund	Restricted funds		Total funds
		General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$	
2017 EXPENDITURE (CONT'D)					
Governance and administrative costs					
Audit fee		5,350	0	0	5,350
Bank charges		235	0	0	235
Bookkeeping service fee		2,140	0	0	2,140
Depreciation	11	39,618	0	44,038	83,656
Incorporation fee		0	0	0	0
Insurance		5,347	0	0	5,347
Licences fee		770	0	0	770
Miscellaneous purchase		683	0	0	683
Minor fixed assets		1,754	0	0	1,754
Membership fee		0	0	0	0
Miscellaneous expenses		13,350	0	0	13,350
Printing and stationery		10,646	0	0	10,646
Recruitment expenses		30	0	0	30
Refurbishment cost		0	0	0	0
Rental expenses		129,241	0	0	129,241
Repair and maintenance		6,500	0	0	6,500
Staff costs	6	144,580	0	0	144,580
Sub contract and consultant work		1,882	0	0	1,882
Telecommunication		7,112	0	0	7,112
Transportation fee		2,385	0	0	2,385
Upkeep of motor vehicle		1,169	0	0	1,169
Water and electricity		26,215	0	0	26,215
		<u>399,007</u>	<u>0</u>	<u>44,038</u>	<u>443,045</u>
Total expenses		<u>708,052</u>	<u>0</u>	<u>44,038</u>	<u>752,090</u>
Net expenditure before tax expense		<u>(164,736)</u>	<u>0</u>	<u>(40,729)</u>	<u>(205,465)</u>
Income tax	7	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net expenditure		<u>(164,736)</u>	<u>0</u>	<u>(40,729)</u>	<u>(205,465)</u>
Total funds brought forward		<u>1,130,729</u>	<u>41,874</u>	<u>236,444</u>	<u>1,409,047</u>
Total funds carried forward		<u>965,993</u>	<u>41,874</u>	<u>195,715</u>	<u>1,203,582</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Unrestricted fund	Restricted funds		Total funds
		General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$	
2016 INCOME					
Income from generating fund					
Voluntary income					
Donations					
- Non-tax deductible		12,583	0	0	12,583
- Tax deductible	4	122,571	0	0	122,571
Public assistance		39,450	0	0	39,450
Government and other grants		16,721	0	204,319	221,040
Fund raising income	5	111,935	0	0	111,935
		<u>303,260</u>	<u>0</u>	<u>204,319</u>	<u>507,579</u>
Income from charitable activities					
Contribution from residents		216,351	0	0	216,351
Investment income					
Collaboration fee		39,000	0	0	39,000
Interest income		1,321	0	0	1,321
		<u>40,321</u>	<u>0</u>	<u>0</u>	<u>40,321</u>
Other income					
Interest income		125	0	0	125
Gain on disposal of property, plant and equipment		8,000	0	0	8,000
Miscellaneous income		7,841	0	0	7,841
		<u>15,966</u>	<u>0</u>	<u>0</u>	<u>15,966</u>
Total income		<u>575,898</u>	<u>0</u>	<u>204,319</u>	<u>780,217</u>
EXPENDITURE					
Cost of generating fund					
Fund raising expenses	5	8,766	0	0	8,766
Cost of charitable activities					
Event and outing expenses		23,286	0	0	23,286
Food expenses		19,487	0	0	19,487
Living allowance		6,410	0	0	6,410
Staff costs	6	132,921	0	0	132,921
		<u>182,104</u>	<u>0</u>	<u>0</u>	<u>182,104</u>

