

SOCIETY FOR THE AGED SICK

(Registered in Singapore under the Societies Act 1966 and Charities Act 1994)
(Unique Entity No.: S68SS0022J)

Statement by the Executive Committee and Financial Statements

Year Ended 31 March 2022

RSM Chio Lim LLP

8 Wilkie Road, #03-08
Wilkie Edge, Singapore 228095

T +65 6533 7600

Audit@RSMSingapore.sg
www.RSMSingapore.sg

UEN: T09LL0008J

RSM Chio Lim LLP is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Business Advisors to Growing Businesses



SOCIETY FOR THE AGED SICK

Statement by the Executive Committee and Financial Statements

Contents	Page
Statement by Executive Committee	1
Independent Auditor's Report	2
Statement of Financial Activities	6
Statement of Financial Position.....	10
Statement of Cash Flows	11
Notes to the Financial Statements	12

SOCIETY FOR THE AGED SICK

Statement by Executive Committee

In the opinion of the Executive Committee,

- (a) the accompanying financial statements of Society for The Aged Sick (the "Society") are drawn up in accordance with the Societies Act 1966 (the "Societies Act"), the Charities Act 1994 and other relevant regulations (the Charities Act and Regulations), and Financial Reporting Standards (FRS), so as to present fairly, in all material respects, the state of affairs of the Society as at 31 March 2022 and the results, changes in funds and cash flows of the Society for the reporting year ended.
- (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.

The Executive Committee approved and authorised these financial statements for issue.

On behalf of the Executive Committee



.....
Dr Timothy Teoh Chi-Chan
President



.....
Mr Ronald Wong Kin Wai
Hon. Treasurer

26 August 2022

RSM Chio Lim LLP

8 Wilkie Road, #03-08
Wilkie Edge, Singapore 228095

T +65 6533 7600

Audit@RSMSingapore.sg
www.RSMSingapore.sg

**Independent Auditor's Report to the Members of
SOCIETY FOR THE AGED SICK**

Report on the audit of financial statements

Opinion

We have audited the accompanying financial statements of Society for The Aged Sick (the "Society"), which comprise the statement of financial position as at 31 March 2022, and the statement of financial activities and statement of cash flows for the reporting year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the Societies Act), the Charities Act 1994 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards (FRS) so as to present fairly, in all material respects, the state of affairs of the Society as at 31 March 2022 and of the financial activities, changes in funds and cash flows of the Society for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by the executive committee and the annual report but does not include the financial statements and our auditor's report thereon.

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

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

Independent Auditor's Report to the Members of SOCIETY FOR THE AGED SICK

– 2 –

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 SFRSs, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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:

- a) 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.
- b) 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 Society's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent Auditor's Report to the Members of
SOCIETY FOR THE AGED SICK**

– 3 –

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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 Society'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 Society to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the executive committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In our opinion:

- (a) The accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) The fund-raising appeals held during the reporting year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeals.

**Independent Auditor's Report to the Members of
SOCIETY FOR THE AGED SICK**

– 4 –

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 year:

- (a) The Society 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 Society has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Tay Hui Jun, Sabrina.

RSM Chio Lim LLP

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

26 August 2022
Engagement partner – effective from reporting year ended 31 March 2020

SOCIETY FOR THE AGED SICK

**Statement of Financial Activities
Year Ended 31 March 2022**

	Notes	UNRESTRICTED	RESTRICTED				Total
		Accumulated Fund \$	Building Reserve \$	Computerisation Fund \$	Bob and Hazel Booker Memorial Fund \$	Sub-Total \$	
<u>2022:</u>							
<u>Incoming Resources:</u>							
<u>Income resources from generated funds</u>							
Government subvention grants		8,620,871	-	-	-	-	8,620,871
Other government funding	4	793,931	-	-	-	-	793,931
Income from residents		2,384,863	-	-	-	-	2,384,863
Voluntary income – Donations	5	1,938,394	-	-	-	-	1,938,394
<u>Other income</u>							
Interest income	6	71,768	-	181	1,229	1,410	73,178
Government grant income	7	1,005,485	-	-	-	-	1,005,485
Subscription fee income	7	100	-	-	-	-	100
Gain on disposal of plant and equipment	7	35,770	-	-	-	-	35,770
Plant and equipment written off	7	(3,278)	-	-	-	-	(3,278)
Amortisation of computerisation fund		28,011	-	(28,011)	-	(28,011)	-
Amortisation deferred building grant	21B	149,769	-	-	-	-	149,769
Amortisation of deferred government grant	21D	120,299	-	-	-	-	120,299
Total incoming resources		15,145,983	-	(27,830)	1,229	(26,601)	15,119,382

