

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 2023

RSM Chio Lim LLP

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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

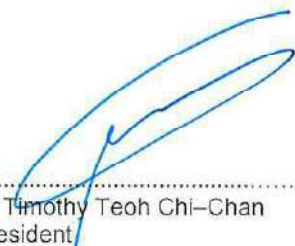
Statement by Executive Committee

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 2023 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

8 September 2023



.....
Dr Noel Yeo Sheng Ming
Hon. Treasurer

RSM Chio Lim LLP

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**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 2023, 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 2023 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 FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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
Public Accountants and
Chartered Accountants
Singapore

8 September 2023

Engagement partner – effective from reporting year ended 31 March 2020

SOCIETY FOR THE AGED SICK

Statement of Financial Activities Year Ended 31 March 2023

		UNRESTRICTED		RESTRICTED				
		Accumulated	Building	Computeri-	Bob and			
	Notes	Fund	Reserve	sation	Hazel Booker	Sub-total		Total
		\$	Fund	Fund	Memorial	\$	\$	\$
2023:								
<u>Incoming Resources:</u>								
<u>Income resources from generated funds</u>								
Government subvention grants		9,152,949	—	—	—	—		9,152,949
Other government funding	4	592,517	—	—	—	—		592,517
Income from residents		3,255,913	—	—	—	—		3,255,913
Voluntary income – donations	5	2,125,644	—	—	—	—		2,125,644
<u>Other income</u>								
Interest income	6	233,172	—	303	2,681	2,984		236,156
Government grant income	7	1,748,055	—	—	21,924	21,924		1,769,979
Subscription fee income	7	205	—	—	—	—		205
(Loss)/ Gain on disposal of plant and equipment	7	(10,123)	—	—	—	—		(10,123)
Loss on bond redemption	7	(5,000)	—	—	—	—		(5,000)
Fair value gain on investment	7	7,595	—	—	—	—		7,595
Amortisation of computerisation fund		56,981	—	(56,981)	—	(56,981)		—
Amortisation deferred building grant	21B	149,769	—	—	—	—		149,769
Amortisation of deferred government grant	21D	70,532	—	—	—	—		70,532
Total incoming resources		17,378,209	—	(56,678)	24,605	(32,073)		17,346,136

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

SOCIETY FOR THE AGED SICK

Statement of Financial Activities Year Ended 31 March 2023

		UNRESTRICTED	RESTRICTED				Total
		Accumulated Fund \$	Building Reserve Fund \$	Computeri- sation Fund \$	Bob and Hazel Booker Memorial Fund \$	Sub-total \$	
<u>2023:</u>	<u>Notes</u>						
<u>Resources Expended:</u>							
Employee benefits expense	8	10,790,938	—	—	—	—	10,790,938
Resident nursing care costs	9	1,384,967	—	—	—	—	1,384,967
Facilities management, maintenance and other ancillary costs	10	2,402,501	—	—	—	—	2,402,501
Administrative expenses	11	1,743,350	—	—	—	—	1,743,350
Total resources expended		<u>16,321,756</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,321,756</u>
 Surplus for the reporting year		1,056,453	—	(56,678)	24,605	(32,073)	1,024,380
Balance at 1 April 2022		<u>20,511,264</u>	<u>2,486,579</u>	<u>148,064</u>	<u>70,739</u>	<u>2,705,382</u>	<u>23,216,646</u>
Balance as at 31 March 2023		<u>21,567,717</u>	<u>2,486,579</u>	<u>91,386</u>	<u>95,344</u>	<u>2,673,309</u>	<u>24,241,026</u>

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

SOCIETY FOR THE AGED SICK

Statement of Financial Activities Year Ended 31 March 2023

		UNRESTRICTED	RESTRICTED				Total
		Accumulated Fund \$	Building Reserve Fund \$	Computeri- sation Fund \$	Bob and Hazel Booker Memorial Fund \$	Sub-total \$	
<u>2022:</u>	<u>Notes</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 2023