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

	Note	Unrestricted fund	Restricted funds		Total funds S\$
		General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$	
2016					
EXPENDITURE (CONT'D)					
Governance and administrative costs					
Audit fee		3,364	0	0	3,364
Bank charges		261	0	0	261
Bookkeeping service fee		2,100	0	0	2,100
Depreciation	11	40,163	0	24,671	64,834
Incorporation fee		620	0	0	620
Insurance		6,544	0	0	6,544
Minor fixed assets		3,490	0	0	3,490
Membership fee		376	0	0	376
Miscellaneous expenses		10,059	0	0	10,059
Printing and stationery		6,042	0	0	6,042
Recruitment expenses		60	0	0	60
Refurbishment cost		30	0	0	30
Rental expenses		90,521	0	0	90,521
Repair and maintenance		5,696	0	0	5,696
Staff costs	6	186,450	0	0	186,450
Sub contract and consultant work		13,878	0	0	13,878
Telecommunication		5,929	0	0	5,929
Transportation fee		1,971	0	0	1,971
Upkeep of motor vehicle		2,651	0	0	2,651
Water and electricity		22,694	0	0	22,694
		<u>402,899</u>	<u>0</u>	<u>24,671</u>	<u>427,570</u>
Total expenses		593,769	0	24,671	618,440
Net income/ (expenditure) before tax expense		(17,871)	0	179,648	161,777
Income tax expense	7	0	0	0	0
Net income / (expenditure)		(17,871)	0	179,648	161,777
Total funds brought forward		1,148,600	41,874	56,796	1,247,270
Total funds carried forward		1,130,729	41,874	236,444	1,409,047

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	Group		Home	
		2017 S\$	2016	2017 S\$	2016 S\$
ASSETS					
Current assets					
Cash and cash equivalents	8	216,281	359,970	215,181	359,870
Fixed deposits	9	569,852	568,430	569,852	568,430
Other receivables	10	32,084	83,284	44,604	85,394
		<u>818,217</u>	<u>1,011,684</u>	<u>829,637</u>	<u>1,013,694</u>
Non-current assets					
Property, plant and equipment	11	471,845	470,985	464,639	469,641
Investment in subsidiary	12	0	0	100	100
Available-for-sale financial assets	13	7,000	7,000	7,000	7,000
		<u>478,845</u>	<u>477,985</u>	<u>471,739</u>	<u>476,741</u>
Total assets		<u>1,297,062</u>	<u>1,489,669</u>	<u>1,301,376</u>	<u>1,490,435</u>
LIABILITY					
Current liability					
Other payables	14	93,480	80,622	91,340	80,622
Total liability		<u>93,480</u>	<u>80,622</u>	<u>91,340</u>	<u>80,622</u>
NET ASSETS		<u>1,203,582</u>	<u>1,409,047</u>	<u>1,210,036</u>	<u>1,409,813</u>
FUNDS					
Unrestricted fund					
General fund		965,993	1,130,729	972,447	1,131,495
Restricted funds					
Care and Share Fund		195,715	236,444	195,715	236,444
Maintenance and Development Fund		41,874	41,874	41,874	41,874
		<u>237,589</u>	<u>278,318</u>	<u>237,589</u>	<u>278,318</u>
TOTAL FUNDS	15	<u>1,203,582</u>	<u>1,409,047</u>	<u>1,210,036</u>	<u>1,409,813</u>

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

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

	Unrestricted Fund	Restricted Funds			Total Funds S\$
	General Fund S\$	Maintenance and Development Fund S\$	Care and Share Fund S\$	Total S\$	
2017					
Total funds at beginning of year	1,130,729	41,874	236,444	278,318	1,409,047
Net income	(164,736)	0	(40,729)	(40,729)	(205,465)
Total funds at end of the year	<u>965,993</u>	<u>41,874</u>	<u>195,715</u>	<u>237,589</u>	<u>1,203,582</u>
2016					
Total funds at beginning of year	1,148,600	41,874	56,796	98,670	1,247,270
Net (loss) /income	(17,871)	0	179,648	179,648	161,777
Total funds at end of the year	<u>1,130,729</u>	<u>41,874</u>	<u>236,444</u>	<u>278,318</u>	<u>1,409,047</u>

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

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

	Note	2017 S\$	2016 S\$
Cash flows from operating activities			
Net income before income tax		(205,465)	161,777
Adjustments for:			
- Depreciation	11	83,656	64,834
- Interest income		(1,810)	(1,446)
- Gain on disposal of property, plant and equipment		0	(8,000)
Operating cash flow before working capital changes		(123,619)	217,165
Changes in working capital			
- Other receivables		51,200	(25,247)
- Other payables		12,858	(17,583)
- Deferred income		0	(3,150)
Cash (used in)/ generated from operations		(59,561)	171,185
Interest received		1,810	787
Net cash (used in)/ generated from operating activities		(57,751)	171,972
Cash flows from investing activities			
Increase in fixed deposits		(1,422)	(1,420)
Purchase of investment	13	0	(2,000)
Purchases of property, plant and equipment	11	(84,516)	(212,429)
Proceeds from disposal of property, plant and equipment		0	8,000
Net cash used in investing activities		(85,938)	(207,849)
Net decrease in cash and cash equivalents		(143,689)	(35,877)
Cash and cash equivalents at beginning of financial year		359,970	395,847
Cash and cash equivalents at end of financial year	8	216,281	359,970
Cash and cash equivalents comprise:			
Cash on hand		5,000	4,345
Cash in banks		211,281	355,625
	8	216,281	359,970