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

SOCIETY FOR THE AGED SICK

**Statement of Financial Activities
Year Ended 31 March 2022**

	Notes	UNRESTRICTED	RESTRICTED				Total \$
		Accumulated Fund \$	Building Reserve \$	Computer- isation Fund \$	Bob and Hazel Booker Memorial Fund \$	Sub-total \$	
2022:							
Resources Expended:							
Employee benefits expense	8	10,013,778	-	-	18,270	18,270	10,032,048
Resident nursing care costs	9	1,348,436	-	-	-	-	1,348,436
Facilities management, maintenance and other ancillary costs	10	1,829,942	-	-	-	-	1,829,942
Administrative expenses	11	1,711,655	142,502	-	-	142,502	1,854,157
Total resources expended		14,903,811	142,502	-	18,270	160,772	15,064,583
Surplus for the reporting year		242,172	(142,502)	(27,830)	(17,041)	(187,373)	54,799
Balance at 1 April 2021		20,269,092	2,629,081	175,894	87,780	2,892,755	23,161,847
Balance as at 31 March 2022		20,511,264	2,486,579	148,064	70,739	2,705,382	23,216,646

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

SOCIETY FOR THE AGED SICK

**Statement of Financial Activities
Year Ended 31 March 2022**

	Notes	UNRESTRICTED	RESTRICTED				Total \$
		Accumulated Fund \$	Building Reserve \$	Computerisation Fund \$	Bob and Hazel Booker Memorial Fund \$	Sub-Total \$	
2021:							
<u>Incoming Resources:</u>							
<u>Income resources from generated funds</u>							
Government subvention grants		9,077,023	–	–	–	–	9,077,023
Other government funding	4	423,465	–	–	–	–	423,465
Income from residents		2,342,360	–	–	–	–	2,342,360
Voluntary income – Donations	5	1,028,009	–	–	–	–	1,028,009
<u>Other income</u>							
Interest income	6	115,447	–	4,300	2,146	6,446	121,893
Government grant income	7	2,188,324	–	–	–	–	2,188,324
Subscription fee income	7	100	–	–	–	–	100
Amortisation of computerisation fund		5,307	–	(5,307)	–	(5,307)	–
Amortisation deferred building grant	21B	149,769	–	–	–	–	149,769
Amortisation of deferred government grant	21D	97,326	–	–	–	–	97,326
Total incoming resources		15,427,130	–	(1,007)	2,146	1,139	15,428,269

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

SOCIETY FOR THE AGED SICK

**Statement of Financial Activities
Year Ended 31 March 2022**

	Notes	UNRESTRICTED	RESTRICTED				Total \$
		Accumulated Fund \$	Building Reserve \$	Computer- isation Fund \$	Bob and Hazel Booker Memorial Fund \$	Sub-total \$	
2021:							
Resources Expended:							
Employee benefits expense	8	9,270,482	–	–	6,090	6,090	9,276,572
Resident nursing care costs	9	1,446,393	–	–	–	–	1,446,393
Facilities management, maintenance and other ancillary costs	10	1,746,313	–	–	–	–	1,746,313
Administrative expenses	11	1,854,450	–	–	–	–	1,854,450
Total resources expended		14,317,638	–	–	6,090	6,090	14,323,728
Surplus for the reporting year		1,109,492	–	(1,007)	(3,944)	(4,951)	1,104,541
Balance at 1 April 2020		19,159,600	2,629,081	176,901	91,724	2,897,706	22,057,306
Balance as at 31 March 2021		20,269,092	2,629,081	175,894	87,780	2,892,755	23,161,847

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

SOCIETY FOR THE AGED SICK

**Statement of Financial Position
As at 31 March 2022**

	<u>Notes</u>	<u>2022</u> \$	<u>2021</u> \$
Assets			
<u>Non-current assets</u>			
Property, plant and equipment	12	7,246,986	7,443,768
Other financial assets – FVTOCI	13	505,000	505,000
Other non-financial assets, non-current	14	5,320,599	5,529,939
Total non-current assets		<u>13,072,585</u>	<u>13,478,707</u>
<u>Current assets</u>			
Trade and other receivables	15	471,599	516,835
Other non-financial assets, current	16	301,331	342,445
Cash and cash equivalents	17	20,763,537	20,146,871
Total current assets		<u>21,536,467</u>	<u>21,006,151</u>
Total assets		<u>34,609,052</u>	<u>34,484,858</u>
Funds and liabilities			
<u>Unrestricted funds</u>			
Accumulated fund		20,511,264	20,269,092
Total unrestricted funds	19	<u>20,511,264</u>	<u>20,269,092</u>
<u>Restricted funds</u>			
Building reserve	18	2,486,579	2,629,081
Computerisation fund	18	148,064	175,894
Bob and Hazel Booker Memorial Fund	18	70,739	87,780
Total restricted funds		<u>2,705,382</u>	<u>2,892,755</u>
Total funds		<u>23,216,646</u>	<u>23,161,847</u>
<u>Current liabilities</u>			
Trade and other payables	20	2,286,803	1,676,434
Other liabilities	21	9,105,603	9,646,577
Total current liabilities		<u>11,392,406</u>	<u>11,323,011</u>
Total funds and liabilities		<u>34,609,052</u>	<u>34,484,858</u>

