

SOCIETY FOR THE AGED SICK

(UEN: S68SS0022J)

FINANCIAL STATEMENTS – 31 March 2016

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President

Eric Teoh Cheng Eam

Deputy Presidents

Liew Shew Choi
Dr Richard Tan Har Shing

Honorary Secretary

Chew Loy Cheow

Honorary Treasurer

Liew Soo Wah (Co-opted)

Assistant Honorary Treasurer

Dr. Tan Kong Chin

Committee members

Chew Heh Chwen
Dr. Chook Kum Kay
Dr. Timothy Teoh
Jennifer Ho Meow Yung
Lau Chee Tiun
Ramalingam Kasi (Co-opted)
Yeo Chuen Eng

Registered office

130 Hougang Avenue 1
Singapore 538900

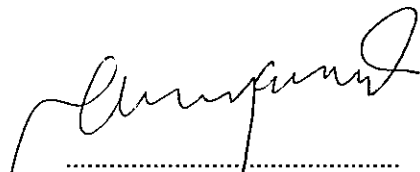
Independent Auditor

Robert Yam & Co.


We, Eric Teoh Cheng Eam, Liew Soo Wah and Chew Loy Cheow, do hereby state that, in the opinion of the Board of Committee Members:

- (a) the accompanying statement of financial position, statement of comprehensive income, statement of changes in funds and reserves and statement of cash flows, together with the notes thereto are properly drawn up so as to present fairly, in all material respects, the state of affairs of Society for the Aged Sick (the "Society") as at 31 March 2016 and the results, changes in funds and reserves, and cash flows of the Society for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.


On behalf of the Board of Committee Members,



.....
Eric Teoh Cheng Eam
President



.....
Liew Soo Wah
Honorary Treasurer



.....
Chew Loy Cheow
Honorary Secretary

Singapore 1 JUN 2016

SOCIETY FOR THE AGED SICK

Independent Auditor's Report For the financial year ended 31 March 2016

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To the members of Society for the Aged Sick

Report on the Financial Statements

We have audited the accompanying financial statements of Society For The Aged Sick (the "Society") set out on pages 5 to 27, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, the statement of changes in funds and reserves and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Singapore Financial Reporting Standards, the Societies Act, Chapter 311 (the "Societies Act") and the Charities Act, Chapter 37 (the "Charities Act"), and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ROBERT YAM & CO.,

SOCIETY FOR THE AGED SICK

Independent Auditor's Report
For the financial year ended 31 March 2016

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To the members of Society for the Aged Sick (cont'd)

Opinion

In our opinion, the financial statements are properly drawn up in accordance with Singapore Financial Reporting Standards and the Charities Act so as to present, in all material respects, the state of affairs of the Society at 31 March 2016 and the results, changes in funds and reserves, and cash flows of the Society for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the regulations enacted under the Societies Act to be kept by the Society have been properly kept in accordance with those regulations.

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

- (a) The use of the donation moneys was not in accordance with the objectives of the Society as required under regulation 11 of the Charities (Institution of a Public Character) Regulations; and
- (b) The Society has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

Robert Yam & Co.

Robert Yam & Co.