		UNRESTRICTED		RESTRICTED			
		Accumulated	Building	Computeri-	Bob and		
	Notes	Fund	Reserve	sation	Hazel Booker	Sub-total	Total
		\$	Fund	Fund	Memorial	\$	\$
<u>2022:</u>							
<u>Resources Expended:</u>							
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		<u>14,903,811</u>	<u>142,502</u>	<u>—</u>	<u>18,270</u>	<u>160,772</u>	<u>15,064,583</u>
 Surplus for the reporting year		242,172	(142,502)	(27,830)	(17,041)	(187,373)	54,799
Balance at 1 April 2021		<u>20,269,092</u>	<u>2,629,081</u>	<u>175,894</u>	<u>87,780</u>	<u>2,892,755</u>	<u>23,161,847</u>
Balance as at 31 March 2022		<u>20,511,264</u>	<u>2,486,579</u>	<u>148,064</u>	<u>70,739</u>	<u>2,705,382</u>	<u>23,216,646</u>

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

SOCIETY FOR THE AGED SICK

Statement of Financial Position As at 31 March 2023

	<u>Notes</u>	<u>2023</u> \$	<u>2022</u> \$
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	12	8,427,734	7,246,986
Other financial assets	13	2,507,595	505,000
Right-of-use-asset	14	5,320,595	5,529,935
Total non-current assets		<u>16,255,924</u>	<u>13,281,921</u>
<u>Current assets</u>			
Trade and other receivables	15	1,143,825	471,599
Other assets	16	177,448	91,995
Cash and cash equivalents	17	18,041,035	20,763,537
Total current assets		<u>19,362,308</u>	<u>21,327,131</u>
Total assets		<u>35,618,232</u>	<u>34,609,052</u>
FUNDS AND LIABILITIES			
<u>Unrestricted funds</u>			
Accumulated fund	19	21,567,717	20,511,264
Total unrestricted funds	19	<u>21,567,717</u>	<u>20,511,264</u>
<u>Restricted funds</u>			
Building reserve	18	2,486,579	2,486,579
Computerisation fund	18	91,386	148,064
Bob and Hazel Booker Memorial Fund	18	95,344	70,739
Total restricted funds		<u>2,673,309</u>	<u>2,705,382</u>
Total funds		<u>24,241,026</u>	<u>23,216,646</u>
<u>Current liabilities</u>			
Trade and other payables	20	3,780,129	2,286,803
Other liabilities	21	7,597,077	9,105,603
Total current liabilities		<u>11,377,206</u>	<u>11,392,406</u>
Total funds and liabilities		<u>35,618,232</u>	<u>34,609,052</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 2023

	<u>2023</u> \$	<u>2022</u> \$
<u>Cash flows from operating activities</u>		
Surplus for the reporting year	1,024,380	54,799
Adjustments for:		
Interest income	(236,156)	(73,178)
Amortisation of deferred building grant	149,769	149,769
Amortisation of deferred capital grants	70,532	120,299
Amortisation of right-of-use-assets	209,340	209,340
Depreciation of plant and equipment	452,243	470,721
Gain on disposal of plant and equipment	10,123	(35,770)
Fair value gain on fund investment	(7,595)	—
Loss on bond redemption	5,000	—
Plant and equipment written off	—	3,278
Construction in progress written off	—	310,952
Operating surplus before changes in working capital	<u>1,677,636</u>	<u>1,210,210</u>
Trade and other receivables	(613,143)	13,219
Other non-financial assets, current	(85,453)	41,114
Cash restricted in use	36,082	(361,476)
Trade and other payables	1,493,326	610,369
Other liabilities	<u>(1,728,827)</u>	<u>(811,042)</u>
Net cash flows from operating activities	<u>779,621</u>	<u>702,394</u>
<u>Cash flows used in investing activities</u>		
Purchase of property, plant and equipment	(1,652,647)	(635,553)
Proceed from disposal of property, plant and equipment	9,533	83,154
Redemption of bond	500,000	—
Purchase of money market fund	(2,500,000)	—
Interest received	<u>177,073</u>	<u>105,195</u>
Net cash flows used in investing activities	<u>(3,466,041)</u>	<u>(447,204)</u>
Net increase in cash and cash equivalents	(2,686,420)	255,190
Cash and cash equivalents, beginning balance	<u>10,674,557</u>	<u>10,419,367</u>
Cash and cash equivalents, ending balance (Note 17)	<u>7,988,137</u>	<u>10,674,557</u>

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

SOCIETY FOR THE AGED SICK

Notes to the Financial Statements 31 March 2023

1. General

Society for the Aged Sick (the "Society") was 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 2023 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 Accounting Standards Committee under ACRA. 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 FRSs 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

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. 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.