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

SOCIETY FOR THE AGED SICK

**Statement of Cash Flows
For the Reporting Year Ended 31 March 2022**

	<u>2022</u>	<u>2021</u>
	\$	\$
<u>Cash flows from operating activities</u>		
Surplus for the reporting year	54,799	1,104,541
Adjustments for:		
Interest income	(73,178)	(121,893)
Amortisation of deferred building grant	149,769	149,769
Amortisation of deferred capital grants	120,299	97,326
Amortisation of prepaid rent premium	209,340	209,340
Depreciation of plant and equipment	470,721	474,251
(Gain)/Loss on disposal of plant and equipment	(35,770)	196
Plant and equipment written off	3,278	–
Construction in progress written off	310,952	–
Operating surplus before changes in working capital	<u>1,210,210</u>	<u>1,913,530</u>
Trade and other receivables	13,219	325,090
Other non-financial assets, current	41,114	288,064
Cash restricted in use	(361,476)	83,123
Trade and other payables	610,369	80,758
Other liabilities	(811,042)	846,124
Net cash flows from operating activities	<u>702,394</u>	<u>3,536,689</u>
<u>Cash flows used in investing activities</u>		
Purchase of property, plant and equipment	(635,553)	(234,394)
Sales of property, plant and equipment	83,154	–
Interest received	105,195	153,568
Net cash flows used in investing activities	<u>(447,204)</u>	<u>(80,826)</u>
Net increase in cash and cash equivalents	255,190	3,455,863
Cash and cash equivalents, beginning balance	<u>10,419,367</u>	<u>6,963,504</u>
Cash and cash equivalents, ending balance (Note 17)	<u>10,674,557</u>	<u>10,419,367</u>

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

SOCIETY FOR THE AGED SICK

Notes to the Financial Statements 31 March 2022

1. General

Society for the Aged Sick (the “Society”) is registered in Singapore on 14 February 1968 under the Societies Act 1966. The Society is also a charity registered under the Charities Act 1994 and an approved Institution of a Public Character under the Income Tax Act 1947. The financial statements are presented in Singapore dollars.

The principal activities of the Society consist of the provision of residential and nursing care services for the aged sick.

The registered office is located at 130 Hougang Avenue 1, Singapore 538900. The Society is situated in Singapore.

The financial statements of the Society for the reporting year ended 31 March 2022 are authorised for issuance by the Executive Committee on the date of the statement by the Executive Committee.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Financial Reporting Standards (“FRSs”) and the related interpretations to FRS(I) (“INT FRS”) as issued by the Singapore Accounting Standards Council. They are also in compliance with the provisions of the Societies Act 1966 (the Societies Act), the Charities Act 1994 and other relevant regulation (the Charities Act and Regulations).

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the SFRSs may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, Society has made judgements in the process of applying the entity’s accounting policies. The areas requiring Society’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

SOCIETY FOR THE AGED SICK

1. General (cont'd)

Covid-19 pandemic and the aftermath

The Covid-19 pandemic and the aftermath of the pandemic has caused and will continue to cause disruptions for the foreseeable future to and create uncertainty surrounding the Society. These uncertainties has impacted the Society's operations. As the situation is still evolving, the full effect of the outbreak is still uncertain. It is however reasonably possible that COVID-19 may have an adverse impact on the Society's incoming resources and results for the next reporting year, the extent of which will depend on how long the outbreak lasts. These uncertainties give rise to difficulties in making an accurate assessment by management of the future impacts on the Society. Management will continue to closely monitor the further economic development and its impact.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Incoming resources

(a) Rendering of service

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as the right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Society and it is shown net of related tax and subsidies.

Revenue from rendering of services that are of short duration is recognised at a point in time when the services are completed.

(b) Grants

Grants to cover a particular expenditure or programme are accounted for as incoming resources upon receipt of notification of the grant award, which normally coincides with the year when the related expenses, for which the grant is intended to cover, are incurred. The corresponding asset (grants receivable account) is also recognised then. Grants received from the Ministry of Health ("MOH") for the purchase of depreciable assets and refurbishment of buildings are taken to the deferred capital grants account. The deferred grants are recognised in the statement of financial activities over the years necessary to match the depreciation of assets to which the grants relate. A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received.

SOCIETY FOR THE AGED SICK

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Incoming resources (cont'd)

(b) Grants

Grants and government subvention receipts in recognition of specific expenses are recognised as income to match them with the related costs that they are intended to compensate. Under the conditions of the grant received, over or under funding from MOH are refundable to or from MOH.

(c) Donation and corporate cash sponsorship

Revenue from donations and corporate cash sponsorships are recognised in the statement of financial activities when the right to receive is established, except for committed donations and corporate cash sponsorships that are recorded when the commitments are signed.

(d) Income from fund-raising projects

Revenue from special fund-raising events is recognised when the event takes place.

(e) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset.

Donations in kind

Donations in kind are included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received. No value is ascribed to volunteer services.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government-managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is a constructive obligation based on past practice.

Income tax

As a charity, the Society is exempt from tax on income and gains falling within section 13(1)(zm) of the Income Tax Act 1947 to the extent that these are applied to its charitable objects. No tax charges have arisen for the Society during the reporting year.

SOCIETY FOR THE AGED SICK

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At the end of each reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The useful lives are as follows:

Leasehold building	–	30 years
Furniture and equipment	–	3 to 10 years
Motor vehicles	–	5 years
Construction in progress	–	Not depreciated

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by Society. Subsequent costs are recognised as an 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 repairs and maintenance are charged to profit or loss when they are incurred.

