

REN CI HOSPITAL

(Registration No: 201018593M)

Institutions of a Public Character Number: 000712
(Registered under the Charities Act 1994)

Statement by Directors and Financial Statements

Year Ended 31 March 2023

RSM Chio Lim LLP

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REN CI HOSPITAL

Statement by Directors and Financial Statements

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REN CI HOSPITAL

Statement by Directors

The directors of Ren Ci Hospital (the "Hospital") are pleased to present the financial statements of the Hospital for the reporting year ended 31 March 2023.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and financial activities of the Hospital for the reporting year covered by the financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the Hospital will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the Hospital in office at the date of this statement are:

Seow Choke Meng (Chairman)
Lim Chai Boon (Vice Chairman)
Neo Kah Kiat (Vice Chairman)
Teo Kwee Yee (Vice Chairman)
Christopher Tang Kok Kai (Treasurer)
Ang Fung Fung
Anthony Mallek
Chia Lee Meng Raymond
Prof Choo Wee Jin Philip
Chua Siow Poh Alice
Chua Leong Chuan Jeffrey
Dr Ee Chye Hua
Lee Joo Cheng Lillian
Lim Eng Koo
Ng Tiong Gee
Pang Lim
Seah Choo Meng
Dr See Long Hian
Wong Hsien Xiong
Yap Wai Ming
Yeo Hung Chuan
Zhong Ming

REN CI HOSPITAL

3. Directors' interests in shares and debentures, and arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

The Hospital is a company limited by guarantee and has no share capital.


4. Options

The Hospital is a company limited by guarantee. As such, there are no share options or unissued shares under option.

5. Independent auditor

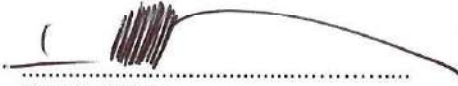
RSM Chio Lim LLP has expressed willingness to accept re-appointment.

On behalf of the directors



.....
Seow Choke Meng
Director

24 June 2023



.....
Lim Chai Boon
Director

RSM Chio Lim LLP

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Independent Auditor's Report to the Members of REN CI HOSPITAL

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Ren Ci Hospital (the "Hospital"), which comprise the statement of financial position as at 31 March 2023, and the statement of financial activities and other comprehensive income and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Companies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and the Financial Reporting Standards ("FRS") so as to give a true and fair view of the financial position of the Hospital as at 31 March 2023 and of the financial activities, changes in funds and cash flows of the Hospital for the reporting 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 Hospital 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 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 REN CI HOSPITAL

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Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Charities Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Hospital'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 Hospital or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Hospital'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 Hospital's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Hospital'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 Hospital to cease to continue as a going concern.

**Independent Auditor's Report to the Members of
REN CI HOSPITAL**

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

- 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 the directors 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 directors 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, the accounting and other records required by Companies Act, and the Charities Act and Regulations to be kept by the Hospital have been properly kept in accordance with the provisions of the Companies Act, and the Charities Act and Regulations.

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

- (a) the Hospital has not used the donation moneys in accordance with the objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Hospital 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 Woo E-Sah.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

24 June 2023

Engagement partner - effective from the year ended 31 March 2021

REN CI HOSPITAL

Statement of Financial Activities and Other Comprehensive Income
Year Ended 31 March 2023

	<u>Notes</u>	<u>2023</u> \$	<u>2022</u> \$
<u>Incoming resources</u>			
Voluntary income - donations	4	4,184,451	4,593,072
Government subvention grants		61,848,602	58,424,935
Fund raising income		1,681,904	2,185,363
Interest & investment loss	5	(3,519,168)	(2,340,458)
Charitable income	6	19,173,299	16,995,122
Other incoming resources	7	3,336,967	3,253,594
Total incoming resources		<u>86,706,055</u>	<u>83,111,628</u>
<u>Less: resources expended</u>			
Cost of generating funds			
- Fund raising expenditure		273,379	205,588
- General donations		21,707	79,665
Investment expenses		385,369	415,254
Charitable activities expenses	8	79,262,492	75,384,072
Other operating and administration expenses	9	5,043,185	4,535,323
Allowance of impairment on trade receivables	18	481,389	17,903
Total resources expended		<u>85,467,521</u>	<u>80,637,805</u>
<u>Net surplus for the year</u>			
Attributed to General fund		1,144,102	2,434,778
Attributed to Sinking fund (Designated fund)		94,432	38,915
Attributed to Kwan Im Thong Medical Assistance Project		-	130
Total surplus for the year	13	<u>1,238,534</u>	<u>2,473,823</u>
<u>Other comprehensive loss</u>			
Attributed to Kwan Im Thong Medical Assistance Project			
- Fair value changes on debt instruments	20B	(19,350)	(34,350)
Total other comprehensive loss		<u>(19,350)</u>	<u>(34,350)</u>
Total surplus after other comprehensive loss		<u>1,219,184</u>	<u>2,439,473</u>
<u>Total funds brought forward</u>			
General fund		169,975,496	167,540,718
Sinking fund (Designated fund)		5,201,026	5,162,111
Kwan Im Thong Medical Assistance Project		1,554,053	1,588,273
Total funds carried forward		<u>177,949,759</u>	<u>176,730,575</u>
Community Silver Trust Fund	13A	19,161,417	11,728,617
Total funds for the Hospital as at year end	13	<u>197,111,176</u>	<u>188,459,192</u>

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

REN CI HOSPITAL

Statement of Financial Position
As at 31 March 2023

	<u>Notes</u>	<u>2023</u> \$	<u>2022</u> \$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	14	1,400,699	1,180,552
Right-of-use assets	15	1,132,123	4,352,199
Intangible assets	16	3,140,305	3,336,887
Total non-current assets		<u>5,673,127</u>	<u>8,869,638</u>
<u>Current assets</u>			
Inventories	17	197,065	217,278
Trade and other receivables	18	13,056,621	18,499,029
Other assets	19	1,384,153	774,809
Investment securities	20	141,027,272	145,610,518
Cash and cash equivalents	21	55,177,206	36,064,082
Total current assets		<u>210,842,317</u>	<u>201,165,716</u>
Total assets		<u>216,515,444</u>	<u>210,035,354</u>
FUNDS AND LIABILITIES			
<u>Non-current liabilities</u>			
Financial liabilities - lease liabilities	23	-	1,209,929
Total non-current liabilities		<u>-</u>	<u>1,209,929</u>
<u>Current liabilities</u>			
Trade and other payables	22	15,361,611	13,724,825
Financial liabilities - lease liabilities	23	1,209,929	3,332,736
Other liabilities	24	2,832,728	3,308,672
Total current liabilities		<u>19,404,268</u>	<u>20,366,233</u>
Total liabilities		<u>19,404,268</u>	<u>21,576,162</u>
<u>The Funds of the Hospital</u>			
Restricted funds	13	20,696,120	13,282,670
Unrestricted funds	13	176,415,056	175,176,522
Total funds		<u>197,111,176</u>	<u>188,459,192</u>
Total funds and liabilities		<u>216,515,444</u>	<u>210,035,354</u>