Public Accountants and
Chartered Accountants
Singapore

1 June 2016

SOCIETY FOR THE AGED SICK**Statement of Financial Position
As at 31 March 2016**

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	Note	2016 S\$	2015 S\$
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	10,014,147	11,495,029
Available-for-sale financial assets	6	1,521,785	1,532,550
		<u>11,535,932</u>	<u>13,027,579</u>
Current Assets			
Trade receivables	7	295,909	191,339
Other receivables	8	404,103	270,922
Cash and cash equivalents	9	18,769,204	17,261,594
		<u>19,469,216</u>	<u>17,723,855</u>
Total assets		<u>31,005,148</u> =====	<u>30,751,434</u> =====
FUNDS AND RESERVES AND LIABILITIES			
Accumulated fund		13,323,958	11,607,584
Building reserves		2,629,081	2,629,081
Compensation fund		5,066,030	4,896,681
Computerisation fund		152,663	147,559
POSB Centenary fund		3,000	3,000
R.K. Booker Memorial fund		65,374	64,264
Fair value reserve		(2,965)	7,800
Total funds and reserves		<u>21,237,141</u> =====	<u>19,355,969</u> =====
Non-Current Liabilities			
Deferred building grants	10	8,005,184	9,784,114
Deferred Salary Adjustment Exercise (SAE) funding	11	801,930	608,842
		<u>8,807,114</u>	<u>10,392,956</u>
Current Liabilities			
Trade payables	12	197,917	48,723
Other payables	13	762,976	953,786
		<u>960,893</u>	<u>1,002,509</u>
Net current assets		<u>18,508,323</u>	<u>16,721,346</u>
Total liabilities		<u>9,768,007</u>	<u>11,395,465</u>
Net assets		<u>21,237,141</u>	<u>19,355,969</u>
Total funds and reserves and liabilities		<u>31,005,148</u> =====	<u>30,751,434</u> =====

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

SOCIETY FOR THE AGED SICK**Statement of Comprehensive Income
For the financial year ended 31 March 2016****6**

	Note	2016 S\$	2015 S\$
Income			
Amortisation of deferred building grants	10	1,778,930	1,778,930
Bond interest income		58,908	58,750
Community Silver Trust Fund grant for operating expenses		-	263,207
Donations in kind – distribution		263,781	269,222
Government subvention		7,182,297	5,173,682
Interest income		206,185	121,702
Pre-Operations funding		-	254,098
Replacement ratio funding		645,542	628,286
Residents' consumable charges		586,804	612,552
Residents' maintenance fees		1,400,718	1,402,918
Unsolicited donations	14	680,611	617,075
Utilisation of deferred SAE funding	11	620,062	484,689
Miscellaneous		192,092	74,485
		<u>13,615,930</u>	<u>11,739,596</u>
Less:			
Staff cost and emoluments			
Salaries		3,922,618	3,064,421
Bonus		645,030	605,111
CPF & SDF		397,677	289,186
Foreign Workers' Levy		778,970	779,760
Recruitment expenses		168,473	20,479
Other staff benefits		410,528	307,214
	15	<u>6,323,296</u>	<u>5,066,171</u>
Replacement & Maintenance expenses			
Land and buildings		283,275	90,287
Furniture & equipment		56,713	25,604
Vehicles		26,139	22,480
		<u>366,127</u>	<u>138,371</u>
Administrative expenses			
Auditor's remuneration		22,580	16,150
Bad debts written off		63,538	22,038
(Reversal)/Allowance for impairment of trade receivables		(56,934)	102,141
Charitable fund fees		10,105	32,618
Food cost		571,548	492,194
Resident supplies and consumables		974,799	933,531
Occupational therapy services		43,796	42,626
Professional fees and services		245,000	179,084
Stationery, cleaning and other supplies/materials		119,710	91,308
Cleaning services		-	80,393
Utilities		442,268	433,237
Refuse collection charges		36,747	26,991
Haze management expenses		12,600	-
Insurance		19,568	20,669
Communication		6,733	6,234
Newspaper/Periodicals		2,560	216
Transport		1,896	611
Rental expenses		17,467	-
Events		2,142	3,509
Fund raising expenses		16,653	14,726