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

Adventist Home for the Elders (the "Home") was registered on 21 August 1980 under the Societies Act, Chapter 311. The Home is a charity registered under the Charities Act, Chapter 37 since 28 July 1986. The sector administrator of the Home is Ministry of Social and Family Development ("MSF").

The Home's registered address and principal place of operation is located at Block 195 Kim Keat Avenue, #01-294, Singapore 310195.

The Home has been accorded an Institution of a Public Character ("IPC") status for the period from 1 August 2016 to 31 July 2018.

The objective of the Home is to serve in the spirit of love.

There are three active centres managed by the Home:

- Adventist Active Centre @Golden Peony at Block 530A Jurong West Avenue 1, #01-907, Singapore 641530
- Adventist Active Centre @Golden Clover at Block 196, Kim Keat Avenue, #01-506, Singapore 310196
- Adventist Active Centre @Kallang Trivista at Block 8 Upper Boon Keng Road, #01-02 Singapore 380008

On 10 November 2016, a private limited company, Advent Medical Clinic Pte. Ltd. (the "subsidiary") was incorporated. The two directors are the Management Committee of the Home, namely the Vice-president and Honorary Treasurer, Choong Loon @Chong Kok Loon and Oi Keng Hunt. The principal activities of the Company are clinics and other general medical services.

The subsidiary company intended principal activities are to provide clinics and other medical services. The subsidiary company has yet to commence business operations as at 31 December 2017. It commences operations on 16 January 2018.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard ("FRSs") the disclosure requirements of the Societies Act Chapter 311 and Charities Act, Chapter 37 and Singapore Financial Reporting Standard. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

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

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

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Interpretations and amendments to published standards effective in 2017

On 01 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group'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 accounting policies of the Group and had no material effect on the amounts reported for the current or prior financial years.

New or amended Standards and Interpretations effective after 1 January 2017

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

Descriptions	Annual periods commencing on
FRS 109 Financial Instruments FRS 115 Revenue from Contracts with Customers Amendments to: - FRS 102 Classification and Measurement of Share-based Payment Transactions - FRS 40 Transfers of Investment Property - FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases Amendments to: - FRS 109 Prepayment Features with Negative Compensation - FRS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019

Except for FRS 116, lease, the Management Committee believes that the adoption of the revised standards and interpretations do not have material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS116 is described as 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 Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA.

2. Significant accounting policies (Cont'd)

2.2 Income recognition

Income comprises the fair value of the consideration received or receivable in the ordinary course of the Group's and 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 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 Contributions from residents

Contributions from residents is recognised on accrual basis.

2.2.3 Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants, relating to costs are deferred and recognised in the statement of financial activities over the period necessary to match them with the costs they are intended to compensate.

2.2.4 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method, unless collectability is in doubt.

2.2.5 Other income

Other income is recognised when received.

2.3 Expense recognition

All expenses 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 charitable activities

Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Group. The total costs of charitable expenses are apportionment of overhead and shared costs.

2.3.2 Governance and administrative costs

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

2. Significant accounting policies (Cont'd)

2.4 Group accounting

2.4.1 Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Home. They are shown separately in the consolidated statement of financial activities, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

2. Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

2.4.1 Subsidiaries (Cont'd)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised.

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in statement of financial activities.

2.5 Property, plant and equipment

2.5.1 Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is 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.

2.5.2 Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful life
Furniture and equipment	3 - 10 years
Motor vehicle	10 years
Leasehold improvement	10 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

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

2. Significant accounting policies (Cont'd)

2.5 Property, plant and equipment (Cont'd)

2.5.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has 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 entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in statement of financial activities when incurred.

2.5.4 Disposal

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

2.6 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever there is any indication that these assets may be impaired.

