

**Ang Mo Kio - Thye Hua Kwan Hospital Ltd**  
**(A Company limited by guarantee**  
**and not having a share capital)**

**Registration Number : 200201385C**  
(Registered under the Charities Act 1994)

Annual Report  
Year ended 31 March 2023

## **Directors' statement**

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2023.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS45 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and the financial activities and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967, the Singapore Charities Act 1994 and relevant Charities Regulations, and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## **Directors**

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

Lee Kim Siang  
Ong Ser Huan  
Jayaram Lingamanaicker  
Choo Wee Jin Philip  
Tan Tiong Har  
Teo Woon Keng John  
Low Cheng Hock  
Ching Chiat Kwong  
Eu Yee Ming Richard  
Richard Cheong Su Tan  
Koh Juay Meng  
Siow Yuen Khong Alex  
Tan Khiaw Ngoh (Appointed on 9 January 2023)  
Abdul Razakjr Bin Omar (Appointed on 9 January 2023)

## **Directors' interests**

As the Company is limited by guarantee and has no share capital, no director who held office at the end of the financial year had interests in the capital of the Company either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), no director who held office at the end of the financial year (including those held by their spouses and infant children) had interests in shares or debentures of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

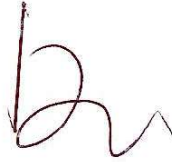
### **Share options**

The Company is limited by guarantee and has no issued share capital.

### **Auditors**

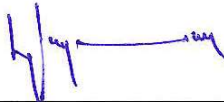
The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



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**Lee Kim Siang**  
*Director*



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**Jayaram Lingamanaicker**  
*Director*

12 September 2023



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## Independent auditors' report

Members of the Company  
Ang Mo Kio - Thye Hua Kwan Hospital Ltd

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of Ang Mo Kio - Thye Hua Kwan Hospital Ltd (the "Company"), which comprise the statement of financial position as at 31 March 2023, the statements of financial activities and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS45.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), the Singapore Charities Act 1994 and relevant Charities Regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of the financial activities and cash flows of the Company for the year ended on that date.

#### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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.

*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 Act, the Singapore Charities Act and FRSs, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Company's financial reporting process.

*Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls 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 Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

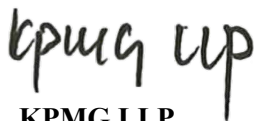
We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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

- (a) the use of donation monies was not in accordance with the objectives of the Company as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Company has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
12 September 2023

**Statement of financial position**  
**As at 31 March 2023**

	Note	2023 \$	2022 \$
<b>Non-current assets</b>			
Property, plant and equipment	4	1,683,868	1,210,944
Right-of-use assets	5	12,431,029	16,393,726
Intangible assets	6	15,885	15,602
Investments	7	60,040,568	58,722,867
		74,171,350	76,343,139
<b>Current assets</b>			
Investments	7	14,553,292	14,157,544
Inventories	8	222,227	229,589
Trade and other receivables	9	16,964,397	15,234,030
Cash and cash equivalents	10	62,750,415	51,498,603
		94,490,331	81,119,766
<b>Total assets</b>		168,661,681	157,462,905
<b>Funds</b>			
Restricted funds	11	4,051,300	4,140,094
Unrestricted funds		138,144,376	121,073,466
Fair value reserve	12	278,966	1,354,167
		142,474,642	126,567,727
<b>Non-current liabilities</b>			
Lease liabilities	14	8,696,096	12,665,657
<b>Current liabilities</b>			
Trade and other payables	13	11,674,258	9,300,527
Lease liabilities	14	3,975,524	3,952,338
Deferred government grants	15	1,841,161	4,976,656
		17,490,943	18,229,521
<b>Total liabilities</b>		26,187,039	30,895,178
<b>Total funds and liabilities</b>		168,661,681	157,462,905
<b>Members Guarantee</b>			
4 (2022: 4) members of \$100 each		400	400

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

**Statement of financial activities**  
**Year ended 31 March 2023**

		-----2023-----			
Note	Accumulated Fund (unrestricted) \$	Fair Value Reserve (unrestricted) \$	Patient Welfare Fund (restricted) \$	Sinking Fund (restricted) \$	Total Funds \$
<b>Incoming resources:</b>					
Incoming resources from generated funds:					
- Donation income	16	667,632	-	2,488	670,120
- Investment income	17	1,316,157	-	-	1,316,157
Incoming resources from charitable activities	18	75,348,824	-	-	75,348,824
<b>Total incoming resources</b>		<u>77,332,613</u>	<u>-</u>	<u>2,488</u>	<u>77,335,101</u>
<b>Resources expended:</b>					
Costs of generating funds:					
- Donation expenses	19	(174,678)	-	-	(174,678)
Charitable activities:					
- Other costs		(59,996,271)	-	(91,282)	(60,087,553)
- Finance costs from lease liabilities		(90,754)	-	-	(90,754)
<b>Total resources expended</b>	20	<u>(60,087,025)</u>	<u>-</u>	<u>(91,282)</u>	<u>(60,178,307)</u>
		<u>(60,261,703)</u>	<u>-</u>	<u>(91,282)</u>	<u>(60,352,985)</u>
<b>Net incoming resources/(resources expended) for the year</b>		<u>17,070,910</u>	<u>-</u>	<u>(88,794)</u>	<u>16,982,116</u>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to income or expenditure:</b>					
Equity investments at FVOCI – net change in fair value		-	(712,259)	-	(712,259)
<b>Total items that will not be reclassified to income or expenditure</b>		<u>-</u>	<u>(712,259)</u>	<u>-</u>	<u>(712,259)</u>

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



**Statement of financial activities (cont'd)**  
**Year ended 31 March 2023**

	2023				
	<b>Accumulated Fund (unrestricted)</b>	<b>Fair Value Reserve (unrestricted)</b>	<b>Patient Welfare Fund (restricted)</b>	<b>Sinking Fund (restricted)</b>	<b>Total Funds</b>
	\$	\$	\$	\$	\$
<b>Items that are or may be reclassified subsequently to income or expenditure:</b>					
Debt investments at FVOCI – net change in fair value	–	(563,469)	–	–	(563,469)
Debt investments at FVOCI – reclassified to income or expenditure	–	200,527	–	–	200,527
<b>Total items that are or may be reclassified subsequently to income or expenditure</b>	–	(362,942)	–	–	(362,942)
<b>Total comprehensive income for the year</b>	<u>17,070,910</u>	<u>(1,075,201)</u>	<u>(88,794)</u>	<u>–</u>	<u>15,906,915</u>
<b>Total funds brought forward</b>	121,073,466	1,354,167	502,094	3,638,000	126,567,727
<b>Total funds carried forward</b>	<u>138,144,376</u>	<u>278,966</u>	<u>413,300</u>	<u>3,638,000</u>	<u>142,474,642</u>