SOCIETY FOR THE AGED SICK

**Statement of Comprehensive Income
For the financial year ended 31 March 2016**

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	Note	2016 S\$	2015 S\$
Administrative expenses (cont'd)			
Volunteers' expenses		1,868	-
GST expense		192,794	336,128
Project related expenses		1,900	5,120
Depreciation of property, plant and equipment		2,200,854	2,137,918
Loss on disposal of property, plant and equipment		-	3,663
Property, plant and equipment not capitalised		70,652	62,885
Miscellaneous		12,655	6,750
		<u>5,033,495</u>	<u>5,050,740</u>
Total Expenditure		<u>11,722,918</u>	<u>10,255,282</u>
Surplus for the year		<u>1,893,012</u>	<u>1,484,314</u>
Other comprehensive income:			
Items that maybe reclassified subsequently to profit or loss			
Fair value loss on available-for-sale financial assets	6	(10,765)	(8,900)
		<u>(10,765)</u>	<u>(8,900)</u>
Other comprehensive income for the year		<u>(10,765)</u>	<u>(8,900)</u>
Total comprehensive income for the year		<u>1,882,247</u>	<u>1,475,414</u>
<u>Transferred to:</u>			
Accumulated fund		1,716,374	1,434,980
Compensation fund		169,349	47,287
Computerisation fund		5,104	1,426
R.K. Booker Memorial fund		2,185	621
Fair value reserve	6	(10,765)	(8,900)
		<u>1,882,247</u>	<u>1,475,414</u>
Total comprehensive income for the year		<u>1,882,247</u>	<u>1,475,414</u>

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

SOCIETY FOR THE AGED SICK**Statement of Changes in Funds and Reserves
For the financial year ended 31 March 2016****8**

	Note	2016 S\$	2015 S\$
Accumulated fund			
Beginning of financial year		11,607,584	10,172,604
Surplus for the year		1,716,374	1,434,980
End of financial year		<u>13,323,958</u>	<u>11,607,584</u>
Building reserves			
Beginning and end of financial year		<u>2,629,081</u>	<u>2,629,081</u>
Compensation fund			
Beginning of financial year		4,896,681	4,849,394
Interest income		169,349	47,287
End of financial year		<u>5,066,030</u>	<u>4,896,681</u>
Computerisation fund			
Beginning of financial year		147,559	146,133
Interest income		5,104	1,426
End of financial year		<u>152,663</u>	<u>147,559</u>
POSB centenary fund			
Beginning and end of financial year		<u>3,000</u>	<u>3,000</u>
R.K. Booker memorial fund			
Beginning of financial year		64,264	64,585
Interest income		2,185	621
Utilised		(1,075)	(942)
End of financial year		<u>65,374</u>	<u>64,264</u>
Fair value reserve			
Beginning of financial year		7,800	16,700
Fair value loss on available-for-sale financial assets		(10,765)	(8,900)
End of financial year		<u>(2,965)</u>	<u>7,800</u>
		<u>21,237,141</u>	<u>19,355,969</u>
		=====	=====

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

SOCIETY FOR THE AGED SICK**Statement of Cash Flows
For the financial year ended 31 March 2016****9**

	Note	2016 S\$	2015 S\$
Cash flows from operating activities			
Surplus for the year		1,893,012	1,484,314
<u>Adjustments for:</u>			
Amortisation of deferred building grants	10	(1,778,930)	(1,778,930)
Depreciation of property, plant and equipment	5	2,200,854	2,137,918
Donation-in-kind	5	-	(20,000)
Interest income		(206,185)	(121,702)
Investment interest income		(58,908)	(58,750)
Loss on disposal of property, plant and equipment		-	3,663
Utilisation of government grants	11	(620,060)	(484,689)
		<u>1,429,783</u>	<u>1,161,824</u>
<u>Operating cash flows before changes in working capital</u>			
<u>Changes in working capital:</u>			
Trade receivables		(104,570)	7,557
Other receivables		(103,477)	345,674
Trade payables		149,194	(124,239)
Other payables		(190,810)	31,484
		<u>1,180,120</u>	<u>1,422,300</u>
Cash generated from operations		1,180,120	1,422,300
Government grant received for SAE funding for future operating use	11	813,148	750,747
Interest received		176,481	77,936
Utilisation of R.K. Booker Memorial Fund		(1,075)	(942)
		<u>2,168,674</u>	<u>2,250,041</u>
Net cash from operating activities			
Cash flows from investing activities			
Government grant received for buildings	9	-	1,120,361
Interest income received from available-for-sale financial assets		58,908	58,750
Purchase of property, plant and equipment	5	(719,972)	(715,260)
		<u>(661,064)</u>	<u>463,851</u>
Net cash (used in)/from investing activities			
Net increase in cash and cash equivalents		1,507,610	2,713,892
Cash and cash equivalents at beginning of year		17,261,594	14,547,702
Cash and cash equivalents at end of year	13	<u>18,769,204</u> =====	<u>17,261,594</u> =====