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

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

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 any accumulated depreciation) had no impairment loss been recognised for the asset in prior period. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income.

2.7 Financial assets

2.7.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature of the assets and 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

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

2. Significant accounting policies (Cont'd)

2.7 Financial assets (Cont'd)

2.7.1 Classification (Cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date.

2.7.2 Recognition and derecognition

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

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

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

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

2.7.3 Initial measurement

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

2.7.4 Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair-value. Loans and receivables are subsequently carried at amortised cost using effective interest method. Interest and dividend income on available-for-sale financial assets are recognised separately in income.

Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences and other charges are recognised in statement of financial activities and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in statement of financial activities and accumulated in the fair value reserve, together with the related currency translation differences.

2. Significant accounting policies (Cont'd)

2.7 Financial assets (Cont'd)

2.7.5 Impairment

The Group 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.

Loans and receivables

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. When the asset 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 impairment allowance is reduced through statement of financial activities in a subsequent period when the amount of impairment loss 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.

Available-for-sale financial assets

A significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.8 Cash and cash equivalents

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

Fixed deposits that have short maturities of three months or less from the date of acquisition are reported as cash equivalent. All other fixed deposits are reported separately in the statement of financial position.

2.9 Other payables

Other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

2.10 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Group 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.

2.11 Financial liabilities

Financial liabilities are recognised when the Group 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".

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

2.12 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.13 Funds

Fund balances are 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.

2. Significant accounting policies (Cont'd)

2.14 Leases

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to statement of financial activities. Contingent rents are recognised as an expense in the statement of financial activities in the financial year in which they are incurred.

2.15 Employee compensation

Defined contribution plans

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

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 statement of financial position date.

2.16 Income tax

Current income tax liabilities for current and prior periods are recognised at the amounts expected to be paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax assets / liabilities are recognised for all deductible / taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets / liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured:

- a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the statement of financial position date; and
- b) the tax consequences that would follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities.

2. Significant accounting policies (Cont'd)

2.16 Income tax (Cont'd)

Current and deferred income taxes are recognised as income or expenses in the statement of financial activities for the period, except to the extent that the tax arises from a transaction, which is recognised directly in equity.

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

Estimated useful lives of property, plant and equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

Critical judgements in applying the entity's accounting policies

There is no key judgement in applying the entity's accounting policies

4. Tax deductible receipts

Tax deductible receipts issued by the Home for donations received during the financial year, pursuant to its Institutions of A Public Character ("IPC") status, are recorded as follows:

	Note	Group and Home	
		2017	2016
		S\$	S\$
Statement of Financial Activities:			
- Donations		179,685	122,571
- Fund raising	5	0	41,114
		<u>179,685</u>	<u>163,685</u>

5. Fund raising

	Note	Group and Home	
		2017 S\$	2016 S\$
Income			
Tax-deductible donations	4	0	41,114
Non-tax deductible donations		0	70,709
Miscellaneous income		0	112
		0	111,935
Expenditure			
Audit fee		0	1,980
Food stalls		0	1,783
Game stalls		0	2,600
HDB Rental		0	128
Miscellaneous expenses		0	89
Printings		0	2,186
		0	8,766
Net income from Fund raising event		0	103,169

6. Staff costs

	Group	
	2017 S\$	2016 S\$
CPF contributions	42,408	26,592
Foreign worker levy	14,160	14,040
Medical expenses	1,412	1,032
Salaries and bonuses	343,883	271,377
Staff welfare	4,087	6,311
Training expenses	7,020	19
	412,970	319,371
Staff costs are allocated as follows:		
- Costs of charitable activities	268,390	132,921
- Governance and administrative cost	144,580	186,450
	412,970	319,371

7. Income tax

The Home is registered as a Charity organisation under Charities Act, Chapter 37. Consequently, the income of the Home is exempted from income tax under the provisions of Section 13 of the Income Tax Act, Chapter 134.

7. Income tax (Cont'd)

The Group's income tax solely includes the profit before income tax attributable to its subsidiary.