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

**Statement of financial activities (cont'd)**  
**Year ended 31 March 2023**

-----2022-----						
Note	Accumulated Fund (unrestricted) \$	Fair Value Reserve (unrestricted) \$	Patient Welfare Fund (restricted) \$	Sinking Fund (restricted) \$	Total Funds \$	
<b>Incoming resources:</b>						
Incoming resources from generated funds:						
- Donation income	16	2,307,974	-	5,826	-	2,313,800
Incoming resources from charitable activities	18	68,098,714	-	-	-	68,098,714
<b>Total incoming resources</b>		70,406,688	-	5,826	-	70,412,514
<b>Resources expended:</b>						
Costs of generating funds:						
- Donation expenses	19	(579,565)	-	-	-	(579,565)
- Investment expenditure	17	(570,775)	-	-	-	(570,775)
Charitable activities:						
- Other costs		(53,610,120)	-	(210,794)	-	(53,820,914)
- Finance costs from lease liabilities		(114,798)	-	-	-	(114,798)
<b>Total resources expended</b>	20	(53,724,918)	-	(210,794)	-	(53,935,712)
		(54,875,258)	-	(210,794)	-	(55,086,052)
<b>Net incoming resources/(resources expended) for the year</b>		15,531,430	-	(204,968)	-	15,326,462
<b>Other comprehensive income:</b>						
<b>Items that will not be reclassified to income or expenditure:</b>						
Equity investments at FVOCI – net change in fair value		-	930,848	-	-	930,848
<b>Total items that will not be reclassified to income or expenditure</b>		-	930,848	-	-	930,848

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

**Statement of financial activities (cont'd)**  
**Year ended 31 March 2023**

	2022				
	<b>Accumulated Fund (unrestricted)</b>	<b>Fair Value Reserve (unrestricted)</b>	<b>Patient Welfare Fund (restricted)</b>	<b>Sinking Fund (restricted)</b>	<b>Total Funds</b>
	\$	\$	\$	\$	\$
<b>Items that are or may be reclassified subsequently to income or expenditure:</b>					
Debt investments at FVOCI – net change in fair value	–	(971,200)	–	–	(971,200)
Debt investments at FVOCI – reclassified to income or expenditure	–	344,730	–	–	344,730
<b>Total items that are or may be reclassified subsequently to income or expenditure</b>	–	(626,470)	–	–	(626,470)
<b>Total comprehensive income for the year</b>	<u>15,531,430</u>	<u>304,378</u>	<u>(204,968)</u>	<u>–</u>	<u>15,630,840</u>
<b>Total funds brought forward</b>	105,542,036	1,049,789	707,062	3,638,000	110,936,887
<b>Total funds carried forward</b>	<u>121,073,466</u>	<u>1,354,167</u>	<u>502,094</u>	<u>3,638,000</u>	<u>126,567,727</u>

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

**Statement of cash flows**  
**Year ended 31 March 2023**

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Net incoming resources for the year		16,982,116	15,326,462
Adjustments for:			
Depreciation of property, plant and equipment	4	594,484	468,682
Depreciation of right-of-use assets	5	3,969,581	3,967,990
Amortisation of intangible assets	6	5,319	2,106
Interest income	17	(1,898,741)	(1,158,963)
Net change in fair value of financial assets designated at FVTPL	17	848,141	1,781,472
Debt investments at FVOCI – reclassified to income or expenditure	17	200,527	344,730
Dividend income	17	(466,084)	(396,464)
Impairment loss on receivables	20	224,347	5,633
Inventories written off	20	5,940	–
(Gain)/Loss on disposal of property, plant and equipment	20	(8,864)	2,199
Property, plant and equipment written off	20	59,491	41,946
Interest expenses on lease liabilities	22	90,754	114,798
Rent concession	14	–	(877,421)
		20,607,011	19,623,170
Changes in working capital:			
Inventories		1,422	(10,886)
Trade and other receivables		(5,083,932)	(5,224,058)
Trade and other payables		1,113,073	(753,900)
Deferred government grants		(1,106,457)	1,137,203
<b>Net cash generated from operating activities</b>		15,531,117	14,771,529
<b>Cash flows for investing activities</b>			
Acquisition of investments, net		(3,837,318)	(25,990,886)
Interest received		1,584,274	1,220,363
Proceeds from disposal of property, plant and equipment		8,864	2,200
Purchase of property, plant and equipment		(1,126,899)	(718,548)
Purchase of intangible assets		(5,602)	(5,080)
Dividend received		466,084	396,464
<b>Net cash used in investing activities</b>		(2,910,597)	(25,095,487)
<b>Cash flows for financing activities</b>			
Rental subvention from government	14	3,443,685	3,013,628
Repayment of lease liabilities	14	(3,953,259)	(3,050,142)
Interest paid	14	(90,754)	(114,798)
<b>Net cash used in financing activities</b>		(600,328)	(151,312)
<b>Net increase/(decrease) in cash and cash equivalents</b>		12,020,192	(10,475,270)
Cash and cash equivalents at 1 April		49,469,565	59,944,835
<b>Cash and cash equivalents at 31 March</b>	10	61,489,757	49,469,565

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

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 September 2023.

### **1 Domicile and activities**

Ang Mo Kio - Thye Hua Kwan Hospital Ltd (the “Company”) is incorporated in the Republic of Singapore as a company limited by guarantee. The address of the Company’s registered office is 1 North Bridge Road, #23-03, High Street Centre, Singapore 179094.

The Company was registered as a charity under the Singapore Charities Act 1994 on 27 March 2002. The Company is approved as an institution of a public character (“IPC”) under the provisions of the Income Tax Act.

The principal activities of the Company are those relating to the carrying on of the business of the hospital offering rehabilitation and sub-acute care to patients. The Company is a not-for-profit entity whose mission is:

- To serve and to reach out to our patients, their families and the community, regardless of race, colour, creed, language, culture and religion.
- To rehabilitate and heal with commitment and professionalism in an environment of continuous learning and growth.

The Company was initially established as Ang Mo Kio Community Hospital under the auspices of the SingHealth group to serve increasing convalescent and rehabilitative needs in Singapore. In 2002, with the change in the role of community hospitals within the healthcare structure, the Company was divested from the SingHealth group.