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

REN CI HOSPITAL

Statement of Cash Flows Year Ended 31 March 2023

	<u>2023</u> \$	<u>2022</u> \$
<u>Cash flows from operating activities</u>		
Surplus for the year	1,238,534	2,473,823
Adjustments for:		
Gain related to restricted fund	–	(130)
Dividend income	(595,349)	(617,842)
Interest income	(3,333,377)	(3,027,483)
Amortisation of intangible assets	1,218,090	1,218,090
Depreciation of plant and equipment	1,560,675	1,794,331
Amortisation of government grants	(2,012,084)	(2,226,674)
Depreciation of right-of-use assets	3,220,076	3,220,076
Interest on lease liabilities	143,844	313,937
Fair value losses on investment securities	5,262,355	4,944,655
Losses on disposal of investment securities	2,232,939	1,088,658
Loss on disposal of plant and equipment, net	904	1,343
Operating cash flows before changes in working capital	8,936,607	9,182,784
Inventories	20,213	(183,261)
Trade and other receivables	5,817,289	(9,837,229)
Other assets	(609,344)	(291,084)
Trade and other payables	1,636,786	(320,579)
Other liabilities	(537,263)	(907,766)
Net cash flows generated from / (used in) operating activities	<u>15,264,288</u>	<u>(2,357,135)</u>
<u>Cash flows from investing activities</u>		
Net purchase of investments by fund managers	(2,940,284)	(3,051,983)
Purchase of plant and equipment	(941,743)	(1,172,460)
Purchase of investments	–	(30,000,000)
Proceed from disposal of plant and equipment	–	86
Government grants on capital expenditure	150,593	773,352
Dividends received	594,219	618,399
Interest received	2,968,512	3,147,499
Net cash flows used in investing activities	<u>(168,703)</u>	<u>(29,685,107)</u>
<u>Cash flows from financing activities</u>		
Lease liabilities – principal portion paid	(3,332,736)	(3,162,643)
Interest on lease liabilities	(143,844)	(313,937)
Net cash flows used in financing activities	<u>(3,476,580)</u>	<u>(3,476,580)</u>
Net increase / (decrease) in cash and cash equivalents	11,619,005	(35,518,822)
Cash and cash equivalents, statement of cash flows, beginning balance	<u>22,628,004</u>	<u>58,146,826</u>
Cash and cash equivalents, statement of cash flows, ending balance (Note 21A)	<u>34,247,009</u>	<u>22,628,004</u>

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

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Notes to the Financial Statements 31 March 2023

1. General

Ren Ci Hospital (the "Hospital") is incorporated in Singapore on 1 September 2010 under the Companies Act 1967. The Hospital is also a Charity registered under the Charities Act 1994 and is an approved Institution of a Public Character under the Singapore Income Tax Act 1947.

The principal activities of the Hospital are to provide medical care, nursing care and rehabilitative care for the sick; operate or oversee other care and welfare services and programs; and operate such other clinical, medical, or public health services supported by the Ministry of Health (MOH) through grants, resources and/or contracts to cope with evolving public health needs for the exclusive benefit of the community in Singapore as a whole, regardless of race, religion or social background.

The financial statements combine the state of affairs and the results the following service centres:

- (1) Ren Ci Community Hospital (Irrawaddy)
- (2) Ren Ci Chronic Sick Unit (Irrawaddy)
- (3) Ren Ci Senior Care Centre (Irrawaddy)
- (4) Ren Ci Learning Academy (Irrawaddy)
- (5) Ren Ci Home Care (Irrawaddy)
- (6) Ren Ci Nursing Home (Bukit Batok)
- (7) Ren Ci Senior Care Centre (Bukit Batok)
- (8) Ren Ci Nursing Home (Ang Mo Kio)
- (9) Ren Ci Senior Care Centre (Ang Mo Kio)
- (10) Ren Ci Nursing Home (Woodlands)

The registered office address of the Hospital is 71 Irrawaddy Road, Singapore 329562.

Each member of the Hospital has undertaken to contribute such amounts not exceeding \$10 to the assets of the Hospital in the event the Hospital is wound up and the monies are required for payment of the liabilities of the Hospital. The Hospital had 3 members (2022: 3 members) at the end of the reporting year.

The memorandum and articles of the Hospital restricts the use of fund monies to the furtherance of the objects of the Hospital. They prohibit the payment of dividends to members.

The board of directors approved and authorised these financial statements for issue on 24 June 2023.

REN CI HOSPITAL

1. General (cont'd)

Statement of compliance with financial reporting standards

The financial statements have been prepared in accordance with the Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council, the Singapore Charities Act 1994 (the "Charities Act") and the Companies Act 1967.

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 financial reporting standards 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, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management'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.

The financial statements are presented in Singapore dollars which is the Hospital's functional currency.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

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 right of return exists, and 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 is expected within one year.

REN CI HOSPITAL

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

2A. Significant accounting policies (cont'd)

Revenue recognition (cont'd)

Revenues including donations, gifts and grants that provide core funding or are of general nature are recognised where there is (a) entitlement, (b) certainty and (c) sufficient reliability of measurement. Such income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the Hospital has unconditional entitlement. The revenue amount from services is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the Hospital and it is shown net of related goods and services tax and subsidies.

(a) Patient service charge

Revenue from patient service is recognised when the services performed satisfies a performance obligation (PO) by completion of significant act and/or transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

Transaction price is allocated to each PO in the contract on the basis of the relative standalone selling prices of the promised services. The individual standalone selling price of a service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Hospital expects to be entitled to in exchange for transferring the promised services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Hospital does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

(b) Cash donations

Cash donations which are still in collection boxes at public and other premises are not recognised as income until they have been received by and under the control of the Hospital.

(c) Financial income

Interest income is recognised using the effective interest method. Dividend income from equity instruments is recognised as income when the entity's right to receive payment is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

REN CI HOSPITAL

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

2A. Significant accounting policies (cont'd)

Government grants

Government grant is accounted for on an accrual basis in the statement of financial activities when there is reasonable assurance that the Hospital has complied with all the terms and conditions attached to the grant and that there is reasonable certainty that the grant will be received.

A grant in recognition of specific expenses is recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

Government grants for the purchase of plant and equipment and intangible assets are presented as a deduction from plant and equipment and intangible assets. They are amortised over the useful life of the asset.

Donation in kind

Goods donated are recorded at values based on a reasonable estimate of their value. Assets which are donated for resale or consumption are not recorded when received if the values of such assets are not material and it is not practical to ascertain the value of the items involved. 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).

All short term employee benefits, including accumulated compensated absences, are recognised in the statement of financial activities in the period in which the employees render their services.

A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income tax

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

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

REN CI HOSPITAL

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

2A. Significant accounting policies (cont'd)

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Hospital at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on the monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in items of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in statement of financial activities, except for differences arising on the retranslation of financial asset that is equity and debt instruments at fair value which are recognised in other comprehensive income.

Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The Hospital reviews the estimated useful lives of the assets regularly based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use of the assets and the Hospital's historical experiences with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets, therefore, future depreciation charges could be revised.

The gain and loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in statement of financial activities.

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Hospital and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The cost of the day-to-day servicing of plant and equipment are recognised in statement of financial activities as incurred.

Depreciation is recognised as an expense in statement of financial activities on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

REN CI HOSPITAL

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

2A. Significant accounting policies (cont'd)

Plant and equipment (cont'd)

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Renovations & installations	–	5 years
Furniture, fittings & office equipment	–	5 - 10 years
Medical equipment	–	5 years
Computers	–	3 years
Motor vehicles	–	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment.