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 the authorities.

(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.

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)

(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.

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.

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)

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.

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.

SOCIETY FOR THE AGED SICK

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

2A. Significant accounting policies (cont'd)

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 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.

Classification and measurement of financial assets

Financial assets are classified into (1) Financial asset classified as measured at amortised cost; (2) Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI); (3) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI); and (4) Financial asset classified as measured at fair value through profit or loss (FVTPL).

At the end of the reporting year, the company had the following type of financial assets:

1. Financial asset classified as measured at amortised cost: 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.
2. Financial asset that is a debt asset instrument classifies as measured at fair value through other comprehensive income (FVTOCI): On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.

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.

SOCIETY FOR THE AGED SICK

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

2A. Significant accounting policies (cont'd)

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.

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.

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

There were no 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. There were no 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.

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.

SOCIETY FOR THE AGED SICK

3. Related party relationships and transactions (cont'd)

Key management compensation:

	<u>2023</u>	<u>2022</u>
	\$	\$
Salaries and other short-term employee benefits	<u>919,405</u>	<u>818,855</u>

The above amounts are included under employee benefits expense.

Number of key management in compensation bands:

Less than \$100,000	2	5
\$100,000 to \$200,000	<u>5</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.

4. Other government funding

	<u>2023</u>	<u>2022</u>
	\$	\$
Community Silver Trust (Note 21A)	297,682	426,883
Salary Adjustment Exercise (SAE) funding for manpower expenses (Note 21C)	160,096	320,197
President's Challenge Fund (Note 21E)	53,960	19,990
Wellness Support Package (Note 21F)	2,400	10,857
Others	78,379	16,004
	<u>592,517</u>	<u>793,931</u>

5. Voluntary income – donations

	<u>2023</u>	<u>2022</u>
	\$	\$
Tax-exempt receipts issued for donations collected	1,215,364	1,551,758
Donations in cash	657,615	90,435
Donations in kind	252,665	296,201
	<u>2,125,644</u>	<u>1,938,394</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 2022 to 31 August 2024.

SOCIETY FOR THE AGED SICK

6. Interest income

	<u>2023</u>	<u>2022</u>
	\$	\$
Interest income from other financial assets	1,314	54,180
Interest income from financial institutions	234,842	18,998
	<u>236,156</u>	<u>73,178</u>

7. Other income or losses

	<u>2023</u>	<u>2022</u>
	\$	\$
Government grant income (a)	1,769,979	1,005,485
Subscription fee income	205	100
(Loss)/ Gain on disposal of plant and equipment	(10,123)	35,770
Fair value gain on fund investment	7,595	—
Loss on bond redemption	(5,000)	—
Plant and equipment written off	—	(3,278)
	<u>1,762,656</u>	<u>1,038,077</u>

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

- Jobs Support Scheme amounted to Nil (2022: \$218,641), and
- NH staff accommodation amounted to \$190,857 (2022: \$595,170) (Note 21G).
- CCSE salary adjustment funding amounted to \$1,116,630 (2022: Nil).
- Bod and Hazel Booker Memorial Fund amounted to \$21,924(2022: Nil).

8. Employee benefits expense

	<u>2023</u>	<u>2022</u>
	\$	\$
Short term employee benefits expense	7,733,034	7,031,289
Contributions to defined contribution plans	570,514	556,931
Other benefits	2,487,390	2,443,828
	<u>10,790,938</u>	<u>10,032,048</u>

9. Resident nursing care costs

	<u>2023</u>	<u>2022</u>
	\$	\$
Resident nursing care costs	1,321,589	1,290,002
Resident rehabilitation costs	479	13,307
Resident activities, volunteer and donor expenses	62,899	45,127
	<u>1,384,967</u>	<u>1,348,436</u>

SOCIETY FOR THE AGED SICK

10. Facilities management, maintenance and other ancillary costs

	<u>2023</u>	<u>2022</u>
	\$	\$
Maintenance and upkeep of premises	471,897	434,284
Utilities	389,325	359,276
Professional fees	117,813	131,186
Food and other kitchen supplies	1,283,377	790,359
Others	140,089	114,837
	<u>2,402,501</u>	<u>1,829,942</u>