The Company was assumed under the Thye Hua Kwan Moral Society and re-named as Ang Mo Kio – Thye Hua Kwan Hospital with the same shared vision of serving patients needing continual convalescent and rehabilitation care.

The Company provides a full spectrum of continuous rehabilitation and stepdown services for patients and their families in sync with its vision and mission.

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore (“FRS”). The changes to significant accounting policies are described in Note 2.5.

#### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis, except as otherwise described in the notes below.

## 2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

## 2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in Note 24 - Measurement of expected credit loss ("ECL") allowance on trade receivables.

### ***Measurement of fair values***

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 24 – Financial instruments

## 2.5 Changes in significant accounting policies

### **New standards and amendments**

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2022:

- Amendments to FRS 103: *Reference to the Conceptual Framework*
- Amendments to FRS 16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to FRS 37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to FRSs 2018-2020

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

## **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

### 3.1 Financial instruments

#### **(i) Recognition and initial measurement**

##### ***Non-derivative financial assets and financial liabilities***

Trade receivables and debt investments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss (“FVTPL”). A trade receivable without a significant financing component is initially measured at the transaction price.

#### **(ii) Classification and subsequent measurement**

##### ***Non-derivative financial assets***

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (“FVOCI”) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

### ***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### ***Debt investments at FVOCI***

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### ***Equity investments at FVOCI***

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

### ***Financial assets at FVTPL***

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### **Financial assets: Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;



- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Non-derivative financial assets: Subsequent measurement and gains and losses**

***Financial assets at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income or expenditure.

### ***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in income or expenditure. Any gain or loss on derecognition is recognised in income or expenditure.

### ***Debt investments at FVOCI***

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income or expenditure. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income or expenditure.

### ***Equity investments at FVOCI***

These assets are subsequently measured at fair value. Dividends are recognised as income in income or expenditure unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income or expenditure.

### **Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in income or expenditure. Directly attributable transaction costs are recognised in income or expenditure as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in income or expenditure.

### **(iii) *Derecognition***

#### **Financial assets**

The Company derecognises a financial asset 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 either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred;
  - or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

## **Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in income and expenditure.

### **(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company do not have any financial assets and financial liabilities that:

- are offset in the statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

### **(v) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

## **3.2 Property, plant and equipment**

### ***Recognition and measurement***

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost is stated net of related government grants (Note 3.7).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within the statement of financial activities.

### ***Subsequent costs***

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

Low value assets costing less than \$1,000 individually are written off in the period of outlay.

Donated property, plant and equipment received costing less than \$1,000 is written off in the period of receipt. The corresponding donation income is recognised in the statement of financial activities in the period of receipt. Donated property, plant and equipment received costing more than \$1,000 are capitalised and depreciated over their useful lives so as to match the related amortisation of the deferred income (see Note 3.9(v)).

### ***Depreciation***

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in the statement of financial activities on a straight-line basis over their estimated useful lives of each part of an item of property, plant and equipment unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

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

Medical and hospital equipment	5 to 10 years
Computer equipment	3 years
Office equipment	5 years
Furniture and fittings	8 years
Right-of-use asset - Leased building	Over the remaining lease term of 6 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

Construction work-in-progress is stated at cost. Expenditure relating to construction work-in-progress are capitalised when incurred. The assets are not depreciated until the construction is completed and are ready for use.

### 3.3 Intangible assets

Computer software, which is not an integral part of the related hardware, is accounted for as an intangible asset and is stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation of computer software is recognised in the statement of financial activities on a straight-line basis over its estimated useful life of 3 years.

Amortisation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

### 3.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula 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 necessary to make the sale. Allowance is made where necessary for obsolete, slow moving and defective inventories.

### 3.5 Impairment

#### **(i) *Non-derivative financial assets***

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI.

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

- 12-month ECLs: these are ECLs 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
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

#### ***Simplified approach***

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

#### ***General approach***

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

At each reporting date, the Company 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 ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company 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 Company's historical experience and informed credit assessment and including 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 ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 2 years past due.

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

### ***Measurement of ECLs***

ECLs 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 Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

### ***Credit-impaired financial assets***

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt investments at FVOCI 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.

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default or remains outstanding for more than 730 days, taking into consideration historical payment track records;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

### ***Presentation of allowance for ECLs 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.

For debt investments at FVOCI, loss allowances are charged to income or expenditure and recognised in OCI.

### ***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 Company 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 Company's procedures for recovery of amounts due.

### **(ii) *Non-financial assets***

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in the statement of financial activities. 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.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. 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 assessments of the time value of money and the risks specific to the asset or CGU.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in income or expenditure.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists for all assets. An impairment loss is reversed if there has been a change in the estimates 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 or amortisation, if no impairment loss had been recognised.

## **3.6 Employee benefits**

### **(i) *Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in statement of financial activities in the periods during which related services are rendered by employees.

**(ii) Short-term employee benefits**

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.

**3.7 Government grants**

Government grants for the purchase of property, plant and equipment and intangible assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with conditions associated with the grant. These grants are then recognised in the statement of financial activities as “other income” on a systematic basis over the useful life of the asset to match the corresponding depreciation expense and amortisation expense respectively.

Government grants that compensate the Company for expenses incurred are recognised in the statement of financial activities as “other income” on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

**3.8 Provisions**

A provision is recognised if, as a result of a past event, the Company 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. If the effect is material, 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.

**3.9 Incoming resources**

**(i) Provision of medical services**

Revenue from patient and related services is recognised when the Company satisfies a performance obligation (“PO”) by transferring control of a promised medical service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised medical services. The individual standalone selling price of a medical 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 medical services with observable stand-alone selling prices.

Transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised medical 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 Company 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.



Revenue is net of government subsidies and excludes goods and services taxes or other sales taxes.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO.

**(ii) *Government subvention income***

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

**(iii) *Rental income***

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease.

**(iv) *Service charge income***

Service charge income is recognised when services are rendered.

**(v) *Retail pharmacy income and sales to other hospitals***

Retail pharmacy income and sales to other hospitals are recognised when goods have been transferred to the buyer.

**(vi) *Donation income***

Donations, other than those specified below, are recognised in the period of receipt.

Donations of property, plant and equipment and cash donation received, which is designated for property, plant and equipment purchases with individual value of more than \$1,000 is taken to deferred income in the period of receipt. The deferred income is amortised over the useful life of the property, plant and equipment by crediting to the statement of financial activities an amount so as to match the related depreciation expense.

Cash donation which is designated for specific use other than for property, plant and equipment purchases is taken to donation fund account in the period of receipt. The donation income is recognised in the statement of financial activities when the relevant expenditure is incurred.