The estimated useful life is as follows:

Land and building	–	3 years
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Intangible assets

In accordance with INT FRS 112 - Service Concession Agreements, the Hospital as an operator recognises an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. The government granted the Hospital the license to operate on the land of the Community Hospital at Irrawaddy Road, which is governed by state land rules.

The Hospital recognised the portion of the cost of construction and other assets paid by the Community Hospital as intangible assets in accordance with INT FRS 112.

Intangible assets relate to cost of construction and other assets for the Hospital, and are stated at cost less attributable government grants, accumulated amortisation and impairment losses. The carrying amounts are amortised in the statement of financial activities on a straight-line basis over 30 years on the building, and 3 to 10 years on other assets.

The Hospital was informed by the local authority that it has no objection for the continued use of the site as a community hospital by the Hospital on 3-year tenancy agreement terms for up to 30 years from the date of obtaining the temporary occupancy permit.

REN CI HOSPITAL

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

2A. Significant accounting policies (cont'd)

Leases as lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded (or included in property, plant and equipment). Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value assets are not recorded as a liability and lease payments are recognised as an expense in statement of financial activities on a straight-line basis over the lease term.

Leases as lessor

For a lessor each lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Rental income from operating leases is recognised in statement of financial activities on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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. 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 statement of financial activities, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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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:

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 statement of financial activities (FVTSFA), 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.

Cash and cash equivalents include bank balances, cash balances and short-term deposits that are readily convertible to known amounts of cash with insignificant risk of changes in value. For the statement of cash flows, the items include cash and cash equivalents less cash subject to restriction.

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 FVTSFA, 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 statement of financial activities.

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

2A. Significant accounting policies (cont'd)

Financial Instruments (cont'd)

Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI)

On initial recognition of an equity investment that is not held for trading, an irrevocable 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 statement of financial activities 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 (e.g. equity instruments). On disposal, the cumulative fair value changes are not recycled to statement of financial activities 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.

Financial asset classified as measured at fair value through statement of financial activities (FVTSFA)

All other financial assets are classified as measured at FVTSFA. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTSFA if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTSFA 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.

Impairment

Non-derivative financial assets

The Hospital recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised costs.

Loss allowances of the Hospital are measured on either of the following bases:

- (a) 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (b) Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

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

2A. Significant accounting policies (cont'd)

Impairment (cont'd)

Simplified approach

The Hospital applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Hospital applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Hospital assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Hospital considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Hospital's historical experience and informed credit assessment and includes forward-looking information. If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL. The Hospital considers a financial asset to be in default when:

- (a) the customer is unlikely to pay its credit obligations to the Hospital in full, without recourse by the Hospital to actions such as realising security (if any is held); or
- (b) the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track record, current macroeconomics situation such as general industry trend.

The maximum period considered when estimating ECL is the maximum contractual period over which the Hospital is exposed to credit risk.

Measurement of ECL

ECL are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Hospital expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Hospital assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

2A. Significant accounting policies (cont'd)

Impairment (cont'd)

Evidence that a financial asset is credit-impaired includes the following observable data:

- (a) significant financial difficulty of the customer;
- (b) a breach of contract such as a default or remains outstanding for more than the reasonable range of past due days;
- (c) it is probable that the customer will enter bankruptcy or other financial reorganisation;
or
- (d) the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Hospital determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Hospital's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Hospital's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in statement of financial activities. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of assets recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. 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 determined, net of depreciation, if no impairment loss had been recognised.

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

2A. Significant accounting policies (cont'd)

Derivatives

The Hospital holds derivative financial instruments to hedge its foreign currency risk exposure only for its investment securities.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in the statement of financial activities as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for in the statement of financial activities.

Fair value measurement

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of the following three levels.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Input that are not based on observable market data (unobservable inputs) for assets or liabilities.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. The fair values of financial instruments traded in active markets are based on quoted market price at the end of the reporting year. The quoted market prices used for financial assets are the current bid price; the appropriate quoted market prices used for financial liabilities are the current asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period of maturity.

Funds

Unrestricted funds are available for use at the discretion of the management in furtherance of the general objective of the Hospital.

Restricted funds are subjected to restrictions on their expenditure imposed through the terms of the appeal.

Provisions

A provision is recognised if, as a result of a past event, the Hospital has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

2B. 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 currently or 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 from differing from these estimates.

Assessment of expected credit loss allowance on trade receivables:

The assessment of the expected credit losses (ECL) requires a degree of estimation and judgement. 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. 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 on trade and other receivables

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. Other than key management compensation, there are no other significant related party transactions.

3A. Key management compensation:

	<u>2023</u>	<u>2022</u>
	\$	\$
Salaries and other short-term employee benefits	<u>2,924,803</u>	<u>2,760,574</u>

Key management personnel are the chief executive officer and the senior officers having authority and responsibility for planning, directing and controlling the activities of the Hospital, directly or indirectly. The above amounts for key management compensation are for 15 senior officers of the Hospital (2022: 13).

No compensation is made to any of the directors of the Hospital as their appointments are honorary. There is no paid staff who is a close member of the family of the key management personnel or directors during the year.

The aggregate amount of the total remuneration paid to the Hospital's top three highest paid staff:

	<u>2023</u>	<u>2022</u>
\$300,000 – \$399,999	1	2
\$200,000 – \$299,999	<u>2</u>	<u>1</u>
	<u>3</u>	<u>3</u>

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4. Voluntary income - donations

Included in the donations received for the year are donations received from the directors and their affiliates totalling \$546,573 (2022: \$416,516).

5. Interest & investment loss

	<u>2023</u>	<u>2022</u>
	\$	\$
Interest income	3,380,777	3,075,013
Dividend income	595,349	617,842
Fair value losses on investment securities (Note 20A)	(5,262,355)	(4,944,655)
Losses on disposal of investment securities	(2,232,939)	(1,088,658)
Total	<u>(3,519,168)</u>	<u>(2,340,458)</u>

6. Charitable income

	<u>2023</u>	<u>2022</u>
	\$	\$
Long term care and Nursing home services	9,729,853	9,652,259
Community hospital services	8,442,446	6,476,344
Day care & other services	1,001,000	866,519
Total charitable income	<u>19,173,299</u>	<u>16,995,122</u>

Charitable income is revenue from provision of chronic sick, nursing home, community hospital and community care services to customers. The revenue from rendering of services are recognised over time and all contracts with customers are less than 12 months.

For the reporting year ended 31 March 2023, the Hospital has excluded an amount of \$1,268,552 (2022: \$928,934) from the measurement of revenue recognised under FRS 115 Revenue from Contracts with Customers because the Hospital has estimated the variable consideration to which the Hospital expects to be entitled to in exchange for the goods and services rendered.