	Group	
	2017	2016
	S\$	S\$
Tax expense attributable to profits is made up of:		
- Current income tax	0	0

The income tax expense varies from the amount of income tax determined by applying the Singapore income tax rate to profit before income tax as a result of the following:

	Group	
	2017	2016
	S\$	S\$
Net income before income tax	(205,465)	161,777
Tax calculated at a tax rate of 17%	(34,929)	27,502
Effects of:		
- Non-deductible expenses	0	113
- Income not subject to tax	33,962	(27,632)
- Deferred tax benefit not recognised	967	17
Tax charge	0	0

8. Cash and cash equivalents

	Group		Home	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
Cash on hand	5,000	4,345	4,900	4,245
Cash at banks	211,281	355,625	210,281	355,625
	<u>216,281</u>	<u>359,970</u>	<u>215,181</u>	<u>359,870</u>

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

9. Fixed deposits

	Group		Home	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
Fixed deposits	<u>569,852</u>	<u>568,430</u>	<u>569,852</u>	<u>568,430</u>

Fixed deposits are placed for a period of 12 months (2016: 12 months) with effective interest rate of 0.25% (2016: 0.25%) per annum.

At the reporting date, the carrying amounts of fixed deposits approximated their fair values.

10. Other receivables

	Group		Home	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Amount due from:				
- residents	0	2,390	0	2,390
- related parties	8,406	4,871	8,406	4,871
- a subsidiary	0	0	12,520	2,110
Deposits	17,867	73,819	17,867	73,819
Interest receivables	1,047	659	1,047	659
Other receivables	4,764	1,545	4,764	1,545
	32,084	83,284	44,604	85,394

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

11. Property, plant and equipment

Group 2017	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
Cost				
Beginning of financial year	214,557	0	552,221	766,778
Additions	11,151	56,417	16,948	84,516
End of financial year	225,709	56,417	569,169	851,294
Accumulated depreciation				
Beginning of financial year	84,417	0	211,376	295,793
Depreciation	20,515	5,619	57,522	83,656
End of financial year	104,932	5,619	268,898	379,449
Net book value	120,776	50,798	300,271	471,845
Group 2016	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
Cost				
Beginning of financial year	156,280	53,900	398,069	608,249
Additions	58,277	0	154,152	212,429
Disposal	0	(53,900)	0	(53,900)
End of financial year	214,557	0	552,221	766,778
Accumulated depreciation				
Beginning of financial year	69,660	48,512	166,687	284,859
Depreciation	14,757	5,388	44,689	64,834
Disposal	0	(53,900)	0	(53,900)
End of financial year	84,417	0	211,376	295,793
Net book value	130,140	0	340,845	470,985

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

Home 2017	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
Cost				
Beginning of financial year	213,167	0	552,221	765,388
Additions	4,589	56,417	16,348	77,354
End of financial year	<u>217,756</u>	<u>56,417</u>	<u>568,569</u>	<u>842,742</u>
Accumulated depreciation				
Beginning of financial year	84,371	0	211,376	295,747
Depreciation	19,245	5,619	57,492	82,356
End of financial year	<u>103,616</u>	<u>5,619</u>	<u>268,868</u>	<u>378,103</u>
Net book value	<u>114,140</u>	<u>50,798</u>	<u>299,701</u>	<u>464,639</u>

Home 2016	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
Cost				
Beginning of financial year	156,280	53,900	398,069	608,249
Additions	56,887	0	154,152	211,039
Disposals	0	(53,900)	0	(53,900)
End of financial year	<u>213,167</u>	<u>0</u>	<u>552,221</u>	<u>765,388</u>
Accumulated depreciation				
Beginning of financial year	69,660	48,512	166,687	284,859
Depreciation	14,711	5,388	44,689	64,788
Disposal	0	(53,900)	0	(53,900)
End of financial year	<u>84,371</u>	<u>0</u>	<u>211,376</u>	<u>295,747</u>
Net book value	<u>128,796</u>	<u>0</u>	<u>340,845</u>	<u>469,641</u>

The following property, plant and equipment were purchased through the Care and Share Matching Fund as disclosed in Note 15.