SOCIETY FOR THE AGED SICK

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through statement of financial activities to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the statement of financial activities. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At the end of each reporting year, non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of accumulated depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition, the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

SOCIETY FOR THE AGED SICK

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial assets (cont'd):

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): A debt asset instrument is measured at fair value through other comprehensive income (FVTOCI) only if it meets both of the following conditions and is not designated as at FVTPL, that is (a): the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets are not reclassified subsequent to their initial recognition, except when, and only when, the reporting entity changes its business model for managing financial assets (expected to be rare and infrequent events). The previously recognised gains, losses, or interest cannot be restated. When these financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.
3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year–end date.
4. Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year–end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, and fixed deposits. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

SOCIETY FOR THE AGED SICK

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event, the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in the statement of financial activities in the reporting year they occur.

SOCIETY FOR THE AGED SICK

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information (cont'd)

Funds

All income and expenditures are reflected in the statement of financial activities. Income and expenditures specifically relating to any of the funds separately set up by the Society are allocated subsequently to those funds. Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by the 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 unless impractical to do so. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Expected credit loss allowance for trade receivables:

The allowance for expected credit losses (ECL) assessment requires a degree of estimation and judgement. It is based on the lifetime ECL for trade receivables. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions (including the impact of the Covid-19 pandemic). The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 15 on trade and other receivables.

Estimation of useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts are written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets is disclosed in Note 12 on property, plant and equipment.

SOCIETY FOR THE AGED SICK

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

A related party includes the members of the Executive Committee and key management of the Society. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons; members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

All Executive Committee, members of sub-committees and procurement staff members of the Society are required to read and understand the conflict of interest policy in place and make full disclosure of interests, relationships and holdings that could potentially result in a conflict of interests. When a conflict of interest situation arises, the members or staff shall abstain from participating in the discussion, decision making and voting on the matter.

The members of the Executive Committee are volunteers and receive no monetary remuneration for their contribution, except for reimbursement of out-of-pocket expenses, if any claimed.

Key management compensation:

	<u>2022</u>	<u>2021</u>
	\$	\$
Salaries and other short-term employee benefits	<u>818,855</u>	<u>683,246</u>

The above amounts are included under employee benefits expense.

Number of key management in compensation bands:

Less than \$100,000	5	5
\$100,000 to \$200,000	<u>3</u>	<u>3</u>

Key management personnel is the chief operating officer and the direct reporting senior officers who have authority and responsibility for planning, directing and controlling the activities of the Society, directly or indirectly. There were no transactions with a company in which the above key management personnel have an interest in.

There are no paid staff who are close members of the family of the Society, and whose remuneration each exceeds \$50,000 during the year.

SOCIETY FOR THE AGED SICK

4. Other government funding

	<u>2022</u>	<u>2021</u>
	\$	\$
Community Silver Trust	426,883	–
Salary Adjustment Exercise (SAE) funding for manpower expenses (Note 21C)	320,197	423,465
President’s Challenge Fund (Note 21E)	19,990	–
Wellness Support Package (Note 21F)	10,857	–
Others	16,004	–
	<u>793,931</u>	<u>423,465</u>

5. Voluntary income – donations

	<u>2022</u>	<u>2021</u>
	\$	\$
Donations in cash	1,642,193	754,112
Donations in kind	296,201	273,897
	<u>1,938,394</u>	<u>1,028,009</u>

Tax-deductible receipts

The Society enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deduction for the donations made to the accumulated funds of the Society. The Society’s Institutions of a Public Character (“IPC”) status for general donations is for the period from 1 September 2021 to 31 August 2024.

	<u>2022</u>	<u>2021</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u>1,551,758</u>	<u>603,488</u>

6. Interest income

	<u>2022</u>	<u>2021</u>
	\$	\$
Interest income from other financial assets	54,180	102,895
Interest income from financial institutions	18,998	18,998
	<u>73,178</u>	<u>121,893</u>

Interest income is allocated to respective funds upon receipt on the interest.

SOCIETY FOR THE AGED SICK

7. Other income

	<u>2022</u>	<u>2021</u>
	\$	\$
Government grant income (a)	1,005,485	2,188,324
Subscription fee income	100	100
Gain on disposal of plant and equipment	35,770	–
Plant and equipment written off	<u>(3,278)</u>	<u>–</u>
	<u>1,038,077</u>	<u>2,188,424</u>

(a) Included in the above government grant income are as follows:

- Jobs Support Scheme amounted to \$218,641 (2021:\$905,884), and
- NH staff accomodation amounted to \$595,170 (2021:\$712,712) (Note 21H).

8. Employee benefits expense

	<u>2022</u>	<u>2021</u>
	\$	\$
Short term employee benefits expense (a)	7,031,289	6,741,352
Contributions to defined contribution plans	556,931	564,174
Other benefits (b)	<u>2,443,828</u>	<u>1,971,046</u>
	<u>10,032,048</u>	<u>9,276,572</u>

(a) Short term employee benefits expense includes benefits like salaries, wages, and performance incentives are recognised as expenses in which the associated services are rendered by employees for the their service.