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

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

1. Society information

The Society for the Aged Sick (the "Society") is registered under the Societies Act, Chapter 311 and is domiciled in the Republic of Singapore. The Society is also registered as a charity under the Charities Act, Chapter 37 on 6 February 1984 and is an approved Institution of a Public Character (IPC No: HEF0041/G).

The registered office of Society For The Aged Sick is located at 130 Hougang Avenue 1 Singapore 538900.

The principal activity of the Society is the provision of nursing care services for the aged sick.

The financial statements of the Society for the financial year ended 31 March 2016 were authorised for issue by the Board of Committee Members.

2. Significant accounting policies**(a) Basis of preparation**

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

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Society has adopted all the new and revised standards that are relevant to the Society and are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards did not have any effect on the financial performance or position of the Society.

(b) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. Subsequently to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on leasehold building is calculated using the reducing balance method to allocate depreciable amount over its remaining useful life of 5.5 (2014: 6.5) years.

Depreciation on other items of 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 follows:

		<u>Useful lives</u>
Furniture and equipment	-	3 - 10 years
Motor vehicles	-	5 years

2. Significant accounting policies (cont'd)

(b) Property, plant and equipment (cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation method are reviewed, and adjusted prospectively, if appropriate.

(c) Impairment of non-financial assets

The Society assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment test for an asset is required, the Society makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost of disposal and its value-in-use and determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation are taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(d) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Significant accounting policies (cont'd)

(d) Financial assets (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs of liquidity or in response to changes in the market conditions.

After the initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way of purchase on sale of a financial asset

All regular way of purchases and sales of financial assets are recognised or derecognised on the trade date, that is, the date that the Society commits to purchase or sell the asset. Regular way purchases on sales are purchases or sales of financial assets that require delivery of assets with the period generally established by regulation or convention in the marketplace concerned.

2. Significant accounting policies (cont'd)

(e) Impairment of financial assets

The Society assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Society first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Society determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Society considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include: (i) Significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

2. Significant accounting policies (cont'd)

(e) Impairment of financial assets (cont'd)

(ii) Available-for-sale financial assets (cont'd)

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits.

(g) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities not at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. Significant accounting policies (cont'd)

(g) Financial liabilities (cont'd)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the 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 the respective carrying amounts is recognized in profit or loss.

(h) Income recognition

- (i) Ordinary members' fees are recognised when due and received.
- (ii) Resident fees are recognised when due.
- (iii) Subsidies from Ministry of Health and donations are recognised in the financial statements as and when received.
- (iv) Interest income is recognised using the effective interest method.

(i) Donations-in-kind

Incoming donations-in-kind are recognised as follows:

- i Assets donated and held as stock for distribution are recognised as income when they are received with an equivalent amount being included as expenses. Donations-in-kind for distribution include mainly food, medical supplies and cleaning materials. No value is placed on stocks for items as yet undistributed.
- ii Property, plant and equipment donated for use by the Society are recognised as income and within the relevant fixed asset category of the statement of financial position when received.

The amount at which donations-in-kind are brought into account is the reasonable estimate of their fair value.

(j) Functional and presentation currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates ("the functional currency"). The financial statements of the Society are presented in Singapore dollars ("S\$"), which is the functional currency of the Society.

(k) Employee benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid.

2. Significant accounting policies (cont'd)

(k) Employee benefits (cont'd)

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised as liability when they accrued to employees. The estimated liability for annual leave is recognized for services rendered by employees up to the reporting date.