**(vii) *Other income***

Other income comprises grant income designated for training purposes, wage credit scheme and employee credits received or receivable from the Government. Other income is recognised in income and expenditure when the relevant qualifying costs are incurred.

### 3.10 Investment income

Investment income comprises net change in fair value of financial assets through income or expenditure, dividend and interest income on funds invested.

Dividend income is recognised in income or expenditure on the date which the Company's right to receive payment is received.

Interest income from funds invested is recognised as it accrues, using the effective interest method.

### 3.11 Interest income and interest expenses

Interest income comprises interest income on funds invested in FVOCI – debt investments and fixed deposits. Interest income is recognised as it accrues in income or expenditure, using the effective interest method.

Interest expenses comprise of interest expense from lease liabilities.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### 3.12 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **(i) As a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for lease and non-lease component as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in income or expenditure if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' and lease liabilities in 'lease liabilities' in the statement of financial position.

#### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(ii) As a lessor**

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies FRS 115 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in FRS 109 to the net investment in the lease (see note 3.5(i)). The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Rental income from sub-leased property is recognised as ‘rental income’.

**3.13 Resources expended**

Resources expended comprise the following:

**(i) Costs of generating funds**

Costs of generating funds include the costs of activities carried out to generate incoming resources, which will be used to undertake charitable activities.

**(ii) Charitable activities**

Charitable activities include both direct and related support costs relating to general running of the Company in generating funds and service delivery.

**3.14 Funds structure**

Unrestricted funds are available for use at the discretion of the management in furtherance of the general objectives of the Company.

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

3.15 Reserves policy

The reserves of the Company provide financial stability and the means for the development of the Company's activities. The Company maintains the reserves at a level sufficient for its operating needs.

3.16 Tax

As a registered charity under the Singapore Charities Act 1994, the Company is exempted from income tax under the Income Tax Act 1947.

3.17 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

**(i) Amendments to FRS 1: *Classification of Liabilities as Current or Non-Current***

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 April 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 April 2024. Due to these ongoing developments, the Company is unable to determine the impact of these amendments on the financial statements in the period of initial application. The Company is closely monitoring the developments.

**(ii) Others**

The following amendments to FRSs are not expected to have a significant impact on the Company's statement of financial position.

- FRS 117 *Insurance Contracts* and Amendments to FRS 117 *Insurance Contracts*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8: *Definition of Accounting Estimates*
- Amendments to FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

## 4 Property, plant and equipment

	<b>Medical and hospital equipment</b>	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Furniture and fittings</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Cost</b>					
At 1 April 2021	724,524	540,300	660,168	805,027	2,730,019
Additions	276,560	225,369	91,679	124,940	718,548
Disposals	–	–	(8,750)	(44,650)	(53,400)
Written off	(349,830)	(28,531)	(7,200)	(9,963)	(395,524)
At 31 March 2022	651,254	737,138	735,897	875,354	2,999,643
Additions	310,972	465,909	75,910	274,108	1,126,899
Disposals	–	(144,224)	–	–	(144,224)
Written off	(129,632)	(128,198)	(79,895)	(28,887)	(366,612)
At 31 March 2023	832,594	930,625	731,912	1,120,575	3,615,706
<b>Accumulated depreciation</b>					
At 1 April 2021	465,681	226,696	480,835	549,384	1,722,596
Depreciation charge for the year	122,474	206,413	61,460	78,335	468,682
Disposals	–	–	(8,750)	(40,251)	(49,001)
Written off	(309,942)	(28,531)	(7,200)	(7,905)	(353,578)
At 31 March 2022	278,213	404,578	526,345	579,563	1,788,699
Depreciation charge for the year	155,403	280,344	71,558	87,179	594,484
Disposals	–	(144,224)	–	–	(144,224)
Written off	(85,050)	(128,198)	(69,813)	(24,060)	(307,121)
At 31 March 2023	348,566	412,500	528,090	642,682	1,931,838
<b>Carrying amounts</b>					
At 1 April 2021	258,843	313,604	179,333	255,643	1,007,423
At 31 March 2022	373,041	332,560	209,552	295,791	1,210,944
At 31 March 2023	484,028	518,125	203,822	477,893	1,683,868

## 5 Right-of-use assets

	<b>Leased building \$</b>	<b>Office equipment \$</b>	<b>Total \$</b>
<b>Cost</b>			
At 1 April 2021	28,170,136	13,064	28,183,200
Addition	–	7,617	7,617
At 31 March 2022	28,170,136	20,681	28,190,817
Addition	–	6,884	6,884
At 31 March 2023	28,170,136	27,565	28,197,701
<b>Accumulated depreciation</b>			
At 1 April 2021	7,823,331	5,770	7,829,101
Depreciation for the year	3,963,593	4,397	3,967,990
At 31 March 2022	11,786,924	10,167	11,797,091
Depreciation for the year	3,963,593	5,988	3,969,581
At 31 March 2023	15,750,517	16,155	15,766,672
<b>Carrying amounts</b>			
At 1 April 2021	20,346,805	7,294	20,354,099
At 31 March 2022	16,383,212	10,514	16,393,726
At 31 March 2023	12,419,619	11,410	12,431,029

## 6 Intangible assets

	<b>Computer software \$</b>	<b>Work-in- progress \$</b>	<b>Total \$</b>
<b>Cost</b>			
At 1 April 2021	570,846	–	570,846
Addition	2,080	3,000	5,080
At 31 March 2022	572,926	3,000	575,926
Addition	5,602	–	5,602
Disposals	(225,183)	–	(225,183)
Reclassification	3,000	(3,000)	–
At 31 March 2023	356,345	–	356,345
<b>Accumulated amortisation</b>			
At 1 April 2021	558,218	–	558,218
Amortisation charge for the year	2,106	–	2,106
At 31 March 2022	560,324	–	560,324
Amortisation charge for the year	5,319	–	5,319
Disposals	(225,183)	–	(225,183)
At 31 March 2023	340,460	–	340,460
<b>Carrying amounts</b>			
At 1 April 2021	12,628	–	12,628
At 31 March 2022	12,602	3,000	15,602
At 31 March 2023	15,885	–	15,885

## 7 Investments

	2023	2022
	\$	\$
<b>Non-current investments</b>		
Debt investments – at FVOCI	13,292,754	14,027,622
Fixed income funds – at FVTPL	46,747,814	44,695,245
	<u>60,040,568</u>	<u>58,722,867</u>
<b>Current investments</b>		
Debt investments – at FVOCI	4,307,538	1,408,689
Fixed income funds – at FVTPL	–	1,899,710
Equity investments – at FVOCI	10,245,754	10,849,145
	<u>14,553,292</u>	<u>14,157,544</u>
Total investments	<u>74,593,860</u>	<u>72,880,411</u>

Debt investments bear interest rates of 1.88% to 6.00% (2022: 1.88% to 6.00%) per annum with maturity dates from 2024 to 2032 (2022: 2023 to 2032).