(b) All other employee benefits expense other than those fall under the short term employee benefits expense and contributions to defined contribution plans, which include benefits like foreign worker levy, short term compensated absences, medical expenses, and insurance expenses are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

9. Resident nursing care costs

	<u>2022</u>	<u>2021</u>
	\$	\$
Resident nursing care costs	1,290,002	1,366,378
Resident rehabilitation costs	13,307	6,285
Resident activities, volunteer and donor expenses	<u>45,127</u>	<u>73,730</u>
	<u>1,348,436</u>	<u>1,446,393</u>

10. Facilities management, maintenance and other ancillary costs

	<u>2022</u>	<u>2021</u>
	\$	\$
Maintenance and upkeep of premises	434,284	425,947
Utilities	359,276	401,540
Professional fees	131,186	103,505
Food and other kitchen supplies	790,359	724,714
Others	<u>114,837</u>	<u>90,607</u>
	<u>1,829,942</u>	<u>1,746,313</u>

SOCIETY FOR THE AGED SICK

11. Administrative expenses

The major component and other selected components includes the following

	<u>2022</u>	<u>2021</u>
	\$	\$
Depreciation (Note 12)	470,721	474,251
(Reversal) / Allowance on impairment of trade receivables (Note 15)	(48,936)	7,068
Bad debts written off	19,444	62,490
Amortisation of prepaid rent premium (Note 14)	209,340	209,340
Emergency preparedness expenses	207,269	391,557
Purchased resource	219,583	254,429
Architect fee on building improvement	168,450	–

12. Property, plant and equipment

	<u>Leasehold building</u>	<u>Furniture and equipment</u>	<u>Motor vehicles</u>	<u>Construction in progress</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<u>Cost:</u>					
At 1 April 2020	23,781,602	2,067,707	280,822	18,400	26,148,531
Additions	31,068	83,496	–	119,830	234,394
Disposals	–	(3,350)	–	–	(3,350)
At 31 March 2021	23,812,670	2,147,853	280,822	138,230	26,379,575
Additions	–	383,151	–	252,402	635,553
Reclassification	79,680	–	–	(79,680)	–
Disposals	–	–	(232,592)	–	(232,592)
Written off	–	(74,220)	–	(310,952)	(385,172)
At 31 March 2022	23,892,350	2,456,784	48,230	–	26,397,364
<u>Accumulated depreciation:</u>					
At 1 April 2020	16,659,007	1,596,066	209,637	–	18,464,710
Depreciation for the year	250,688	204,634	18,929	–	474,251
Disposals	–	(3,154)	–	–	(3,154)
At 31 March 2021	16,909,695	1,797,546	228,566	–	18,935,807
Depreciation for the year	254,213	211,636	4,872	–	470,721
Disposals	–	–	(185,208)	–	(185,208)
Written off	–	(70,942)	–	–	(70,942)
At 31 March 2022	17,163,908	1,938,240	48,230	–	19,150,378
<u>Carrying value:</u>					
At 1 April 2020	7,122,595	471,641	71,185	18,400	7,683,821
At 31 March 2021	6,902,975	350,307	52,256	138,230	7,443,768
At 31 March 2022	6,728,442	518,544	–	–	7,246,986

The leasehold building is held in trust by a trustee of the Society.

The construction in progress written off, amounting to \$310,952 has been charged to building reserve and administrative expenses.

SOCIETY FOR THE AGED SICK

13. Other financial assets, non-current

13A. Disclosures relating to investments in debt assets instruments at FVTOCI

	<u>Level</u>	<u>2022</u> \$	<u>2021</u> \$
Quoted bonds in corporations with a fixed interest of 3.8% and maturing on 23 April 2027, Singapore			
Total	1	<u>505,000</u>	<u>505,000</u>

The fair value of quoted debt securities is determined based on market prices (Level 1).

13B. Credit rating of the debt assets instruments at FVTOCI

The debt asset instrument carried at FVTOCI is subject to the expected credit loss model under the standard on financial instruments. The debt investment at FVTOCI is considered to have low credit risk, and the loss allowance recognised during the reporting year is limited to 12 months expected losses. Listed bonds are regarded as of low credit risk if they have an investment-grade credit rating with one or more reputable rating agencies. Other bonds are regarded as of low credit risk if they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

Ratings of investments in debt assets instruments at FVTOCI:

	<u>2022</u> \$	<u>2021</u> \$
Balances not having an investment-grade credit rating	<u>505,000</u>	<u>505,000</u>

13C. Sensitivity analysis for price risk of quoted bonds at FVTOCI

There are investments in corporate bonds or similar instruments. Such investments are exposed to market price risk arising from uncertainties about future values of the investment securities. Sensitivity analysis: The effect is as follows:

	<u>2022</u> \$	<u>2021</u> \$
A hypothetical 10% increase in the market index of quoted corporate bonds would have an effect on the surplus of	<u>50,500</u>	<u>50,500</u>

For similar price decreases in the fair value of the above financial assets, there would be comparable impacts in the opposite direction.