(l) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Society for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Society for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

(m) Fund

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. 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. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses, if any, are allocated on a reasonable basis to the funds based on a method most suitable to that common expense.

Accumulated Fund

This fund, which is unrestricted, is expendable at the discretion of the Board of Committee Members in furtherance of the Society's objectives.

Building reserves

Building reserves is a restricted fund, which purpose is for the renovation, maintenance and payment of repair services of the leasehold building.

Compensation fund

This fund is generated from proceeds from sale of the Society's land at Jalan Payoh Lai to the Singapore government.

Computerisation fund

This fund is used for the Society's IT system upgrades.

R.K. Booker Memorial fund

This fund is used for giving out scholarships and training for the Society's staff.

3. Significant accounting judgments and estimates

The preparation of the Society's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at each reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgments made in applying accounting policies

Apart from those involving estimations, management has not made any high degree of judgment in the process of applying the Society's accounting policies.

(b) Key sources of assumption uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, 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. The company based its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Impairment of loan and receivables

The Society assesses at each reporting date whether there is any objective evidence that trade debtors are impaired. To determine whether there is objective evidence of impairment, the Society considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Company's loans and receivables at the end of each reporting period are disclosed in Note 7 (Trade receivables) and Note 8 (Other receivables) to the financial statements.

(ii) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Company's property, plant and equipment at the end of each reporting period is disclosed in Note 5 (Property, plant and equipment) to the financial statements.

4. Income tax

The Society is exempt from income tax under Section 13(1)(zm) of the Income Tax Act, Cap. 134.

5. Property, plant and equipment

	Leasehold buildings S\$	Furniture & equipment S\$	Motor vehicles S\$	Total S\$
<u>2016</u>				
Cost				
At 1 April 2015	20,227,461	1,681,677	248,370	22,157,508
Additions	246,096	403,386	70,490	719,972
At 31 March 2016	<u>20,473,557</u>	<u>2,085,063</u>	<u>318,860</u>	<u>22,877,480</u>
Accumulated depreciation				
At 1 April 2015	9,681,095	797,116	184,268	10,662,479
Additions	1,930,724	254,700	15,430	2,200,854
At 31 March 2016	<u>11,611,819</u>	<u>1,051,816</u>	<u>199,698</u>	<u>12,863,333</u>
Net book value				
At 31 March 2016	<u>8,861,738</u>	<u>1,033,247</u>	<u>119,162</u>	<u>10,014,147</u>
<u>2015</u>				
Cost				
At 1 April 2014	19,846,614	1,407,185	177,139	21,430,938
Additions	380,847	283,182	71,231	735,260
Disposals	-	(8,690)	-	(8,690)
At 31 March 2015	<u>20,227,461</u>	<u>1,681,677</u>	<u>248,370</u>	<u>22,157,508</u>
Accumulated depreciation				
At 1 April 2014	7,766,378	594,911	168,299	8,529,588
Additions	1,914,717	207,232	15,969	2,137,918
Disposals	-	(5,027)	-	(5,027)
At 31 March 2015	<u>9,681,095</u>	<u>797,116</u>	<u>184,268</u>	<u>10,662,479</u>
Net book value				
At 31 March 2015	<u>10,546,366</u>	<u>884,561</u>	<u>64,102</u>	<u>11,495,029</u>

The leasehold building at Hougang Avenue 1 with Lot No. MK22-7209N is held in trust by a trustee of the Society.

In 2015, the Society acquired property, plant and equipment with an aggregate cost of S\$735,260, out of which S\$20,000 was donated. During the financial year, the cash outflow on acquisition of property, plant and equipment amounted to S\$719,972 (2015: S\$715,260).

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6. Available-for-sale financial assets

	2016 S\$	2015 S\$
Beginning of financial year	1,532,550	1,541,450
Fair value loss recognised in other comprehensive income	(10,765)	(8,900)
End of financial year	<u>1,521,785</u> =====	<u>1,532,550</u> =====
Available-for-sale financial assets are analysed as follows:		
Quoted debt securities	<u>1,521,785</u> =====	<u>1,532,550</u> =====

Quoted debt securities

Available-for-sale financial assets comprise debt securities with redemption dates on 27 October 2021, 12 January 2022 and 23 April 2027 and bear coupon rate of 3.80% - 4.15% (2015: 3.80% - 4.15%) per annum. The fair value of quoted debt securities is determined by reference to their published bid price at the end of the reporting period.