Home 2017	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
Cost				
Beginning of financial year	122,476	0	240,844	363,320
Additions	0	56,417	0	56,417
End of financial year	<u>122,476</u>	<u>56,417</u>	<u>240,844</u>	<u>419,737</u>
Accumulated depreciation				
Beginning of financial year	14,840	0	20,545	35,385
Depreciation	14,334	5,619	24,085	44,038
End of financial year	<u>29,174</u>	<u>5,619</u>	<u>44,630</u>	<u>79,423</u>
Net book value	<u>93,302</u>	<u>50,798</u>	<u>196,214</u>	<u>340,314</u>

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

Home 2016	Furniture and equipment S\$	Motor vehicle S\$	Leasehold improvement S\$	Total S\$
Cost				
Beginning of financial year	70,700	0	98,777	169,477
Additions	51,776	0	142,067	193,843
End of financial year	122,476	0	240,844	363,320
Accumulated depreciation				
Beginning of financial year	4,948	0	5,766	10,714
Depreciation	9,892	0	14,779	24,671
End of financial year	14,840	0	20,545	35,385
Net book value	107,636	0	220,299	327,935

12. Investment in subsidiary

	Home 2017 S\$	Home 2016 S\$
<u>Unquoted equity investment, at cost</u>		
Beginning of the financial year	100	0
Acquired during the financial year	0	100
Balance at the end of financial year	100	100

The subsidiary has yet to commence operations as at 31 December 2017.

<u>Name</u>	<u>Principal activities</u>	<u>Country of business/ incorporation</u>	<u>Home 2017</u>	<u>Cost of investment S\$</u>
			<u>Percentage equity held %</u>	<u>Cost of investment S\$</u>
Advent Medical Clinic Pte. Ltd.*	Clinics and other General Medical Services	Singapore	100	100

*Audited by Fiducia LLP

13. Available-for-sales financial assets

	Group		Home	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
<u>Unquoted equity shares, at cost</u>				
At beginning of year	7,000	5,000	7,000	5,000
Additions during the financial year	0	2,000	0	2,000
At end of year	7,000	7,000	7,000	7,000

The available-for sale financial assets represent investments in two companies incorporated in Singapore with principal activities of provision of dental services and provision of physiology services, respectively.

14. Other payables

	Group		Home	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Amount due to related party	6,000	8,000	6,000	8,000
Accrued operating expenses	48,490	37,222	46,350	37,222
Advance payment from residents	2,190	0	2,190	0
Deposits received from residents	36,800	35,400	36,800	35,400
	<u>93,480</u>	<u>80,622</u>	<u>91,340</u>	<u>80,622</u>

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

15. Funds

Funds comprise of unrestricted and restricted fund.

15.1 Unrestricted general fund

This fund represents accumulated surplus and is for the purpose of meeting operating expenses incurred by the Home.

15.2 Restricted funds

Fund balances restricted by outside sources are indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes.

Restricted funds comprise:

15.2.1 Care and Share Fund

This is a grant from Ministry of Social and Family Development ("MSF"), based on qualifying donations, to develop the charitable agency's capabilities and capacity in the provision of social services and programmes for its beneficiaries.

15.2.2 Maintenance and Development Fund

This fund is set up for future expansion of the Home.

15. Funds

Net assets of the restricted funds

	Care and Share fund S\$	Group and Home Maintenance and development fund S\$	Total S\$
Total restricted funds as at 31 December 2017	<u>195,715</u>	<u>41,874</u>	<u>237,589</u>
Represented by:			
Cash and bank balances	(144,599)	41,784	(102,725)
Property, plant and equipment	<u>340,314</u>	<u>0</u>	<u>340,314</u>
	<u>195,715</u>	<u>41,784</u>	<u>237,589</u>
	Care and Share fund S\$	Group and Home Maintenance and development fund S\$	Total S\$
Total restricted funds as at 31 December 2016	<u>236,444</u>	<u>41,874</u>	<u>278,318</u>
Represented by:			
Cash and bank balances	(91,491)	41,874	(49,617)
Property, plant and equipment	<u>327,935</u>	<u>0</u>	<u>327,935</u>
	<u>236,444</u>	<u>41,874</u>	<u>278,318</u>

16. Related party transactions

During the financial year, the Home had significant related party transactions with its related parties as follows, on terms agreed between the parties:

	Group		Home	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Collaboration fee	37,500	39,000	37,500	39,000
Purchase of goods and services from a related party	1,935	1,082	1,935	1,082
Purchase of property, plant and equipment from a related party	0	3,410	0	3,410
Expenses paid on behalf of a subsidiary	<u>0</u>	<u>0</u>	<u>10,410</u>	<u>2,110</u>

The Management Committee members did not receive any remuneration from the Home during the financial year.