7. Other incoming resources

	<u>2023</u>	<u>2022</u>
	\$	\$
Rental income (Note 26)	2,812,482	2,694,151
Carpark income	211,615	142,238
Other income	312,870	417,205
Total	<u>3,336,967</u>	<u>3,253,594</u>

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8. Charitable activities expenses

	<u>2023</u>	<u>2022</u>
	\$	\$
Employee benefits expense (Note 10)	57,722,625	55,857,699
Supplies & consumables	9,021,809	8,883,669
Upkeep costs	7,986,543	6,049,993
Amortisation of intangible assets (Note 16)	779,578	779,578
Depreciation of plant and equipment (Note 14)	1,202,385	1,390,197
Other costs	645,726	525,629
Other costs: Interest on lease liabilities (Note 23)	118,922	265,311
Amortisation of deferred capital grants		
- Intangible assets (Note 16)	(653,765)	(653,765)
- Plant and equipment (Note 14)	(329,116)	(482,886)
Depreciation of right-of-use assets (Note 15)	2,767,218	2,767,218
Loss on disposal of plant and equipment	567	1,429
Total	<u>79,262,492</u>	<u>75,384,072</u>

9. Other operating and administration expenses

	<u>2023</u>	<u>2022</u>
	\$	\$
Employee benefits expense (Note 10)	519,531	553,930
Upkeep costs	2,199,260	1,486,238
Amortisation of intangible assets (Note 16)	438,512	438,512
Depreciation of plant and equipment (Note 14)	358,290	404,134
Amortisation of deferred capital grants		
- Intangible assets (Note 16)	(367,743)	(367,743)
- Plant and equipment (Note 14)	(98,070)	(140,376)
Depreciation of right-of-use assets (Note 15)	452,858	452,858
Loss / (gain) on disposal of plant and equipment	337	(86)
Other cost: GST expenses	1,074,365	1,114,107
Other cost: Interest on lease liabilities (Note 23)	24,922	48,626
Other costs	440,923	545,123
Total	<u>5,043,185</u>	<u>4,535,323</u>

9A. Audit and other fees to auditors

	<u>2023</u>	<u>2022</u>
	\$	\$
Audit fees to the auditor of the Hospital	53,212	48,492
Certification fees to auditor of the Hospital:		
- Included in fund raising expenditure	1,800	-
- Included in other operating and administration expenses	34,386	20,296
Total	<u>89,398</u>	<u>68,788</u>

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10. Employee benefits expense

	<u>2023</u>	<u>2022</u>
	\$	\$
Short term employee benefits expense	43,748,474	41,177,104
Contributions to defined contribution plan	6,704,464	6,308,819
Staff benefits and allowances	7,789,218	8,925,706
	<u>58,242,156</u>	<u>56,411,629</u>

The employee benefits expense is presented in the Statement of Financial Activities as follows:

	<u>Charitable activities expenses</u>	<u>Other operating and administration expenses</u>	<u>Total</u>
	\$	\$	\$
2023	<u>57,722,625</u>	<u>519,531</u>	<u>58,242,156</u>
2022	<u>55,857,699</u>	<u>553,930</u>	<u>56,411,629</u>

11. Tax-exempt receipts

The Hospital enjoys a concessionary tax treatment whereby qualifying donors are granted tax deduction for the donations made to the Hospital. The quantum of the tax deduction for each calendar year may vary in accordance with the Singapore Budget. The Institution of Public Character status granted to the Hospital for general donations is for the period from 16 November 2020 to 15 November 2025 under the Health Endowment Fund Decentralised Scheme.

	<u>2023</u>	<u>2022</u>
	\$	\$
Tax-exempt receipts	4,286,846	5,083,725
Non tax-exempt receipts	1,579,509	1,694,710
	<u>5,866,355</u>	<u>6,778,435</u>

12. Overseas expenses

The Hospital's overseas expenditures covered trips to seminars / conferences, sponsorship for upgrading of employees' skillset and study trips to learn suitable technologies / innovative methods of care.

	<u>Overseas seminars / course</u>	<u>Overseas travel / accommodation / allowance</u>	<u>Total</u>
	\$	\$	\$
2023:			
Study sponsorship	3,945	4,485	8,430
	<u>3,945</u>	<u>4,485</u>	<u>8,430</u>

There were no overseas expenditures during reporting year ended 31 March 2022.

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13. The Funds of the Hospital

	Unrestricted Funds			Restricted Funds				Total
	General Fund	Designated Fund - Sinking Fund	Total Unrestricted Funds	Kwan Im Thong Hood Cho Temple Medical Assistance Project	Community Silver Trust	Total Restricted Funds	Total	
	\$	\$	\$	\$	\$	\$	\$	
As at 1 April 2021	167,540,718	5,162,111	172,702,829	1,588,273	15,840,778	17,429,051	190,131,880	
CST grant	-	-	-	-	2,416,975	2,416,975	2,416,975	
Utilisation of funds	-	-	-	-	(6,529,136)	(6,529,136)	(6,529,136)	
Net surplus for the reporting year	2,434,778	38,915	2,473,693	130	-	130	2,473,823	
Increase in fair value on debt instruments through other comprehensive income (Note 20B)	-	-	-	(34,350)	-	(34,350)	(34,350)	
As at 31 March 2022	169,975,496	5,201,026	175,176,522	1,554,053	11,728,617	13,282,670	188,459,192	
CST grant	-	-	-	-	12,859,982	12,859,982	12,859,982	
Utilisation of funds	-	-	-	-	(5,427,182)	(5,427,182)	(5,427,182)	
Net surplus for the reporting year	1,144,102	94,432	1,238,534	-	-	-	1,238,534	
Decrease in fair value on debt instruments through other comprehensive income (Note 20B)	-	-	-	(19,350)	-	(19,350)	(19,350)	
As at 31 March 2023	171,119,598	5,295,458	176,415,056	1,534,703	19,161,417	20,696,120	197,111,176	
		(i)		(ii)	(iii)			

- (i) Sinking fund was set up for payment of future major replacement and refurbishment works of the Hospital. Funds will be utilised when the need arises.
- (ii) The Kwan Im Thong Hood Cho Temple Medical Assistance Project was set up in conjunction with the Memorandum of Understanding signed with Kwan Im Thong Hood Cho Temple. The fund was established from donations by Kwan Im Thong Hood Cho Temple for the purpose of using income from the fund to provide financial assistance to needy patients.
- (iii) See Note 13A.

A large majority of the assets and liabilities are attributable to the General Fund. All the assets of the other funds are represented largely by cash and investment balances. Accordingly, the Hospital did not present a columnar presentation of its assets, liabilities and funds in the Statement of Financial Position as it was not meaningful.

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13. The Funds of the Hospital (cont'd)

13A. Community Silver Trust

The movements in the Community Silver Trust ("CST") are as follows:

	<u>2023</u> \$	<u>2022</u> \$
At the beginning of the year	11,728,617	15,840,778
<u>Add:</u>		
Government grants	12,859,982	2,416,975
<u>Less: Utilisation</u>		
Improve capabilities	798,990	771,699
Increase capacity	142,924	118,055
New / enhanced services	830,415	1,732,866
Recurrent operating expense for the year	3,654,853	3,906,516
Total amount utilised	<u>5,427,182</u>	<u>6,529,136</u>
As at end of year	<u>19,161,417</u>	<u>11,728,617</u>

The Community Silver Trust ("CST") is a government matching grant of one dollar for every donation dollar raised by eligible centres to encourage more donations and provide additional resources for service providers in the intermediate and long-term care sector. The grant will enhance capabilities and provide value-added services to achieve higher quality care. The CST has a sun-set clause of 20 years, and any remaining funds at the end of 20 years commencing in 2012 will be returned to the government. CST matching grant can be utilised to a maximum period of 3 to 5 years from the start of the financial year that the grant call was made.