7. Trade receivables

	2016 S\$	2015 S\$
Trade receivables - residents	341,116	293,480
Less: Allowance for impairment	(45,207)	(102,141)
Total trade receivables, net	<u>295,909</u> =====	<u>191,339</u> =====

Trade receivables are non-interest bearing and are generally on 30-90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The age analysis of trade receivables that are past due at the end of the reporting period but not impaired is as follows:

	2016 S\$	2015 S\$
Past due:		
31 to 60 days	93,567	34,510
61 to 90 days	16,975	26,309
More than 90 days	72,117	105,370
	<u>182,659</u> =====	<u>166,189</u> =====

Trade receivables that are impaired

Trade receivables that are individually determined to be impaired at the end of the reporting period and the movement in the related allowance for impairment are as follows:

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7. Trade receivables (cont'd)	2016 S\$	2015 S\$
Gross amount	61,905	102,141
Less: Allowance for impairment	(45,207)	(102,141)
	<u>16,698</u>	<u>-</u>
	=====	=====
Movement in the allowance for impairment:		
Beginning of financial year	102,141	-
Charge for the year	7,119	102,141
Reversal for the year	(64,053)	-
	<u>45,207</u>	<u>102,141</u>
	=====	=====

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted in payments. These receivables are not secured by any collateral or credit enhancements

8. Other receivables	2016 S\$	2015 S\$
Accrued fixed deposit interest	123,171	93,467
GST absorption claimable from MOH	6,940	8,770
Medifund subsidy receivable	194,619	122,948
Refundable deposits	27,690	27,690
Sundry receivables	50	1,460
	<u>352,470</u>	<u>254,335</u>
Financial assets (Note 16)	352,470	254,335
	<u>41,150</u>	<u>6,290</u>
Non-refundable deposits	41,150	6,290
Prepayments	10,483	10,297
	<u>51,633</u>	<u>16,587</u>
Non-financial assets	51,633	16,587
Total other receivables	<u>404,103</u>	<u>270,922</u>
	=====	=====

9. Cash and cash equivalents	2016 S\$	2015 S\$
Cash on hand	8,000	7,000
Cash at bank	7,237,850	5,845,474
Fixed deposits	11,523,354	11,409,120
	<u>18,769,204</u>	<u>17,261,594</u>
	=====	=====

Fixed deposits placed with financial institutions mature within 3.5 to 12.5 months (2015: within 0.5 to 12 months) from the end of the reporting period. The interest rates of the fixed deposits at the end of the financial year were 1.58% to 1.95% (2015: 1.00% to 1.58%) per annum.

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10. Deferred building grants

	2016 S\$	2015 S\$
Gross:		
Beginning of financial year	17,516,917	16,396,556
<u>Capital grants from Ministry of Health</u>		
Grants received during the year	-	1,120,361
End of financial year	<u>17,516,917</u>	<u>17,516,917</u>
<u>Accumulated amortisation:</u>		
Beginning of financial year	(7,732,803)	(5,953,873)
Amortisation for the year	(1,778,930)	(1,778,930)
End of financial year	<u>(9,511,733)</u>	<u>(7,732,803)</u>
Net carrying amount	<u>8,005,184</u>	<u>9,784,114</u>

These are capital grants received from the Government of Singapore and public donations for the building and extension building of the Society.

11. Deferred Salary Adjustment Exercise (SAE) funding

	2016 S\$	2015 S\$
SAE fund received from Ministry of Health:		
Beginning of financial year	608,842	342,784
Grants received during the year	813,148	750,747
Utilisation for staff payment	(620,060)	(484,689)
End of financial year	<u>801,930</u>	<u>608,842</u>

Salary Adjustment Exercise funding received from the Ministry of Health (MOH) is for narrowing the salary gap between staff in the public acute care sector and Intermediate and Long-Term Care (ILTC) sector.