SOCIETY FOR THE AGED SICK

14. Other non-financial assets, non-current

	<u>2022</u>	<u>2021</u>
	\$	\$
Total prepaid rent premium	<u>5,320,599</u>	<u>5,529,939</u>
14A. Prepaid rent premium		
	<u>2022</u>	<u>2021</u>
	\$	\$
<u>Cost:</u>		
At the beginning and end of the year	<u>6,280,070</u>	<u>6,280,070</u>
<u>Accumulated amortisation:</u>		
At the beginning of the year	540,795	331,455
Amortisation for the year	<u>209,340</u>	<u>209,340</u>
At the end of the year	<u>750,135</u>	<u>540,795</u>
	<u>5,529,935</u>	<u>5,739,275</u>
Not later than one year	209,336	209,336
Later than one year and not later than five years	837,343	837,343
Later than five years	<u>4,483,256</u>	<u>4,692,596</u>
	<u>5,529,935</u>	<u>5,739,275</u>
Presented as:		
Other non-financial assets, current (Note 16)	<u>209,336</u>	<u>209,336</u>
Other non-financial assets, non-current	<u>5,320,599</u>	<u>5,529,939</u>

The prepaid rent premium of \$6,280,070 represents advance land rental paid to Singapore Land Authority for 130 Hougang Avenue 1, Singapore 538900. The prepaid rent premium covers a period of 30 years effective from 1 September 2018 to 31 August 2048 and it is not transferable. The prepaid land premium is amortised over the period of the lease term on a straight-line method over a period of 30 years.

15. Trade and other receivables

	<u>2022</u>	<u>2021</u>
	\$	\$
<u>Trade receivables:</u>		
Outside parties	447,965	420,615
Less allowance for impairment	(93,421)	(142,357)
Government grant and subsidies receivables	1,383	108,763
Net trade receivables – sub-total	<u>355,927</u>	<u>387,021</u>
<u>Other receivables:</u>		
Outside parties	68,121	50,246
Interest receivable	47,551	79,568
Other receivables – sub total	<u>115,672</u>	<u>129,814</u>
Total trade and other receivables	<u>471,599</u>	<u>516,835</u>
Movements in above allowance on trade receivables:		
Balance at the beginning of the year	142,357	135,289
(Reversed) / Charged to profit or loss under administrative expenses	<u>(48,936)</u>	<u>7,068</u>
Balance at the end of the year	<u>93,421</u>	<u>142,357</u>

SOCIETY FOR THE AGED SICK

15. Trade and other receivables (cont'd)

The Society has a significant number of customers and which can be graded as low risk individually. These trade receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The trade receivables are considered to have low credit risk individually. At the end of the reporting year, a loss allowance is recognised at an amount equal to 12 months expected credit losses because there has not been a significant increase in credit risk since initial recognition. In consideration of residents' deposit and financial assistance scheme ("FAS"), a loss allowance balance of \$93,421 (2021: \$142,357) is recognised. There is no collateral held as security and other credit enhancements for these trade receivables.

Ageing analysis of the age of trade receivable amounts:

	<u>2022</u>	<u>2021</u>
	\$	\$
<u>Trade receivables:</u>		
Below 60 days	285,357	221,907
61 to 90 days	–	26,664
Over 90 days	<u>162,608</u>	<u>172,044</u>
Total	<u>447,965</u>	<u>420,615</u>

There is no concentration of credit risk with respect to trade receivables, as there are a large number of receivables from residents.

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period, a loss allowance is recognised at an amount equal to 12 months expected credit losses because there has not been a significant increase in credit risk since initial recognition. As at the end of the reporting year, no loss allowance is necessary.

Other receivables are normally with no fixed terms and therefore there is no maturity.

16. Other non-financial assets, current

	<u>2022</u>	<u>2021</u>
	\$	\$
Prepaid land premium (Note 14A)	209,336	209,336
Prepayments	8,705	9,769
Deposits to secure services	82,960	123,010
Others	<u>330</u>	<u>330</u>
	<u>301,331</u>	<u>342,445</u>

SOCIETY FOR THE AGED SICK

17. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
	\$	\$
Not restricted in use	10,674,557	10,419,367
Restricted in use:-		
(a) Restricted in use over 3 months	2,352,197	1,646,159
(b) Cash under restricted funds (Note A)	2,705,383	2,892,755
(c) Cash restricted in use (Note B)	5,031,400	5,188,590
	<u>20,763,537</u>	<u>20,146,871</u>
Interest earning balances	<u>9,444,308</u>	<u>9,358,293</u>

Note A:

Cash and cash equivalents restricted in use for their various programme funds recorded in restricted funds.

Note B:

Cash restricted in use represents grants, donations and advances received but have not utilised as at the end of the reporting year. The utilisation of these monies are subject to specific terms and conditions attached to the grants, donations and advances received.

- \$72,225 (2021: \$74,625) relating to monies held on behalf of the residents.
- \$528,903 (2021: \$214,478) relating to monies held on behalf of Medifund Account from the Ministry of Health (Note 21).
- \$3,235,405 (2021: \$3,364,606) relating to monies received under Community Silver Trust Fund (Note 21A);
- \$160,096 (2021: 480,293) relating to monies received under the Salary Adjustment Exercise (SAE) Fund from the Ministry of Health (Note 21C); and
- \$282,010 (2021: \$67,000) relating to monies received under the President's Challenge Fund (Note 21E).
- \$43,543 (2021: \$38,400) relating to monies received under Wellness Support Package. (Note 21F)
- \$709,218 (2021; \$949,188) relating to monies received under Nursing Home Staff Accommodation from the Ministry of Health

The rate of interest for the cash on interest-earning balances is between 0.45% and 1.30% (2021: 0.45% and 1.30%) per annum.