16. Related party transactions (Cont'd)

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

	Group and Home	
	2017	2016
	S\$	S\$
Salaries, allowance and bonuses	194,753	136,059
CPF and SDL contributions	29,736	16,467
	224,489	152,526

The annual remuneration of key management personnel are classified as follows:

	Group and Home	
	2017	2016
Number of key management in remuneration bands		
S\$50,001 to S\$100,000	2	2
S\$50,000 and below	2	2

The remuneration of key management personnel is determined by the Management Committee.

None of the three highest paid staff received remuneration exceeding S\$100,000.

17. 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 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.

18. Operating lease commitments

The Group's leases office premises under non-cancellable operating lease agreements from non-related parties.

	Group	
	2017	2016
	S\$	S\$
Not later than one year	108,520	80,870
More than one year but not later than five years	29,774	134,863
	138,294	215,733

19. Reserve position and policy

The Home's reserve position for financial year ended 31 December 2017 is as follows:

		2017	2016	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	General fund	966	1,131	(15)
B	Restricted or Designated Funds			
	Maintenance and development fund	42	42	0
	Care and Share fund	196	236	(17)
C	Endowment Funds	0	0	0
D	Total Funds	1,024	1,409	(27)
E	Total Annual Operating Expenditure	747	593	26
F	Ratio of Funds to Annual Operating Expenditure (A/E)	1.29	1.91	

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 Administration Costs.

The Home's Reserve Policy is as follows:

The Management Committee is in the process of finalising the reserve policy of the Home.

20. Financial instruments

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

	Group		Home	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Financial assets				
Loans and receivables				
- Cash and cash equivalents	216,281	359,970	215,181	359,870
- Fixed deposits	569,852	568,430	569,852	568,430
- Other receivables	32,084	83,284	44,604	85,394
Available for sales financial assets	7,000	7,000	7,000	7,000
	825,617	1,018,684	836,637	1,020,694
Financial liabilities				
Other payables	93,480	80,622	91,340	80,622

21. Financial risk management

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

The Group is primarily funded by grants from Ministries, donations, fund raising activities, and contributions from residents. The Group's activities expose it to a variety financial risks primarily liquidity risk, credit risk and interest rate risk.

Liquidity risk

Liquidity risk refers to the risk that the Group will have insufficient resources to meet its financial liabilities as and when they fall due.

The Group adopts prudent liquidity risk management by maintaining sufficient cash and cash equivalents deemed adequate by Management to finance the Group's operations and mitigate the effects of fluctuations in cash flow.

The table below summarises the profile of the Group's and Home's financial assets and liabilities at the statement of financial position date based on contractual undiscounted payments.

	Group		Home	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
<u>Payable within one year</u>				
<i>Financial liabilities</i>				
Other payables	<u>93,480</u>	<u>80,622</u>	<u>91,340</u>	<u>80,622</u>

Credit risk

Credit risk refers to the risk that a counter party will default on its obligations resulting in financial loss to the Group.

The carrying amounts of cash and cash equivalents, other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. Cash and bank balances are placed with reputable licensed financial institutions.

Interest rate risk

The Group's exposure to interest rate risk is primarily from its fixed deposits placed with financial institutions. The Group constantly monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

The interest rates and terms of maturity of financial assets of the Group are disclosed in Note 9.

21. Financial risk management (Cont'd)

Changes in interest rates do not have a material impact on the Group as it does not have any interest-bearing liabilities. The following table sets out the carrying amount, by maturity, of the Group's financial instruments, that are exposed to interest rate risk.

	Group		Home	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$
<u>Within one year – fixed rates</u>				
<i>Financial assets</i>				
Fixed deposits	<u>569,852</u>	<u>568,430</u>	<u>569,852</u>	<u>568,430</u>

The responsibility for managing the above risks is vested in the Management Committee.

Fair values

Cash and bank, other receivables and other payables

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Group approximate their fair values due to their short-term nature.

Available-for-sales financial assets

Available-for-sales financial assets are carried at cost because fair value cannot be measured reliably. For unquoted investments, it is not practicable to determine the fair value because lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

22. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on 29 June 2018.