The Hospital recognised a government grant of \$12,859,982 (2022: \$2,416,975) from CST in the reporting year ended 31 March 2023, being eligible donation income earned in previous years, which met the terms and conditions under the agreement of the matching grant.

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14. Plant and equipment

	Renovations & installations \$	Furniture, fittings & office equipment \$	Medical equipment \$	Computers \$	Motor vehicles \$	Total \$
<u>Cost:</u>						
At 1 April 2021	667,721	517,111	858,063	1,417,001	499,571	3,959,467
Additions	111,637	279,505	480,597	300,721	-	1,172,460
Additions using government grants	(72,790)	(96,913)	(485,525)	(118,124)	-	(773,352)
Adjustment / disposal of government grants	-	104,714	56,601	9,159	-	170,474
Disposals	-	(131,962)	(90,173)	(22,215)	-	(244,350)
At 31 March 2022	706,568	672,455	819,563	1,586,542	499,571	4,284,699
Additions	-	258,735	123,532	229,487	329,989	941,743
Additions using government grants	-	(84,180)	(45,328)	(21,085)	-	(150,593)
Adjustment / disposal of government grants	-	361,406	72,752	13,282	-	447,440
Disposals	-	(389,404)	(107,853)	(93,628)	-	(590,885)
At 31 March 2023	706,568	819,012	862,666	1,714,598	829,560	4,932,404
<u>Accumulated depreciation:</u>						
At 1 April 2021	486,386	330,482	428,762	912,959	428,840	2,587,429
Depreciation for the year	188,566	631,128	396,651	551,411	26,575	1,794,331
Amortisation of government grants (a)	(113,910)	(565,952)	(297,299)	(228,005)	-	(1,205,166)
Adjustment / disposal of government grants	-	77,658	56,601	9,159	-	143,418
Disposals	-	(104,132)	(89,518)	(22,215)	-	(215,865)
At 31 March 2022	561,042	369,184	495,197	1,223,309	455,415	3,104,147
Depreciation for the year	154,415	461,774	405,727	496,424	42,335	1,560,675
Amortisation of government grants (a)	(81,793)	(398,750)	(298,770)	(211,263)	-	(990,576)
Adjustment / disposal of government grants	-	322,945	70,352	13,283	-	406,580
Disposals	-	(350,040)	(105,453)	(93,628)	-	(549,121)
At 31 March 2023	633,664	405,113	567,053	1,428,125	497,750	3,531,705
<u>Carrying value:</u>						
At 1 April 2021	181,335	186,629	429,301	504,042	70,731	1,372,038
At 31 March 2022	145,526	303,271	324,366	363,233	44,156	1,180,552
At 31 March 2023	72,904	413,899	295,613	286,473	331,810	1,400,699

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14. Plant and equipment (cont'd)

- (a) The amortisation of government grants of \$990,576 (2022: \$1,205,166) during the reporting year includes the amortisation of MOH grants of \$427,186 (2022: \$623,262) and Community Silver Trust grant of \$563,390 (2022: \$581,904).

Allocation of depreciation expense is as follows:

	<u>Charitable activities expenses</u> \$	<u>Other operating and administration expenses</u> \$	<u>Total</u> \$
2023	1,202,385	358,290	1,560,675
2022	<u>1,390,197</u>	<u>404,134</u>	<u>1,794,331</u>

Allocation of amortisation of government grants (excluding Community Silver Trust grant) is as follows:

	<u>Charitable activities expenses</u> \$	<u>Other operating and administration expenses</u> \$	<u>Total</u> \$
2023	329,116	98,070	427,186
2022	<u>482,886</u>	<u>140,376</u>	<u>623,262</u>

15. Right-of-use assets

The right-of-use assets in the statement of financial position. The details are as follows:

	<u>Land and building</u> \$
<u>Cost:</u>	
At 1 April 2021, 31 March 2022 and 31 March 2023	<u>14,202,894</u>
<u>Accumulated depreciation:</u>	
At 1 April 2021	6,630,619
Depreciation for the year	<u>3,220,076</u>
At 31 March 2022	9,850,695
Depreciation for the year	<u>3,220,076</u>
At 31 March 2023	<u>13,070,771</u>
<u>Carrying value:</u>	
At 1 April 2021	<u>7,572,275</u>
At 31 March 2022	<u>4,352,199</u>
At 31 March 2023	<u>1,132,123</u>

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15. Right-of-use assets (cont'd)

Allocation of depreciation expense is as follows:

	Charitable activities <u>expenses</u> \$	Other operating and administration <u>expenses</u> \$	<u>Total</u> \$
2023	2,767,218	452,858	3,220,076
2022	<u>2,767,218</u>	<u>452,858</u>	<u>3,220,076</u>

Other information about the leasing activities relating to the right-to-use assets are summarised as follows:

	<u>Land and building</u>	
	<u>2023</u>	<u>2022</u>
Number of right-of-use assets	3	3
Remaining term - range	1 to 6.5 months	13 to 18.5 months
Number of leases with termination options	<u>3</u>	<u>3</u>

The right-of-use assets are land and building use rights for the lands at 71 Irrawaddy Road Singapore 329562, 31 Bukit Batok Street 52 Singapore 659251 and 10 Ang Mo Kio Avenue 8 Singapore 567727 for the community hospital, chronic sick unit, senior care centres, nursing homes, short-stay unit, learning academy and offices. They are not transferable.

For the underlying assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required annually.

There are restrictions or covenants imposed by the lessors to sublet the asset to another party. The right-of-use asset can only be used by the lessee. Unless permitted by the owner, the lease prohibits the selling or pledging of the underlying leased assets as security. Typically the leases are either non-cancellable or may only be cancelled with approval from landlord. The leases contain an option to extend the lease for a further term of 3 years subject to landlord's approval. For leases over properties the lessors require those properties to be in a good state of repair and the properties to be returned in their original condition at the end of the lease. Insurance, and maintenance fees on right-of-use assets are usually required under the lease contracts.

Management has elected to measure right-of-use assets at the amount of the lease liabilities on adoption of FRS116 (adjusted for any lease prepayments or accrued lease expenses, onerous lease provisions, and leased assets which have subsequently been sub-leased).

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16. Intangible assets

	\$
<u>Cost:</u>	
At 1 April 2021	6,217,305
Disposals	(609)
At 31 March 2022	<u>6,216,696</u>
Disposals	(117,519)
At 31 March 2023	<u>6,099,177</u>
<u>Accumulated amortisation:</u>	
At 1 April 2021	2,683,836
Amortisation for the year	1,218,090
Amortisation of government grants	(1,021,508)
Disposals	(609)
At 31 March 2022	<u>2,879,809</u>
Amortisation for the year	1,218,090
Amortisation of government grants	(1,021,508)
Disposals	(117,519)
At 31 March 2023	<u>2,958,872</u>
<u>Carrying value:</u>	
At 1 April 2021	3,533,469
At 31 March 2022	<u>3,336,887</u>
At 31 March 2023	<u>3,140,305</u>

The amortisation of intangible assets is as follows:

	<u>Charitable activities expenses</u> \$	<u>Other operating and administration expenses</u> \$	<u>Total</u> \$
2023	<u>779,578</u>	<u>438,512</u>	<u>1,218,090</u>
2022	<u>779,578</u>	<u>438,512</u>	<u>1,218,090</u>