The Company's exposure to market risk and fair value information related to investments are disclosed in Note 24.

## 8 Inventories

	2023	2022
	\$	\$
Pharmaceutical supplies	100,590	101,880
Medical and surgical supplies	121,637	127,709
	<u>222,227</u>	<u>229,589</u>

In 2023, inventories of \$2,487,465 (2022: \$2,449,979) were recognised as an expense during the year and included in 'supplies and consumables' (see Note 20).

## 9 Trade and other receivables

	2023	2022
	\$	\$
Trade receivables	2,199,341	1,617,660
Unbilled receivables	5,462,872	6,058,303
Allowance for doubtful receivables	(269,941)	(104,623)
	<u>7,392,272</u>	<u>7,571,340</u>
Amounts due from other hospitals	486,883	535,190
Government grant receivables	7,113,269	5,225,642
Other receivables	140,765	482,105
Deposits	1,011,055	1,011,455
Interest receivable	540,487	226,019
	<u>16,684,731</u>	<u>15,051,751</u>
Prepayments	279,666	182,279
	<u>16,964,397</u>	<u>15,234,030</u>

The Company's exposure to credit and interest rate risks related to trade and other receivables are disclosed in Note 24.



## 10 Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	20,019,358	17,767,117
Fixed deposits with financial institutions	42,731,057	33,731,486
Cash and cash equivalents in statement of financial position	62,750,415	51,498,603
Less: Cash at bank in Medifund Account	(1,260,658)	(2,029,038)
Cash and cash equivalents in statement of cash flows	61,489,757	49,469,565

The effective interest rate of cash and cash equivalents is 0.2% to 4.30% (2022: 0.1% to 1.15%) per annum. Interest rate reprices between six months to one year.

Included in cash at bank and in hand is \$1,260,658 (2022: \$2,029,038) held on behalf of the Medifund Account.

## 11 Restricted funds

	2023	2022
	\$	\$
Patient welfare fund	413,300	502,094
Sinking fund	3,638,000	3,638,000
	4,051,300	4,140,094

### (a) *Patient welfare fund*

Patient welfare fund was set up by the Company to provide further financial assistance to the needy patients. This fund further assists the needy patients with the settlement of their outstanding hospital bills. This fund also allows the hospital's patients an alternative avenue for further financial aid to the retrofitting of their homes and purchasing of furniture to enable the patients to have a safe home environment upon discharge of the patients, as well as assisting the needy patients to purchase wheelchairs, walking aids and other necessities relating to the welfare of the patients.

### (b) *Sinking fund*

Sinking fund was set up by the Company for the purpose of major replacements or acquisition of property, plant and equipment.

## 12 Fair value reserve

Fair value reserve comprises the cumulative net change in the fair values of financial assets designated at FVOCI until the investments are derecognised or impaired.

## 13 Trade and other payables

	2023	2022
	\$	\$
Trade payables	2,083,497	2,135,776
Accrued operating expenses	6,492,103	5,770,146
Liability for short-term accumulating compensated absences	708,994	704,448
Other payables	391,440	135,004
	<u>9,676,034</u>	<u>8,745,374</u>
Others – Medifund grant	1,260,658	–
Net GST payable	737,566	555,153
	<u>11,674,258</u>	<u>9,300,527</u>

### *Others – Medifund grant*

Medifund and Medifund Silver are meant to act as a safety net for needy patients to ensure that no Singaporean is denied basic healthcare because of inability to pay. Medifund and Medifund Silver would help a needy patient who faces difficulty affording the remaining portion of his subsidised medical bill, after drawing on all other means of payment – Medisave, MediShield, personal medical insurance, employer-provided medical benefits and cash.

Both Medifund and Medifund Silver cover Singaporeans receiving subsidised inpatient or outpatient treatments in Medifund-approved institutions (see Note 15).

## 14 Lease liabilities

	2023	2022
	\$	\$
Non-current	8,696,096	12,665,657
Current	3,975,524	3,952,338
	<u>12,671,620</u>	<u>16,617,995</u>

### **Market and liquidity risks**

Information about the Company's exposure to interest rate and liquidity risks is included in Note 24.

### **Terms and debt repayment schedule**

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value \$	Carrying amount \$
<b>2023</b>				
Leased building	0.61	2026	12,786,430	12,660,129
Office equipment	0.94 – 2.94	2027	11,580	11,491
			<u>12,798,010</u>	<u>12,671,620</u>

	Nominal interest rate %	Year of maturity	Face value \$	Carrying amount \$
<b>2022</b>				
Leased building	0.61	2026	16,824,250	16,607,372
Office equipment	0.94 – 1.96	2026	10,802	10,623
			16,835,052	16,617,995

***Reconciliation of movements to cash flows arising from financing activities***

	Lease liabilities \$
<b>Balance as at 1 April 2021</b>	20,537,941
<b><i>Changes from financing cash flows</i></b>	
Interest paid	(114,798)
Payment of lease liabilities	(3,050,142)
Rental subvention from government	3,013,628
<b>Total changes from financing cash flows</b>	(151,312)
<b><i>Other changes</i></b>	
Rental subvention from government	(2,759,259)
New lease	7,617
Subvention receivable	(254,369)
Interest expense	114,798
Rent concession	(877,421)
<b>Total other changes</b>	(3,768,634)
<b>Balance as at 31 March 2022</b>	16,617,995
<b>Balance as at 1 April 2022</b>	16,617,995
<b><i>Changes from financing cash flows</i></b>	
Interest paid	(90,754)
Payment of lease liabilities	(3,953,259)
Rental subvention from government	3,443,685
<b>Total changes from financing cash flows</b>	(600,328)
<b><i>Other changes</i></b>	
Rental subvention from government	(3,702,727)
New lease	6,884
Subvention receivable	259,042
Interest expense	90,754
<b>Total other changes</b>	(3,346,047)
<b>Balance as at 31 March 2023</b>	12,671,620

As at 31 March 2023, the Company has received \$3,443,685 (2022: \$3,013,628) and recognised \$1,910,207 (2022: \$1,651,165) of receivable from Ministry of Health as government grant for leases.