11. Administrative expenses

The major component and other selected components includes the following

	<u>2023</u>	<u>2022</u>
	\$	\$
Audit fees to the independent auditor of the Society	21,000	19,000
Audit-related services (ARS) fees to the independent auditor of the Society	9,250	5,300
Depreciation	452,243	470,721
Allowance / (Reversal) on impairment of trade receivables (Note 15)	51,378	(48,936)
Bad debts written off	23,083	19,444
Amortisation of rent premium	209,340	209,340
Emergency preparedness expenses	111,317	207,269
Outsource services	233,111	219,583
Architect fee on building improvements	<u>—</u>	<u>168,450</u>

SOCIETY FOR THE AGED SICK

12. Property, plant and equipment

	Leasehold building \$	Furniture and equipment \$	Motor vehicles \$	Construction in progress \$	Total \$
<u>Cost:</u>					
At 1 April 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
Additions	37,091	539,040	—	1,076,516	1,652,647
Disposals	—	(217,300)	—	—	(217,300)
At 31 March 2023	23,929,441	2,778,524	48,230	1,076,516	27,832,711
<u>Accumulated depreciation:</u>					
At 1 April 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
Depreciation for the year	255,558	196,685	—	—	452,243
Disposals	—	(197,644)	—	—	(197,644)
At 31 March 2023	17,419,466	1,937,281	48,230	—	19,404,977
<u>Carrying value:</u>					
At 1 April 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
At 31 March 2023	6,509,975	841,243	—	1,076,516	8,427,734

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

The construction in progress is for the facilities improvement work.

13. Other financial assets

	<u>2023</u> \$	<u>2022</u> \$
Investments at FVTOCI (Note 13A)	—	505,000
Investments at FVTPL (Note 13B)	2,507,595	—
	<u>2,507,595</u>	<u>505,000</u>

SOCIETY FOR THE AGED SICK

13. Other financial assets (cont'd)

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

	<u>Level</u>	<u>2023</u> \$	<u>2022</u> \$
Quoted bonds in corporations with a fixed interest of 3.8% and maturing on 23 April 2027, Singapore	1	<u>—</u>	<u>505,000</u>

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

The Society has redeemed the bond during the year.

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>2023</u> \$	<u>2022</u> \$
Balances not having an investment-grade credit rating	<u>—</u>	<u>505,000</u>

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>2023</u> \$	<u>2022</u> \$
A hypothetical 10% increase in the market index of quoted corporate bonds would have a favourable effect on the surplus of	<u>—</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

13. Other financial assets (cont'd)

13B. Disclosures relating to investments in debt assets instruments at FVTPL

<u>Name</u>	<u>Level</u>	<u>2023</u> \$	<u>2022</u> \$
Unquoted money market fund	2	<u>2,507,595</u>	<u>—</u>

The unquoted funds are exposed to the market price risk arising from uncertainties about future values of the investment securities (Level 2).

Investments at fair value through profit or loss

	<u>2023</u> \$	<u>2022</u> \$
Movements during the year:		
Fair value at beginning of the year	—	—
Additions	2,500,000	—
Increase in fair value through profit or loss	<u>7,595</u>	<u>—</u>
Fair value at end of the year	<u>2,507,595</u>	<u>—</u>

Sensitivity analysis for price risk of unquoted funds at FVTPL

	<u>2023</u> \$	<u>2022</u> \$
A hypothetical 10% increase in the market index that relate to funds would have a favourable effect on fair value of	<u>250,760</u>	<u>—</u>

For similar price decreases in the fair value of the above financial assets, there would be comparable impact in the opposite direction. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

14. Right-of-use-asset

	<u>2023</u> \$	<u>2022</u> \$
<u>Land use right at 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	750,135	540,795
Amortisation for the year	<u>209,340</u>	<u>209,340</u>
At the end of the year	<u>959,475</u>	<u>750,135</u>
<u>Carrying value:</u>		
Balance at the end of the year	<u>5,320,595</u>	<u>5,529,935</u>

An upfront payment was for the right-of-use of a 30-year leasehold property for the period of 30 years effective from 1 September 2018 to 31 August 2048. It is not transferable. During the term of the lease no other payments are required in respect of the leasehold interest. The property at 130 Hougang Avenue 1, Singapore 538900 is owned by the Singapore Land Authority.