The amortisation of government grants is as follows:

	<u>Charitable activities expenses</u> \$	<u>Other operating and administration expenses</u> \$	<u>Total</u> \$
2023	<u>653,765</u>	<u>367,743</u>	<u>1,021,508</u>
2022	<u>653,765</u>	<u>367,743</u>	<u>1,021,508</u>

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17. Inventories		
	<u>2023</u>	<u>2022</u>
	\$	\$
Drug supplies	32,697	41,121
Shared procurement supplies	164,368	176,157
	<u>197,065</u>	<u>217,278</u>
18. Trade and other receivables		
	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Trade receivables:</u>		
Patients	12,495,762	11,059,799
Allowance for variable consideration	(4,729,415)	(3,460,863)
Net patient receivables – subtotal	7,766,347	7,598,936
Allowance for impairment	(2,942,153)	(2,745,596)
Net trade receivables – subtotal	<u>4,824,194</u>	<u>4,853,340</u>
<u>Other receivables:</u>		
Interest receivable	406,796	38,818
Grants receivable ^(a)	6,942,286	12,582,498
Outside parties	883,345	1,024,373
Net other receivables – subtotal	<u>8,232,427</u>	<u>13,645,689</u>
Total trade and other receivables	<u>13,056,621</u>	<u>18,499,029</u>
	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Movements in above allowance:</u>		
At beginning of the year	2,745,596	3,055,284
Allowance of impairment on trade receivables during the year	481,389	17,903
Write-off of receivables due from patients, net of recovery	(284,832)	(327,591)
At end of the year	<u>2,942,153</u>	<u>2,745,596</u>

(a) Included in grants receivable was operating grants receivable mainly from MOH and AIC.

The expected credit losses (ECL) on the above trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a period of 7 years) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The ageing of the assets is as follows:

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18. Trade and other receivables (cont'd)

<u>Trade receivables:</u>	<u>Amount</u>	<u>Loss allowance</u>
	\$	\$
<u>2023</u>		
Within due date	4,782,424	–
1 to 2 years past due	1,448,273	(1,406,503)
Over 2 years past due	1,535,650	(1,535,650)
	<u>7,766,347</u>	<u>(2,942,153)</u>
<u>2022</u>		
Within due date	4,788,510	–
1 to 2 years past due	1,130,514	(1,065,684)
Over 2 years past due	1,679,912	(1,679,912)
	<u>7,598,936</u>	<u>(2,745,596)</u>

For the reporting year ended 31 March 2023, the Hospital estimated the amount of cumulative variable consideration that the Hospital is entitled to and has excluded an amount of \$4,729,415 (2022: \$3,460,863) from trade receivables, under FRS 115 Revenue from Contracts with Customers.

The amounts are written off when there are indications that there is no reasonable expectation of recovery after reasonable effort had been expended over an extended period. There are no collateral held as security and other credit enhancements for the trade receivables.

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

The other receivables shown above are subject to the expected credit loss (ECL) allowance assessment under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of any expected 12 month expected credit losses. At the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. For any significant increase or decrease in credit risk an adjustment is made to the loss allowance. The credit risk grade assessed is based on predictive nature of the risk of loss (such as the use of internal and external ratings, audited financial statements, management accounts and cash flow projections and available published information about debtors that is available without undue cost or effort) and applying experienced credit judgement. No loss allowance was necessary.

19. Other assets

	<u>2023</u>	<u>2022</u>
	\$	\$
Deposits to suppliers	901,970	408,132
Prepayments	482,183	366,677
	<u>1,384,153</u>	<u>774,809</u>

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20. Investment securities

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Financial assets at fair value through statement of financial activities:</u>		
Funds held with fund managers:		
Quoted investments:		
Derivative (Note 25)	157,954	(107,845)
Equity shares held for trading	24,687,281	28,125,644
Equity funds held for trading	5,136,860	4,553,251
Debt securities held for trading ^(a)	<u>76,792,255</u>	<u>76,014,982</u>
Fair value at end of the year	106,774,350	108,586,032
Other receivables in relation to investment securities	745,001	753,887
Other payables in relation to investment securities	(18,997)	(540,774)
Cash and cash equivalents managed by fund managers	<u>4,557,665</u>	<u>6,452,197</u>
Sub-total	<u>112,058,019</u>	<u>115,251,342</u>
Unquoted fund:		
Fair value at the end of the year ^(b)	<u>27,478,703</u>	<u>28,849,276</u>
Sub-total	<u>27,478,703</u>	<u>28,849,276</u>
<u>Financial assets at fair value through other comprehensive income:</u>		
Balance is made up of:		
Debt securities related to restricted fund ^(a)	<u>1,490,550</u>	<u>1,509,900</u>
Fair value at end of the year	<u>1,490,550</u>	<u>1,509,900</u>
Total investment securities	<u>141,027,272</u>	<u>145,610,518</u>

(a) The rate of interest for the debt securities with fixed maturity range from 1.23% to 5.75% (2022: 0.51% to 6.00%) per annum.

(b) Fair value of the fund is based on the Hospital's share of the net asset value ("NAV") of the Avanda Global Balanced Fund (AGBF). The shares or units of AGBF are not traded in an active market.

The shares or units in AGBF may not necessarily be indicative of the amount that would be realised in a current market exchange because of the rights of unit holders and actions of other investors in AGBF that may materially affect the liquidity and the redemption price of the shares or units.

As AGBF's NAV per share is communicated to the investor but is not publicly available, the NAV per share is regarded as fair value at Level 3.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$	\$
<u>2023:</u>				
Financial assets at fair value through statement of financial activities	24,687,281	82,087,069	27,478,703	134,253,053
Financial assets at fair value through other comprehensive income	—	1,490,550	—	1,490,550
Total	<u>24,687,281</u>	<u>83,577,619</u>	<u>27,478,703</u>	<u>135,743,603</u>

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20. Investment securities (cont'd)

	<u>Level 1</u> \$	<u>Level 2</u> \$	<u>Level 3</u> \$	<u>Total</u> \$
<u>2022:</u>				
Financial assets at fair value through statement of financial activities	28,125,644	80,460,388	28,849,276	137,435,308
Financial assets at fair value through other comprehensive income	–	1,509,900	–	1,509,900
Total	<u>28,125,644</u>	<u>81,970,288</u>	<u>28,849,276</u>	<u>138,945,208</u>

20A. Financial assets at fair value through statement of financial activities:

	<u>2023</u> \$	<u>2022</u> \$
Funds held with fund managers:		
Movements during the year:		
Fair value at beginning of the year	108,586,032	110,658,889
Additions	60,596,607	45,696,012
Disposals	(58,516,507)	(43,974,938)
Decrease in fair value through statement of financial activities (Note 5)	<u>(3,891,782)</u>	<u>(3,793,931)</u>
Fair value at end of the year	<u>106,774,350</u>	<u>108,586,032</u>
Unquoted fund:		
Movements during the year:		
Fair value at beginning of the year	28,849,276	–
Additions	–	30,000,000
Decrease in fair value through statement of financial activities (Note 5)	<u>(1,370,573)</u>	<u>(1,150,724)</u>
Fair value at end of the year	<u>27,478,703</u>	<u>28,849,276</u>

20B. Financial assets at fair value through other comprehensive income:

	<u>2023</u> \$	<u>2022</u> \$
Movements during the year:		
Fair value at beginning of the year	1,509,900	1,544,250
Decrease in fair value through other comprehensive income	<u>(19,350)</u>	<u>(34,350)</u>
Fair value at end of the year	<u>1,490,550</u>	<u>1,509,900</u>

The gain or loss on re-measuring investments in equity shares at FVTOCI to fair value (other than those relating to hedges) presented in OCI includes any related foreign exchange component arising on non-monetary investments (e.g. equity instruments). On disposal, the cumulative fair value changes are not recycled to statement of financial activities but remain in reserves within equity.