Cash and cash equivalents in the statement of cash flows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Amount as shown above	20,763,537	20,146,871
Restricted in use	<u>(10,088,980)</u>	<u>(9,727,504)</u>
Cash and cash equivalents for the statement of cash flows purposes at the end of the year	<u>10,674,557</u>	<u>10,419,367</u>

SOCIETY FOR THE AGED SICK

18. Funds of the Society

Restricted funds:

- (a) Building reserve is a restricted fund, which purpose is for the renovation, maintenance and payment of repair services of the leasehold building.
- (b) Computerisation fund is used for the Society's IT system upgrades.
- (c) Bob and Hazel Booker Memorial Fund is used for giving out scholarships and training for the Society's staff.

19. Reserves policy

	<u>2022</u>	<u>2021</u>
	\$	\$
Unrestricted funds	<u>20,511,264</u>	<u>20,269,092</u>
Annual operating expenditure*	<u>14,903,811</u>	<u>14,317,638</u>
The ratio of reserves to annual operating expenditure (times)	<u>1.38</u>	<u>1.42</u>

* Annual operating expenditure represents total resources expended for unrestricted funds.

The primary objective of the Society's reserves management policy is to ensure that it maintains strong and healthy fund ratios in order to support its operations and potential initiatives.

The Society is not subject to externally imposed fund requirements other than those specified as restricted.

20. Trade and other payables

	<u>2022</u>	<u>2021</u>
	\$	\$
<u>Trade payables:</u>		
Outside parties	<u>673,860</u>	<u>510,545</u>
<u>Other payables:</u>		
Outside parties and accrued liabilities	803,541	579,501
Residents' funds held on behalf	72,225	74,625
Residents' maintenance deposits	10,739	6,807
Non-refundable payments received in advance	515,297	447,593
Deferred income	<u>211,141</u>	<u>57,363</u>
Total other payables	<u>1,612,943</u>	<u>1,165,889</u>
Total trade and other payables	<u>2,286,803</u>	<u>1,676,434</u>

SOCIETY FOR THE AGED SICK

21. Other liabilities

	<u>2022</u>	<u>2021</u>
	\$	\$
Community Silver Trust – deferred income (Note 21A)	3,235,405	3,364,606
Deferred building grant (Note 21B)	3,956,398	4,106,167
Funding from the Ministry of Health (Note 21C)	160,096	480,293
Deferred capital grant (Note 21D)	190,030	281,046
President’s Challenge Fund (Note 21E)	282,010	67,000
Wellness Support Package (Note 21F)	43,543	38,400
Jobs Support Scheme (Note 21G)	-	145,399
NH Staff Accomodation (Note 21H)	709,218	949,188
Monies held on behalf of Medifund Account (Note 17)	528,903	214,478
	<u>9,105,603</u>	<u>9,646,577</u>

21A. Community Silver Trust – deferred income

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance at the beginning of the year	3,364,606	2,090,981
Received during the year	297,682	1,373,625
Utilisation (Note 4)	(426,883)	-
Refund of unutilised grant	-	(100,000)
Balance at the end of the year	<u>3,235,405</u>	<u>3,364,606</u>

Community Silver Trust (CST) funding is a dollar-to-dollar matching for eligible donations by the Government of Singapore, which shall be used for specified purposes that include enhancement and expansion of services and building capability of the voluntary welfare organisation. The CST funding received by the Society has been earmarked for the facilities improvement work and purchase of electrical hospital beds. The balance as at the end of the reporting year represents CST funding received but not utilised.

21B. Deferred building grant

	<u>2022</u>	<u>2021</u>
	\$	\$
<u>At cost:</u>		
Balance at the beginning and end of the year	<u>17,755,298</u>	<u>17,755,298</u>
<u>Accumulated amortisation:</u>		
Balance at the beginning of the year	13,649,131	13,499,362
Amortisation for the year	149,769	149,769
Balance at the end of the year	<u>13,798,900</u>	<u>13,649,131</u>
<u>Carrying value:</u>		
Balance at the beginning of the year	<u>4,106,167</u>	<u>4,255,936</u>
Balance at the end of the year	<u>3,956,398</u>	<u>4,106,167</u>

There are capital grants received from the government agency and public donations for the building and extension building of the Society.

SOCIETY FOR THE AGED SICK

21. Other liabilities (cont'd)

21C. Funding from the Ministry of Health

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance at the beginning of the year	480,293	903,758
Utilisation for staff payment (Note 4)	<u>(320,197)</u>	<u>(423,465)</u>
Balance at the end of the year	<u>160,096</u>	<u>480,293</u>

Salary Adjustment Exercise (SAE) funding received from the Ministry of Health ("MOH") is for improving the salary competitiveness of staff in the intermediate and Long-Term Care (ILTC) sector. Where minimum salary benchmarks have been met, 50% of the remaining funding shall be used for other manpower initiatives and the other 50% can be used for other general purposes. The balance as at the end of the reporting year represents funding received but not utilised.