SOCIETY FOR THE AGED SICK

15. Trade and other receivables

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Trade receivables:</u>		
Outside parties	691,650	447,965
Less allowance for impairment	(144,799)	(93,421)
Government grant and subsidies receivables	461,010	1,383
Net trade receivables – subtotal	<u>1,007,861</u>	<u>355,927</u>
<u>Other receivables:</u>		
Outside parties	29,330	68,121
Interest receivable	106,634	47,551
Other receivables – subtotal	<u>135,964</u>	<u>115,672</u>
Total trade and other receivables	<u>1,143,825</u>	<u>471,599</u>
 Movements in above allowance on trade receivables:		
Balance at the beginning of the year	93,421	142,357
Charged / (Reversed) to profit or loss under administrative expenses	<u>51,378</u>	<u>(48,936)</u>
Balance at the end of the year	<u>144,799</u>	<u>93,421</u>

The Society has a significant number of debtors. These trade receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. In consideration of residents' deposit and financial assistance scheme, a loss allowance of \$144,799 (2022: \$93,421) is recognised. There is no collateral held as security.

Ageing analysis of the age of trade receivable amounts:

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Trade receivables:</u>		
Below 60 days	193,955	285,357
61 to 90 days	223,621	39,824
Over 90 days	274,074	122,784
Total	<u>691,650</u>	<u>447,965</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.

16. Other non-financial assets, current

	<u>2023</u>	<u>2022</u>
	\$	\$
Prepayments	53,269	8,705
Deposits to secure services	113,174	82,960
Others	11,005	330
	<u>177,448</u>	<u>91,995</u>

SOCIETY FOR THE AGED SICK

17. Cash and cash equivalents

	<u>2023</u> \$	<u>2022</u> \$
Not restricted in use	7,988,137	10,674,557
Restricted in use:—		
(a) Restricted in use over 3 months	5,178,832	2,352,197
(b) Cash under restricted funds (Note A)	2,673,309	2,705,383
(c) Cash restricted in use (Note B)	2,200,757	5,031,400
	<u>18,041,035</u>	<u>20,763,537</u>
Interest earning balances	<u>9,534,067</u>	<u>9,444,308</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.

The rate of interest for the cash on interest-earning balances is between 0.32% and 4.15% (2022: 0.45% and 1.30%) per annum.

Cash and cash equivalents in the statement of cash flows:

	<u>2023</u> \$	<u>2022</u> \$
Amount as shown above	18,041,035	20,763,537
Restricted in use	<u>(10,052,898)</u>	<u>(10,088,980)</u>
Cash and cash equivalents for the statement of cash flows purposes at the end of the year	<u>7,988,137</u>	<u>10,674,557</u>

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.

SOCIETY FOR THE AGED SICK

19. Reserves policy

	<u>2023</u> \$	<u>2022</u> \$
Unrestricted funds	<u>21,567,717</u>	<u>20,511,264</u>
Annual operating expenditure*	<u>16,321,756</u>	<u>14,903,811</u>
The ratio of reserves to annual operating expenditure (times)	<u>1.32</u>	<u>1.38</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>2023</u> \$	<u>2022</u> \$
<u>Trade payables:</u>		
Outside parties	<u>720,778</u>	<u>673,860</u>
<u>Other payables:</u>		
Outside parties and accrued liabilities	2,150,122	803,541
Residents' funds held on behalf	98,154	72,225
Residents' maintenance deposits	24,932	10,739
Non-refundable payments received in advance	482,994	515,297
Deferred income	<u>303,149</u>	<u>211,141</u>
Total other payables	<u>3,059,351</u>	<u>1,612,943</u>
Total trade and other payables	<u>3,780,129</u>	<u>2,286,803</u>

The deferred income is expected to be recognised as revenue within a year.

21. Other liabilities

	<u>2023</u> \$	<u>2022</u> \$
Community Silver Trust – deferred income (Note 21A)	953,273	3,235,405
Deferred building grant (Note 21B)	3,806,629	3,956,398
Funding from the Ministry of Health (Note 21C)	—	160,096
Deferred capital grant (Note 21D)	1,687,845	190,030
President's Challenge Fund (Note 21E)	177,892	282,010
Wellness Support Package (Note 21F)	41,143	43,543
NH Staff Accommodation (Note 21G)	550,761	709,218
Monies held on behalf of Medifund Account (Note 17)	<u>379,534</u>	<u>528,903</u>
	<u>7,597,077</u>	<u>9,105,603</u>