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20. Investment securities (cont'd)

20C. Maturity of the investment securities

A summary of the maturity dates for the quoted bonds as at the end of reporting year is as follows:

	<u>2023</u> \$	<u>2022</u> \$
Within 1 year	8,571,604	9,003,249
Between 2 to 5 years	40,619,374	33,291,988
After 5 years	<u>27,601,277</u>	<u>33,719,745</u>
Total quoted bonds in corporations at fair value through statement of financial activities	<u>76,792,255</u>	<u>76,014,982</u>
	<u>2023</u> \$	<u>2022</u> \$
Between 2 to 5 years	<u>1,490,550</u>	<u>1,509,900</u>
Total quoted bonds in corporations at fair value through other comprehensive income	<u>1,490,550</u>	<u>1,509,900</u>

There are investments in debt securities or similar instruments. Such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities.

20D. Equity price risk

Sensitivity analysis: The effect is as follows:

	<u>2023</u> \$	<u>2022</u> \$
A hypothetical 10% increase in the market index of quoted financial assets would have an effect on net surplus of	<u>10,810,695</u>	<u>11,020,378</u>

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

This figure does not reflect the currency risk, which has been considered in the foreign currency risks analysis section only. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

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21. Cash and cash equivalents

	<u>2023</u>	<u>2022</u>
	\$	\$
Unrestricted funds ⁽¹⁾	34,247,009	22,628,004
Restricted funds	20,930,197	13,436,078
Cash and cash equivalents at end of reporting year	<u>55,177,206</u>	<u>36,064,082</u>
Restricted funds:		
Funds under Kwan Im Thong Hood Cho Temple Medical Assistance Project	23,765	23,765
Medifund Account	1,745,015	1,683,696
Government subsidies received from Community Silver Trust (Note 13)	<u>19,161,417</u>	<u>11,728,617</u>
Total restricted funds	<u>20,930,197</u>	<u>13,436,078</u>
Interest earning balances	<u>28,242,810</u>	<u>20,342,554</u>

21A. Cash and cash equivalents in the statement of cash flows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Amount as shown above	55,177,206	36,064,082
Cash restricted in use	<u>(20,930,197)</u>	<u>(13,436,078)</u>
Cash and cash equivalents for statement of cash flows purposes at end of the year	<u>34,247,009</u>	<u>22,628,004</u>

⁽¹⁾ Includes \$153,521 (2022: \$145,630) relating to patients' fund (Note 24).

The rate of interest for the cash on interest earning accounts is between 0.60% and 4.29% (2022: 0.21% and 1.17%) per annum.

22. Trade and other payables

	<u>2023</u>	<u>2022</u>
	\$	\$
Trade payables	5,494,165	5,027,697
Accrued staff cost	9,694,733	8,556,885
Other payables	<u>172,713</u>	<u>140,243</u>
	<u>15,361,611</u>	<u>13,724,825</u>

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23. Financial liabilities - lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Lease liabilities, non-current	–	1,209,929
Lease liabilities, current	<u>1,209,929</u>	<u>3,332,736</u>
	<u>1,209,929</u>	<u>4,542,665</u>

Movements of lease liabilities for the reporting year are as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
At the beginning of the year	4,542,665	7,705,308
Accretion of interest	143,844	313,937
Lease payments	<u>(3,476,580)</u>	<u>(3,476,580)</u>
Total lease liabilities at end of reporting year	<u>1,209,929</u>	<u>4,542,665</u>

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-to-use assets.

Only variable lease payments that depend on an index or a rate; payments that vary to reflect changes in market rental rates are included in the measurement of the lease liability. Such variable amounts that are unpaid at the commencement date are included in the measurement of lease liability. Variable lease payments would also include extension options and termination options; residual value guarantees; and leases not yet commenced to which the lessee is committed. The variable lease payments based on revenue are recognised in statement of financial activities in the year in which the condition that triggers those payments occurs.

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

The weighted average incremental borrowing rate applied to lease liabilities was 5.25% (2022: 5.25%) per annum.

A summary of the maturity analysis of lease liabilities is disclosed in Note 28E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use assets are disclosed in Note 15.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or statement of financial activities if the right-of-use asset is already reduced to zero.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

At reporting year date there were no commitments on leases which had not yet commenced.

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24. Other liabilities

	<u>2023</u>	<u>2022</u>
	\$	\$
Deferred income ⁽¹⁾	216,665	12,000
Deferred income – Covid-19	–	713,440
Amount held on behalf of patients (Note 21A) ⁽²⁾	153,521	145,630
Patients' deposits	590,456	477,851
Monies held on behalf of Medifund Account (Note 21)	1,745,015	1,683,696
Security deposit received	127,071	276,055
	<u>2,832,728</u>	<u>3,308,672</u>

(1) Deferred income includes deferred government grant and income received under fund raising appeals for events held after end of the reporting year.

(2) Patients' funds relate to monies received on behalf of the patients. The patient funds include the following:

- Patient own funds are funds safe-kept by the Hospital for the patients. These funds are accumulated from the monetary gifts given by external parties to the patients during festive seasons and government payouts over the years.
- Patient welfare funds are funds allocated for patients' welfare usage.

25. Derivatives financial instruments

These include the gross amount of all notional values for contracts that have not yet been settled or cancelled as at the end of the reporting year. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

	<u>Reference</u>	<u>Principal</u>	<u>Maturity</u>	<u>Fair value</u>
	<u>currency</u>			<u>(Note 20)</u>
				\$
<u>2023:</u>				
Forward currency contracts	USD	10,387,000	14 April 2023 to 9 June 2023	118,476
Forward currency contracts	HKD	6,300,000	13 April 2023	7,988
Forward currency contracts	AUD	890,000	26 April 2023	31,490
				<u>157,954</u>
<u>2022:</u>				
Futures contract	USD	549,595	28 April 2022	(8,451)
Forward currency contracts	USD	13,009,000	14 April 2022 to 27 May 2022	(89,174)
Forward currency contracts	HKD	8,800,000	13 April 2022	(3,008)
Forward currency contracts	AUD	539,000	20 May 2022	(7,212)
				<u>(107,845)</u>

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25. Derivatives financial instruments (cont'd)

Forward currency contracts are utilised to hedge significant future transactions and cash flows. The entity is a party to a variety of forward currency contracts and options in the management of its exchange rate exposures of its investments. The instruments purchased are primarily denominated in the currencies of the entity's principal market. The Hospital does not enter into derivative contracts for speculative purposes. The amount is included in financial assets at fair value through the statement of financial activities.

The fair value (Level 2) of forward currency contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The valuation technique uses market observable inputs.