12. Trade payables

	2016 S\$	2015 S\$
Non-related parties	<u>197,917</u>	<u>48,723</u>

Trade payables are non-interest bearing and are normally settled on 30 - 60 days' terms.

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13. Other payables

	2016 S\$	2015 S\$
Accruals	300,566	246,086
Foreign workers' bonus	68,389	72,132
Residents' funds held on behalf	329,138	241,714
Residents' maintenance deposits	31,146	39,510
Retention sum payable	-	254,506
Sundry payables	3,532	64,256
	<u>732,771</u>	<u>918,204</u>
Financial liabilities (Note 16)		
GST payables	25,030	29,389
Non refundable payments received in advance	5,175	6,193
	<u>30,205</u>	<u>35,582</u>
Non-financial liabilities		
Total other payables	<u>762,976</u>	<u>953,786</u>
	=====	=====

Sundry payables are non-trade in nature, unsecured, non-interest bearing and are normally settled on 30 - 60 days' terms.

14. Donations with tax deductible receipts issued

Included in unsolicited donations are donations for which tax deductible receipts have been issued amounting to S\$569,662 (2015: S\$518,878).

15. Staff costs and emoluments

	2016 S\$	2015 S\$
Bonus	645,030	605,111
CPF contribution	386,095	279,319
Foreign workers' levy	778,970	779,760
Recruitment expenses	168,473	20,479
Salaries	3,922,618	3,064,421
SDL	11,582	9,867
Other staff benefits	410,528	307,214
	<u>6,323,296</u>	<u>5,066,171</u>
	=====	=====
Average number of employees	<u>249</u>	<u>233</u>
	=====	=====

Staff costs and emoluments include the following key management personnel compensation:

	2016 S\$	2015 S\$
Salaries and bonus	251,187	209,864
CPF contribution	29,091	27,684
Leave pay	7,483	-
Ex-gratia payment	22,320	-
	<u>310,081</u>	<u>237,548</u>
	=====	=====

15. Staff costs and emoluments (cont'd)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the daily operations of the Society, directly or indirectly.

Number of key management personnel in remuneration bands:

	2016 S\$	2015 S\$
Above S\$50,000 but below S\$100,000	3 =====	2 =====

16. Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	Note	2016 S\$	2015 S\$
<u>Financial assets</u>			
Available-for-sale financial assets	6	1,521,785	1,532,550
Loan and receivables:			
Trade receivables	7	295,909	191,339
Other receivables	8	352,470	254,335
Cash and cash equivalents	9	18,769,204	17,261,594
		----- 20,939,368	----- 19,239,818
<u>Financial liabilities</u>			
Financial liabilities measured at amortised cost:			
Trade payables	12	197,917	48,723
Other payables	13	732,771	918,204
		----- 930,688	----- 966,927

A description of the accounting policies for each category of financial instruments is disclosed in Note 2(d) (Financial assets) and Note 2(g) (Financial liabilities). A description of the Society's financial risk management objectives and policies for financial instruments is given in Note 17.

17. Financial risk management

The main risk arising from the Society's financial instruments are credit risk, interest rate risk, price risk and liquidity risk. The management reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Credit risk

Credit risk refers to the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Society's exposure to credit risk arises primarily from trade and other receivables and cash and cash equivalents. For trade receivables, the Society monitors the amounts owed and helps residents in need to apply for financial assistance from government schemes and other sources. For other receivables, the Society deals only with creditworthy counterparties. For other financial assets (including cash and cash equivalents), the Society minimises credit risks by dealing only with counterparties with high credit quality.

17. Financial risk management (cont'd)

(a) Credit risk (cont'd)

At the end of the reporting period, the Society's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

At the end of the reporting period, the Society has no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Society.