**Adventist Home for the Elders
and its subsidiary**
[Unique Entity No. S80SS0046B]
[IPC No. IPC000385]

*Audited Financial Statements
Financial Year Ended 31 December 2017*

**SUBSEQUENT PAGES COMPRISE THE DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR HOME WHICH IS PREPARED FOR MANAGEMENT PURPOSES ONLY AND
DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS**

**FOR MANAGEMENT PURPOSE ONLY
DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 - HOME**

	2017				2016			
	S\$	Restricted fund		S\$	S\$	Restricted fund		S\$
		General fund	Maintenance and Development fund			Care and Share fund	Maintenance and Development fund	
INCOME								
Income from generating fund								
Voluntary income								
Donations								
- Non-tax deductible	15,352	0	0	0	12,583	0	0	12,583
- Tax deductible	179,685	0	0	0	122,571	0	0	122,571
Public assistance	38,500	0	0	0	39,450	0	0	39,450
Government and other grants	12,206	0	3,309	0	16,721	0	204,319	221,040
Fund raising event	0	0	0	0	111,935	0	0	111,935
	245,743	0	3,309	0	303,260	0	204,319	507,579
Income from charitable activities								
Contribution from residents	235,474	0	0	0	216,351	0	0	216,351
Investment income								
Collaboration fee	37,500	0	0	0	39,000	0	0	39,000
Interest income	1,810	0	0	0	1,321	0	0	1,321
	39,310	0	0	0	40,321	0	0	40,321
Other income								
Interest income	113	0	0	0	125	0	0	125
Services charges	6,400	0	0	0	8,000	0	0	8,000
Gain on disposal of property, plant and equipment	0	0	0	0	7,841	0	0	7,841
Miscellaneous income	16,276	0	0	0	15,966	0	0	15,966
	22,789	0	0	0	575,898	0	204,319	780,217
EXPENSES								
Cost of generating fund								
Fund raising event	0	0	0	0	8,766	0	0	8,766

**FOR MANAGEMENT PURPOSE ONLY
DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 – HOME (Cont'd)**

	2017				2016			
	General fund	Maintenance and Development fund	Care and Share fund	Total funds	General fund	Maintenance and Development fund	Care and Share fund	Total funds
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
EXPENSES (Cont'd)								
Cost of charitable activities								
Event and outing expenses	19,271	0	0	19,271	23,286	0	0	23,286
Food expenses	19,494	0	0	19,494	19,487	0	0	19,487
Living allowance	1,890	0	0	1,890	6,410	0	0	6,410
Staff costs	268,390	0	0	268,390	132,921	0	0	132,921
	309,045	0	0	309,045	182,104	0	0	182,104
Governance and administrative costs								
Audit fee	3,210	0	0	3,210	3,364	0	0	3,364
Bank charges	235	0	0	235	261	0	0	261
Bookkeeping service fee	2,140	0	0	2,140	2,100	0	0	2,100
Depreciation	38,318	0	44,038	82,356	40,117	0	24,671	64,788
Insurance	5,347	0	0	5,347	6,544	0	0	6,544
Minor fixed assets	1,754	0	0	1,754	3,390	0	0	3,390
Membership fee	0	0	0	0	376	0	0	376
Miscellaneous expenses	13,322	0	0	13,322	10,059	0	0	10,059
Printing and stationery	10,448	0	0	10,448	6,042	0	0	6,042
Recruitment expenses	30	0	0	30	60	0	0	60
Refurbishment cost	0	0	0	0	30	0	0	30
Rental expenses	129,241	0	0	129,241	90,521	0	0	90,521
Repair and maintenance	6,500	0	0	6,500	5,696	0	0	5,696
Staff costs	144,488	0	0	412,878	186,450	0	0	186,450
Sub contract and consultant work	1,882	0	0	1,882	13,878	0	0	13,878
Telecommunication	6,635	0	0	6,635	5,929	0	0	5,929
Transportation fee	2,385	0	0	2,385	1,971	0	0	1,971
Upkeep of motor vehicle	1,169	0	0	1,169	2,651	0	0	2,651
Water and electricity	26,215	0	0	26,215	22,694	0	0	22,694
	393,319	0	44,038	437,357	402,133	0	24,671	426,804
Net (loss) / income	(159,048)	0	(40,729)	(199,777)	(17,105)	0	179,648	162,543