## 15 Deferred government grants

		2023 \$	2022 \$
Grants received from Community Silver Trust Fund	(a)	1,841,161	2,947,618
Medifund grant	(b)	–	2,029,038
		1,841,161	4,976,656

### (a) *Grants received from Community Silver Trust Fund*

		2023 \$	2022 \$
At 1 April		2,947,618	1,311,814
Grant received		–	1,856,412
Grant utilised for qualifying expenses		(308,701)	–
Grant utilised for Enhancement Projects		(797,440)	(220,608)
Refund of prior year unutilised grant to AIC		(316)	–
At 31 March		1,841,161	2,947,618

The Agency for Integrated Care (“AIC”) will provide a matching grant of one dollar for every donation dollar raised for Intermediate and Long-term Care (“ILTC”) programmes by the Company.

The purpose of the CST matching grant is to enhance the Company’s capabilities and provide value-added services in relation to ILTC programmes to achieve higher quality care and affordable step-down care. The CST matching grant may be used to fund recurring operating expenses and Enhancement Projects as described below.

Enhancement Projects are programmes or initiatives introduced by certain Operating Units to:

- (i) enhance the range of and innovate existing ILTC services;
- (ii) improve their organisational capabilities; and
- (iii) increase their capacity.

Upon utilising the grant to purchase property, plant and equipment for Enhancement Projects, the grant is recognised as deferred income and is recognised in the statement of financial activities as ‘other income’ on a systematic basis over the useful life of the asset to match the corresponding depreciation expense.

The CST matching grant has to be utilised before 31 March 2026 for different projects and AIC has the right to clawback the balance amounts in the event the grants are not used by the stipulated deadline.

### (b) *Medifund grant*

These are cash held on behalf of the Medifund Account (see Note 10). During the year, the presentation of the medifund grant has been reclassified from deferred government grants to trade and other payables to better reflect the nature of Medifund grant. (see Note 13).

## 16 Donation income

Tax-exempt receipts of \$608,168 (2022: \$2,194,256) were issued during the year.

## 17 Investment income/(expenditure)

	2023	2022
	\$	\$
Net change in fair value of financial assets designated at FVTPL	(848,141)	(1,781,472)
Loss on derecognition of debt investments at FVOCI – reclassified to income or expenditure	(200,527)	(344,730)
Dividend income	466,084	396,464
Interest income from:		
- Fixed deposits	956,237	193,922
- Debt investments	942,504	965,041
	<u>1,316,157</u>	<u>(570,775)</u>

## 18 Incoming resources from charitable activities

	2023	2022
	\$	\$
Government subvention income	34,792,325	31,365,305
Patient and related revenue from provision of medical services	27,675,380	25,326,359
Retail pharmacy income	1,075,439	952,633
Sales to other hospitals	49,849	264,338
Rental income	1,538,481	1,483,843
Service charge income	1,188,232	1,221,063
Grant income		
- Foreign worker levy rebate	–	224,895
- Job Support Scheme	–	498,601
- Community Hospital Common System Operating Expenditure	778,136	–
- Enhanced Nurse Special Payment	327,713	–
- Community Care Salary Enhancement	4,701,718	2,273,458
- Covid-19 Healthcare Award	41,610	1,757,240
- Job Growth Incentives	578,540	255,295
- CST matching grant	308,701	–
- Others	1,156,424	1,149,692
Others	1,136,276	1,325,992
	<u>75,348,824</u>	<u>68,098,714</u>

‘Others’ in grant income mainly comprise the senior management associate scheme grant, workforce development grant and the wage credit scheme.

‘Others’ mainly comprise training income earned.

**Ministry of Health (MOH) grant**

The purpose of MOH grants is to fund patient requiring rehabilitation and subacute care in Community Hospitals that provide intermediate care facilities to patients. The funding also covers dialysis, outpatient and home care services for the elderly.

The MOH grant includes rental subvention to fund the Hospital on its Temporary Occupation License fees that are payable to the Singapore Land Authority.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

**Patient and related revenue**

<b>Nature of goods or services</b>	The Company generates revenue from the provision of inpatient and outpatient services, and supply of drugs.
<b>When income is recognised</b>	For inpatient services, income is recognised over time when the medical services are provided to the patients. For revenue relating to other patient and related income, revenue is recognised at a point in time upon completion of medical services and supply of drugs.
<b>Significant payment terms</b>	Payment is due when invoice is issued and payables within 30 days.

**Retail pharmacy income**

<b>Nature of goods or services</b>	The Company generates revenue from provision of medical and related items to customers.
<b>When income is recognised</b>	Income is recognised at a point in time when the Company satisfies a performance obligation when the goods are transferred to a customer.
<b>Significant payment terms</b>	Payment is due upon delivery to customers.

**Sales to other hospitals**

<b>Nature of goods or services</b>	The Company generates revenue from provision of drugs and pharmaceutical supplies to other hospitals.
<b>When income is recognised</b>	Income is recognised at a point in time when the Company satisfies a performance obligation when the goods are transferred to other hospitals.
<b>Significant payment terms</b>	Payment is due when invoice is issued monthly and payables within 30 days.

### Rental income and service charge income

<b>Nature of goods or services</b>	The Company generates rental and service charge revenue under operating leases to hospitals and service providers.
<b>When income is recognised</b>	The Company recognises revenue over time on a straight-line basis over the lease term.
<b>Significant payment terms</b>	Payment is due when invoice is issued monthly and payables within 30 days.

## 19 Cost of generating funds – donation expenses

	2023	2022
	\$	\$
Fund-raising cost in current financial year	167,530	573,214
Others	7,148	6,351
	<u>174,678</u>	<u>579,565</u>

The Company incurred fund raising costs of \$167,530 (2022: \$573,214), out of which, \$86,956 (2022: \$550,993) is payable to a related charity, Thye Hua Kwan Moral Society, to procure donations for the Company.