Cash and cash equivalents are mainly deposits placed with reputable licensed banks with high credit ratings.

Financial assets that are past due and/or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 7 (Trade receivables).

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market interest rate. The Society exposure to interest rate risk arises primarily from interest-bearing fixed deposits. The Society's policy is to obtain favorable interest rates that are available. The Society does not have any interest rate hedging policy.

Sensitivity analysis for interest rate risk

At the reporting date, if SGD interest rate had been 10 (2015: 10) basis points higher/lower with all variables held constant, the Society's surplus would have been S\$13,045 (2015: S\$12,962) higher/lower arising mainly as a result of higher/lower interest income from fixed deposits.

(c) Price risk

The Company is exposed to equity securities price risk arising from the investments held by the Company which are classified on the statement of financial position as available-for-sale financial assets. These securities are listed in Singapore. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.

If price for equity securities listed in Singapore had changed by 18% (2015: 6%) with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

	Other comprehensive income	
	2016	2015
	S\$	S\$
Listed in Singapore		
- Increased by	273,921	91,953
- Decreased by	(273,921)	(91,953)
	=====	=====

17. Financial risk management (cont'd)

(d) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting financial obligations due to shortage of funds. The Society manages its liquidity risk by maintaining sufficient level of cash at bank to meet its working capital requirements.

The table below summarises the maturity profile of the Society's financial liabilities at the reporting date based on contractual undiscounted payments.

	1 year or less S\$
<u>2016</u>	
Trade payables	197,917
Other payables	732,771
	<u>930,688</u> =====
<u>2015</u>	
Trade payables	48,723
Other payables	918,204
	<u>966,927</u> =====

18. Fair values of assets and liabilities

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the assets or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<u>As 31 March 2016</u>				
<u>Financial assets</u>				
Available-for-sale financial assets				
- Quoted debt securities	1,521,785	-	-	1,521,785
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

18. Fair values of financial instruments (cont'd)

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<u>As 31 March 2015</u>				
<u>Financial assets</u>				
Available-for-sale financial assets				
- Quoted debt securities	1,532,550	-	-	1,532,550
	=====	=====	=====	=====

The fair value of financial instruments traded in active markets (such as available for sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Society is the current bid price. These instruments are included in Level 1.

There were no assets or liabilities measured at fair value in Level 3 fair value measurements in the period. There were no transfers between Level 1 and Level 2 during the financial years ended 31 March 2016 and 2015.

The carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables are reasonable approximation of fair values due to their short-term nature.

19. Capital management

The Society's objectives when managing capital are to safeguard the organization's ability to continue as a going concern so that it can continue to provide delivery of its services for the aged sick.

Capital comprises total funds and reserves, as shown in the statement of financial position.

The Society monitors capital by using various techniques to ensure that funds are adequate to finance its operations.

The Society is not subject to any externally imposed capital requirements for the years ended 31 March 2015 and 2016.

20. New or revised accounting standards and interpretations

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

Description	Effective for annual periods beginning on or after
FRS 114: Regulatory Deferral Accounts	1 Jan 2016
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
Amendments to FRS 16 & FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016

20. New or revised accounting standards and interpretations (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 & FRS 41: Agriculture: Bearer Plants	1 Jan 2016
Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
Improvements to FRSs (November 2014) <i>Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal</i>	1 Jan 2016
<i>Amendments to FRS 107 Financial Instruments: Disclosures – Servicing contracts & Applicability of the amendments to FRS 107 to condensed interim financial statements</i>	1 Jan 2016
<i>Amendments to FRS 19 Employee Benefits – Discount rate: regional market issue</i>	1 Jan 2016
<i>Amendments to FRS 34 Interim Financial Reporting – Disclosure of information “elsewhere in the interim financial report”</i>	1 Jan 2016
Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
Amendments to FRS 110, FRS 112 & FRS 28: Investment Entities: Applying the Consolidation Exception	1 Jan 2016
Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 109 Financial Instruments	1 Jan 2018

The Executive Committee members expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.