26. Operating lease income commitments – as lessor

A maturity analysis of the undiscounted non-cancellable lease amounts to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years is as follows:

	<u>2023</u> \$	<u>2022</u> \$
Not later than one year	1,283,696	2,369,901
Between 1 and 2 years	–	1,283,696
Total	<u>1,283,696</u>	<u>3,653,597</u>
Rental income for the year (Note 7)	<u>2,812,482</u>	<u>2,694,151</u>

Operating lease income commitments are for the subletting of certain floor area of the community hospital at Irrawaddy Road. The lease rental income terms are negotiated for an average term of 2 years.

27. 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>2023</u> \$	<u>2022</u> \$
Commitments to purchase of plant and equipment	<u>960,458</u>	<u>64,870</u>

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28. Financial instruments: information on financial risks

28A. 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	73,536,493	61,769,195
Financial assets at fair value through statement of financial activities (FVTSA)	134,253,053	137,435,308
Financial assets that is a debt asset instrument and equity asset instrument at fair value through other comprehensive income (FVTOCI)	1,490,550	1,509,900
At end of reporting year	<u>209,280,096</u>	<u>200,714,403</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	17,308,063	19,562,169
At end of reporting year	<u>17,308,063</u>	<u>19,562,169</u>

Further quantitative disclosures are included throughout these financial statements.

28B. Financial risk management

The main purpose for holding financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The management has established a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Hospital's activities.

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

28C. 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.

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

28D. Credit risk on financial assets

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Hospital, as and when they fall due. It consists principally of cash and cash equivalents, receivables, and certain investment securities. The financial assets in the form of investments in equity securities have no exposure to credit risk. The Hospital does not hold any collateral in respect of its financial assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and patients unless otherwise disclosed in the notes to the financial statements. The exposure to credit risk is disseminated to the relevant persons concerned and compliance is monitored by management.

Cash and Cash equivalents

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. The cash and cash equivalents are held with banks and financial institution counterparties which are regulated. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

Trade receivables

The impairment of receivables is disclosed in Note 18.

The average credit period generally granted to patients is about 30 days (2022: 30 days). However, many patients are given a longer period of credit depending on their circumstances and many settle the amounts by instalments.

Allowance for impairment of trade receivables is made on amounts based on a historical trend of collection. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in statement of financial activities. 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. The exposure to credit risk is disseminated to operating personnel to monitor overdue amounts.

Other receivables

The other receivables at amortised cost are subject to the expected credit loss model under the financial reporting standard on financial instruments. Other receivables are regarded as of low credit risk if they have a low risk of default and when the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. Other receivables are normally with no fixed terms and therefore there is no maturity. There was no identified impairment loss.

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

28D. Credit risk on financial assets (cont'd)

Investment in securities

The Board of Directors has established an Investment Committee to provide guidance and feedback on matters relating to investments and investment policy for the Hospital.

The Investment Guidelines cover the investment objectives and management of investment risks such as market, credit and interest rate respectively.

The Investment Committee, together with its panel of external Investment Managers, meet on a quarterly basis to mainly review / evaluate:

- a) the investment performances based on the objectives of the Mandate;
- b) that the Investment Mandate comply in accordance to the Investment Guidelines;
- c) that the main objective of these investments is to enhance assets growth in a responsible and sustainable manner during the duration of the Mandate.

Most of the Hospital's funds are placed with regulated financial institutions that manage the funds on a fully discretionary basis.

The Hospital also purchased investment grade investments directly for its recurring fixed income and invested in an unquoted fund incorporated in Singapore.

The credit rating of the custodian banks is as follows:

	<u>Credit agency</u>	<u>Rating</u>
BNP Paribas Singapore (Wealth management)	Moody's	Aa3
DBS Bank Ltd	Moody's	Aa1

28E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

	<u>Less than 1 year</u>	<u>1 – 3 years</u>	<u>Total</u>
	\$	\$	\$
Non-derivative financial liabilities:			
<u>2023:</u>			
Gross lease liabilities	1,223,148	–	1,223,148
Trade and other payables	15,380,608	–	15,380,608
At end of the year	<u>16,603,756</u>	<u>–</u>	<u>16,603,756</u>
Non-derivative financial liabilities:			
<u>2022:</u>			
Gross lease liabilities	3,476,580	1,223,148	4,699,728
Trade and other payables	14,265,599	–	14,265,599
At end of the year	<u>17,742,179</u>	<u>1,223,148</u>	<u>18,965,327</u>

The undiscounted amounts on the borrowings with fixed interest rates are determined by reference to the conditions existing at the reporting date.

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

28E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 90 days (2022: 90 days).

The Hospital has sufficient cash balances to support cash commitments from its existing liabilities. 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.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

28F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The following table analyses the breakdown by types of interest:

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Financial assets with interest:</u>		
Fixed rate	107,031,705	99,067,437
<u>Financial liabilities with interest:</u>		
Fixed rate	<u>1,209,929</u>	<u>4,542,665</u>

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data.

Sensitivity analysis: The effect on surplus is not significant.

28G. 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.

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

28G. Foreign currency risk (cont'd)

Analysis of major amounts denominated in foreign currencies are as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Investment securities:</u>		
Japan Yen	1,132,831	592,544
Euro	2,322,797	1,861,944
Hong Kong Dollar	4,519,176	3,225,535
Australia Dollar	1,284,952	861,148
United States Dollar	20,756,493	19,038,243
	<u>30,016,249</u>	<u>25,579,414</u>

There is exposure to foreign currency risk as part of the Hospital's investing activities. The investment securities include an amount of \$15,823,866 (2022: \$18,855,584) which has already been hedged to minimise foreign currency risk.

Sensitivity analysis:

A 10% strengthening of the Singapore dollar, as indicated below, against the following currencies at reporting year would have decreased surplus by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Hospital considered to be reasonably possible at the end of the reporting year. The analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>2023</u>	<u>2022</u>
	\$	\$
Japan Yen	113,283	59,254
Euro	232,280	186,194
Hong Kong Dollar	344,386	170,754
Australia Dollar	46,086	32,009
United States Dollar	683,203	224,171
	<u>1,419,238</u>	<u>672,382</u>

A 10% weakening of the Singapore dollar against the above currencies at reporting year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

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29. Changes and adoption of financial reporting standards

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

<u>FRS No.</u>	<u>Title</u>
FRS 16	Amendments to Property, Plant and Equipment: Proceeds before Intended Use
FRS 37	Amendments to Onerous Contracts – Costs of Fulfilling a Contract
FRS 103	Amendments to Definition of a Business – Reference to the Conceptual Framework
FRS 109	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)
Various	Annual Improvements to FRSs 2018-2020 – Amendments to FRS 109 Financial Instruments; and FRS 116 Leases

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

For the future reporting years the Singapore Accounting Standards Council issued certain new or revised financial reporting standards. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any material modification of the measurement methods or the presentation in the financial statements for the following reporting 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. Those applicable to the Hospital for future reporting years are listed below.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 1	Amendments to Presentation of Financial Statements (relating to Classification of Liabilities as Current or Non-current)	1 Jan 2024
FRS 1	Disclosure of Accounting Policies - Amendments to FRS 1 and FRS Practice Statement 2 Making Materiality Judgements	1 Jan 2023
FRS 8	Amendments to Definition of Accounting Estimates	1 Jan 2023