## 20 Charitable activities

	Note	2023	2022
		\$	\$
Amortisation of intangible assets	6	5,319	2,106
Advertising and promotion		12,000	13,660
Contract services		6,947,102	5,302,050
Depreciation of property, plant and equipment	4	594,484	468,682
Depreciation of right-of-use assets	5	3,969,581	3,967,990
Disallowed input goods and services tax		996,815	662,476
(Gain)/Loss on disposal of property, plant and equipment		(8,864)	2,199
Impairment loss on receivables		224,347	5,633
Insurance		96,876	71,422
Interest expenses on lease liabilities	22	90,754	114,798
Inventories written off		5,940	11,002
Legal and professional fees		118,150	91,063
Low value assets written off		289,174	174,432
Medical professional fees		1,062,557	958,573
Operating lease expenses		24,766	75,966
Property, plant and equipment written off		59,491	41,946
Rent concession		–	(877,421)
Repairs and maintenance		678,355	454,516
Staff costs (see below)		40,407,778	38,232,876
Supplies and consumables		2,804,141	2,751,073
Utilities		1,126,066	647,799
Other expenses		673,475	762,871
		<u>60,178,307</u>	<u>53,935,712</u>

	<b>2023</b>	<b>2022</b>
	\$	\$
Staff costs:		
- Wages and salaries	34,919,993	33,334,274
- Contribution to defined contribution plans	2,383,518	2,370,164
- Foreign worker levies	1,508,745	1,499,535
- Other short-term benefits	1,595,522	1,028,903
	40,407,778	38,232,876

## 21 Income taxes

The Company is an approved charity organisation under the Singapore Charities Act 1994 and an Institution of a Public Character under the Income Tax Act 1947. No provision for taxation has been made in the financial statements as the Company is a registered charity with income tax exemption.

## 22 Leases

### *Leases as lessee (FRS 116)*

The Company leases the hospital building with Singapore Land Authority (“SLA”). The lease runs for a period of 3 years, with an option to renew the lease after that date.

The Company leases office equipment with contract terms of 3 to 5 years. Some of these leases are short-term and/or leases of low value items. The Company has elected not to recognise right-of-use assets and liabilities for these leases.

Information about leases for which the Company is a lessee is presented below.

### **Amounts recognised in income or expenditure**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Leases under FRS 116</b>		
Interest on lease liabilities	(90,754)	(114,798)
Income from sub-leasing right-of-use assets presented in ‘rental income’	1,538,481	1,483,843
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(24,766)	(75,966)
Rent concession	–	877,421
	–	877,421



**Amounts recognised in statement of cash flows**

	<b>2023</b>	<b>2022</b>
	\$	\$
Cash outflow related to payments of lease liabilities and interest expenses arising from leases	<u>(4,044,013)</u>	<u>(3,164,940)</u>

***Rent concessions***

The Company negotiated rent concessions with its landlords for lease of the hospital building as a result of the severe impact of the Covid-19 pandemic in 2021. The Company applied the practical expedient for Covid-19-related rent concessions consistently to eligible rent concessions related to the hospital building.

In 2022, the amount recognised in income or expenditure for the reporting period to reflect changes in lease payments arising from rent concessions to which the Company has applied the practical expedient for Covid-19 related rent concessions is \$877,421.

***Leases as lessor***

The Company leases out its leased building (see Note 5). All leases are classified as operating leases from a lessor perspective.

**Operating lease as lessor**

The Company sub-leases out parts of its building. The Company has classified these leases as operating leases because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets.

Rental income from building sub-lease recognised by the Company during 2023 was \$1,330,241 (2022: \$1,346,154) and the service charge income from the building sub-lease recognised by the Company was \$1,188,232 (2022: \$1,221,063).

The following table sets out a maturity analysis of payments, showing the undiscounted lease and service charge payments to be received after the reporting date.

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Operating leases under FRS 116</b>		
Within 1 year	1,844,254	2,275,828
After 1 year but within 5 years	82,415	64,410
<b>Total</b>	<u>1,926,669</u>	<u>2,340,238</u>

## 23 Related parties

### *Key management personnel compensation*

Key management personnel of the Company are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, Chief Executive Officer and Heads of Departments are considered key management personnel of the Company.

Key management personnel compensation comprised:

	<b>2023</b>	<b>2022</b>
	\$	\$
Short-term employee benefits	1,814,122	1,711,767
Contribution to defined contribution plan	112,602	118,027
	<u>1,926,724</u>	<u>1,829,794</u>

The annual remuneration of the Company's three highest paid staff who each received remuneration exceeding \$100,000, in the following bands in the year were as follows:

	<b>2023</b>	<b>2022</b>
Number of employees in bands:		
\$300,001 to \$400,000	2	2
\$200,001 to \$300,000	<u>1</u>	<u>1</u>

None of the directors earned any directors' fees or other remuneration in respect of their services to the Company during the current year and prior year.

### *Other related parties transactions*

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
Service fee paid to related charities	623,599	590,602
Service fee received from related charities	<u>(590,883)</u>	<u>(375,681)</u>

## 24 **Financial instruments**

### **Financial risk management**

#### *Overview*

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

#### *Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

#### **Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company, as and when they fall due.

As at year end, significant concentration of credit risk relates to cash at bank and fixed deposits placed with financial institutions in Singapore and financial assets held on behalf by a custodian. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Company does not hold any collateral in respect of its financial assets.

On investment activities, the Investment Committee limits investments to bonds with at least an investment grade of BBB-/Baa1 credit rating or above by Standard & Poor's or Moody's or equivalent, such as those rated by independent rating units of the fund managers. The fixed income securities comprise mainly corporate bonds with the above mentioned ratings.

#### *Trade and other receivables*

Management has a credit policy in place which establishes credit limits for corporate customers and monitors their balances on an ongoing basis. Credit evaluations are performed on corporate customers for which credit terms are granted. To minimise the risk of bad debts, non-corporate customers are generally requested to place an initial deposit at the time of admission to the hospital. Additional deposit is requested from the customers when the hospital charges exceed a certain level.

Whilst management believes that its credit policy is effective in reducing its credit risk exposure to an acceptable level, it has to adhere to its overruling principle of not turning away patients who need medical care regardless of their ability to pay. The Company does not require collateral in respect of trade and other receivables.

The Company's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Company's many varied patients and corporate customers. The Company evaluates whether there is any objective evidence that receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Company determines the estimates based on the financial health of the debtors, aging of the receivables balance, credit-worthiness, and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

The Company's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Company's trade receivables.

*Exposure to credit risk*

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date (by type of customer) was as follows:

	<b>Carrying amount</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Individual patients	7,259,361	7,256,805
Corporate customers	1,422,321	3,409,319
Government agencies	8,003,049	4,385,627
	<u>16,684,731</u>	<u>15,051,751</u>

The Company's most significant customer, a corporate customer, accounts for \$408,297 (2022: \$484,353) of the carrying amount of trade and other receivables as at the reporting date.