SOCIETY FOR THE AGED SICK

21. Other liabilities (cont'd)

21A. Community Silver Trust – deferred income

	<u>2023</u> \$	<u>2022</u> \$
Balance at the beginning of the year	3,235,405	3,364,606
Received during the year	–	297,682
Utilisation (Notes 4, 21D)	(1,785,271)	(426,883)
Refund of unutilised grant	(496,861)	–
Balance at the end of the year	<u>953,273</u>	<u>3,235,405</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>2023</u> \$	<u>2022</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	13,798,900	13,649,131
Amortisation for the year	<u>149,769</u>	<u>149,769</u>
Balance at the end of the year	<u>13,948,669</u>	<u>13,798,900</u>
<u>Carrying value:</u>		
Balance at the beginning of the year	<u>3,956,398</u>	<u>4,106,167</u>
Balance at the end of the year	<u>3,806,629</u>	<u>3,956,398</u>

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

21C. Funding from the Ministry of Health

	<u>2023</u> \$	<u>2022</u> \$
Balance at the beginning of the year	160,096	480,293
Utilisation for staff payment (Note 4)	<u>(160,096)</u>	<u>(320,197)</u>
Balance at the end of the year	<u>–</u>	<u>160,096</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.

SOCIETY FOR THE AGED SICK

21. Other liabilities (cont'd)

21D. Deferred capital grants:

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>At cost:</u>		
Balance at the beginning of the year	703,517	674,234
Purchase of plant and equipment - utilisation of deferred income (Notes 21A, 21E)	1,537,747	—
Purchase of plant and equipment - grants received	30,600	29,283
Balance at the end of the year	<u>2,271,864</u>	<u>703,517</u>
<u>Accumulated amortisation:</u>		
Balance at the beginning of the year	513,487	393,188
Amortisation for the year	70,532	120,299
Balance at the end of the year	<u>584,019</u>	<u>513,487</u>
<u>Carrying value:</u>		
Balance at the beginning of the year	190,030	281,046
Balance at the end of the year	<u>1,687,845</u>	<u>190,030</u>

Deferred capital grants are for the purchase of plant and equipment.

21E. President's Challenge Fund

	<u>2023</u>	<u>2022</u>
	\$	\$
Balance at the beginning of the year	282,010	67,000
Grants received during the year	—	235,000
Utilisation (Notes 4, 21D)	(104,118)	(19,990)
Balance at the end of the year	<u>177,892</u>	<u>282,010</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.

21F. Wellness Support Package

	<u>2023</u>	<u>2022</u>
	\$	\$
Balance at the beginning of the year	43,543	38,400
Grants received during the year	—	16,000
Utilisation (Note 4)	(2,400)	(10,857)
Balance at the end of the year	<u>41,143</u>	<u>43,543</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.

SOCIETY FOR THE AGED SICK

21. Other liabilities (cont'd)

21G. NH Staff accommodation

	<u>2023</u>	<u>2022</u>
	\$	\$
Balance at the beginning of the year	709,218	949,188
Grants received during the year	32,400	355,200
Utilisation (Note 7)	(190,857)	(595,170)
Balance at the end of the year	<u>550,761</u>	<u>709,218</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.

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.

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>2023</u>	<u>2022</u>
	\$	\$
<u>Financial assets:</u>		
Financial assets at amortised cost	19,184,860	21,235,136
At fair value through other comprehensive income (FVTOCI)	—	505,000
At fair value through profit or loss (FVTPL)	2,507,595	—
At the end of the year	<u>21,692,455</u>	<u>21,740,136</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	<u>2,993,986</u>	<u>1,560,365</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.

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

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.

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 (2022: 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.

SOCIETY FOR THE AGED SICK

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

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>2023</u> \$	<u>2022</u> \$
Financial assets:		
Fixed rates	<u>12,034,067</u>	<u>9,949,308</u>

Sensitivity analysis: The effect on surplus is insignificant.

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. Changes and adoption of financial reporting standards

For the current reporting year, the Accounting Standards Committee under ACRA issued certain new or revised financial reporting standards. None of these is applicable to the entity for the current reporting year based on its current operations.

25. 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 Accounting Standards Committee under ACRA 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>
FRS 1	Disclosure of Accounting Policies – Amendments to SFRS 1 and SFRS Practice Statement 2 Making Materiality Judgements	1 January 2023
FRS 8	Definition of Accounting Estimates - Amendments	1 January 2023