21D. Deferred capital grants:

	<u>2022</u>	<u>2021</u>
	\$	\$
<u>At cost:</u>		
Balance at the beginning of the year	674,234	660,082
Purchase of plant and equipment – grants received	<u>29,283</u>	<u>14,152</u>
Balance at the end of the year	<u>703,517</u>	<u>674,234</u>
<u>Accumulated amortisation:</u>		
Balance at the beginning of the year	393,188	295,862
Amortisation for the year	<u>120,299</u>	<u>97,326</u>
Balance at the end of the year	<u>513,487</u>	<u>393,188</u>
<u>Carrying value:</u>		
Balance at the beginning of the year	281,046	364,220
Balance at the end of the year	<u>190,030</u>	<u>281,046</u>

Deferred capital grants refer to grants received from government agencies and public donations for the purchase of plant and equipment, other than those related to the leasehold building.

21E. President's Challenge Fund

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance at the beginning of the year	67,000	67,000
Grants received during the year	235,000	–
Utilisation (Note 4)	<u>(19,990)</u>	<u>–</u>
Balance at the end of the year	<u>282,010</u>	<u>67,000</u>

President's Challenge Fund received is for defraying part of the manpower and retrofitting cost to provide dignified care and comforting environment for resident at end of life and to hire Resident Care Assistant to improve the psycho-social well being of the resident.

SOCIETY FOR THE AGED SICK

21. Other liabilities (cont'd)

21F. Wellness Support Package

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance at the beginning of the year	38,400	22,400
Grants received during the year	16,000	16,000
Utilisation (Note 4)	<u>(10,857)</u>	<u>–</u>
Balance at the end of the year	<u>43,543</u>	<u>38,400</u>

Wellness Support Package funding received from the Agency Integrated Care (“AIC”) is for improving activity satisfaction levels in nursing homes and enable homes to embed a structured activity approach so that more activities can take place. The balance as at the end of the reporting year represents funding received but not utilised.

21G. Jobs Support Scheme

The grant relates to the estimated payout under the Jobs Support Scheme.

21H. NH Staff accommodation

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance at the beginning of the year	949,188	–
Grants received during the year	355,200	1,661,900
Utilisation (Note 7)	<u>(595,170)</u>	<u>(712,712)</u>
Balance at the end of the year	<u>709,218</u>	<u>949,188</u>

NH Staff accommodation funding received from the Agency Integrated Care (“AIC”) is to support the Society’s effort on transition to the new norm for staff accommodation to strengthen of split zone implementation. The balance as the end of the reporting year represents funding received but not utilised.

22. Columnar presentation of statement of financial position

A majority of the assets and liabilities are attributable to the Accumulated fund. All the assets of the other funds are represented by cash. Accordingly, the Society did not adopt a columnar presentation of its assets, liabilities and funds in the Statement of Financial Position as it was not meaningful.

SOCIETY FOR THE AGED SICK

23. Financial instruments: information on financial risks

23A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>2022</u>	<u>2021</u>
	\$	\$
<u>Financial assets:</u>		
Financial assets at amortised cost	21,235,136	20,663,706
Financial assets that are debt asset instruments at fair value through other comprehensive income (FVTOCI)	<u>505,000</u>	<u>505,000</u>
At the end of the year	<u>21,740,136</u>	<u>21,168,706</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	<u>1,560,365</u>	<u>1,171,478</u>

Further quantitative disclosures are included throughout these financial statements.

23B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However, these are not documented in a formal written document. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following good market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

23C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

SOCIETY FOR THE AGED SICK

23. Financial instruments: information on financial risks (cont'd)

23D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as trade receivables and contract assets. For credit risk on trade receivables, contract assets and other financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

23E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The average credit period taken to settle trade payables is about 30 days (2021: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

23F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed interest rates and floating interest rates. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	<u>2022</u>	<u>2021</u>
	\$	\$
Financial assets:		
Fixed rates	<u>9,949,308</u>	<u>9,863,293</u>

Sensitivity analysis: The effect on surplus is insignificant.

SOCIETY FOR THE AGED SICK

23. Financial instruments: information on financial risks (cont'd)

23G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

There is insignificant exposure to foreign currency risk as part of its normal business.

24. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Commitments to purchase of property, plant and equipment	-	<u>458,910</u>

25. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 39; 107 and 109	Interest Rate Benchmark Reform – Amendments to The Conceptual Framework for Financial Reporting
FRS 116	Covid-19 Related Rent Concessions – Amendment to (effective from 30 June 2021)

SOCIETY FOR THE AGED SICK

26. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
Various	Annual Improvements to FRS 2018 - 2020	1 January 2022
FRS 16	Property, Plant and Equipment: Proceed before Intended Use – Amendments to	1 January 2022
FRS 1	Presentation of Financial Statements – Amendment relating to Classification of Liabilities as Current or Non-current	1 January 2023
FRS 8	Definition of Accounting Estimates - Amendments	1 January 2023
Various	Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023