*Impairment losses*

The ageing of trade and other receivables at the reporting date was:

	<b>2023</b>		<b>2022</b>	
	<b>Not credit-impaired*</b>	<b>Credit-impaired</b>	<b>Not credit-impaired*</b>	<b>Credit-impaired</b>
	\$	\$	\$	\$
Not past due	15,255,972	–	13,223,199	–
Past due up to 90 days	307,365	–	280,026	–
Past due more than 90 days	1,121,394	269,941	1,548,526	104,623
Total gross carrying amount	<u>16,684,731</u>	<u>269,941</u>	<u>15,051,751</u>	<u>104,623</u>
Loss allowance	–	(269,941)	–	(104,623)
	<u>16,684,731</u>	<u>–</u>	<u>15,051,751</u>	<u>–</u>

\* *Excluding prepayments*

The Company believes that the amounts not impaired and are past due are still collectible, based on historical payment behaviour and extensive analyses of customer credit risk.

*Expected credit loss assessment*

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers.

Loss rate are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for individual customers as at 31 March 2023:

	<b>Weighted average loss rate %</b>	<b>Gross \$</b>	<b>Impairment losses \$</b>
<b>2023</b>			
<b>Individual</b>			
Not past due	–	5,856,406	–
Past due 1 - 90 days	–	216,786	–
Past due 91 - 180 days	–	133,650	–
Past due 181 - 365 days	–	480,574	–
Past due 365 - 729 days	–	440,944	–
Past due more than 730 days	67.3	400,942	(269,941)
		<u>7,529,302</u>	<u>(269,941)</u>
<b>2022</b>			
<b>Individual</b>			
Not past due	–	6,163,883	–
Past due 1 - 90 days	–	128,142	–
Past due 91 - 180 days	–	258,803	–
Past due 181 - 365 days	–	234,548	–
Past due 365 - 729 days	–	410,642	–
Past due more than 730 days	63.3	165,410	(104,623)
		<u>7,361,428</u>	<u>(104,623)</u>

Loss rates are based on actual credit loss experience over the past three years. These rates reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. These scalar factors are calculated using statistical models that determine numeric co-relation of loss rates with relevant economic variables.

The Company considers trade receivables from corporate customers and government agencies to have a low credit risk by taking into consideration the historical payment, in estimating the risk of default used in measuring ECL. The amount of the allowance on these balances is insignificant.

*Movements in allowance for impairment in respect of trade receivables*

The movement in allowance for impairment loss in respect of trade and other receivables during the year was as follows:

	\$
At 1 April 2021	100,000
Impairment loss recognised	5,633
Amount utilised	(1,010)
At 1 April 2022	104,623
Impairment loss recognised	224,347
Amount utilised	(59,029)
At 31 March 2023	269,941

***Debt investments***

The Company limits its exposure to credit risk on investments held by investing only in liquid debt securities and investment funds and only with counterparties that have high credit ratings. Management actively monitors its counterparties' credit ratings and given that the Company only has investments in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

12-month and lifetime probabilities of default are based on historical data supplied by Bank of Singapore and BNP Paribas for each credit rating and are recalibrated based on current bond yields and CDS prices. Loss given default ("LGD") parameters generally reflect an assumed recovery rate of 40% except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The exposure to credit risk for debt investments at FVOCI and fixed income funds at FVTPL at the reporting date by geographic region was as follows:

	<b>Net carrying amount</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Australia	1,084,412	1,130,590
Canada	926,002	973,771
France	267,431	286,524
Germany	486,176	–
India	922,310	1,183,511
Singapore	60,661,775	58,456,870
	64,348,106	62,031,266

The exposure to credit risk for debt investments and fixed income funds at the reporting date by industries was as follows:

	<b>Net carrying amount</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Financial services	54,248,742	50,591,416
Diversified manufacturing	442,303	449,438
Real estate investment trust	4,674,885	3,872,217
Food and beverage	742,385	1,274,152
Offshore and marine property	–	900,358
Aviation	1,813,181	1,865,332
Oil and gas extraction and refining	–	257,075
Infrastructure	599,011	–
Transportation services	–	931,069
Communications	1,042,574	1,073,035
Consultancy	785,025	817,174
	<b>64,348,106</b>	<b>62,031,266</b>

The amount of the allowance for impairment loss on debt investment and fixed income funds was negligible. The Company has no collateral in respect of these investments.

#### ***Cash and cash equivalents***

The Company held cash and cash equivalents with banks and financial institution counterparties, which are rated BBB+ to A+, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance for impairment loss on cash and cash equivalents was negligible.

#### ***Other receivables***

Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuation in cash flows. The Company receives donations from the public and fund-raising activities organised by Thye Hua Kwan Moral Society and subvention income from the government.

The contractual maturities of financial liabilities, including estimated interest payments are as follows:

	Note	Carrying amount \$	Cash flows		
			Contractual cash flow \$	Within 1 year \$	1 to 5 years \$
<b>2023</b>					
Trade and other payables <sup>^</sup>	13	9,676,034	(9,676,034)	(9,676,034)	–
Lease liabilities	14	12,671,620	(12,798,010)	(4,042,065)	(8,755,945)
		<u>22,347,654</u>	<u>(22,474,044)</u>	<u>(13,718,099)</u>	<u>(8,755,945)</u>
<b>2022</b>					
Trade and other payables <sup>^</sup>	13	8,745,374	(8,745,374)	(8,745,374)	–
Lease liabilities	14	16,617,995	(16,835,052)	(4,043,011)	(12,792,041)
		<u>25,363,369</u>	<u>(25,580,426)</u>	<u>(12,788,385)</u>	<u>(12,792,041)</u>

<sup>^</sup> Excludes net GST payable and others – Medifund grant

### **Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to changes in interest rates relates primarily to interest-earning financial assets. Interest rate risk is managed by the Company on an on-going basis.

### ***Exposure to interest rate risk***

At the reporting date, the interest rate profile of the Company's interest-earning financial instruments, as reported to the management, was as follows:

	2023 \$	2022 \$
<b><i>Fixed rate instruments</i></b>		
Debt investments	17,600,292	15,436,311
Fixed deposits with financial institutions	42,731,057	33,731,486
	<u>60,331,349</u>	<u>49,167,797</u>

The Company is not exposed to any variable rate financial instruments and a change in interest rate at the reporting date would not affect income or expenditure.



***Foreign currency risk***

The financial assets and liabilities of the Company are primarily denominated in Singapore dollars. The Company has no significant exposure to foreign currency risk.

***Equity price risk***

The Company is exposed to equity price changes arising from quoted equity investments designed at fair value through other comprehensive income. An increase in the underlying equity prices of the investments at the reporting date by 10% for the Company would have increased income for the year and fair value reserve by \$1,024,575 (2022: \$1,084,914). Similarly, a decrease in the underlying equity prices by 10% for the Company would have an equal but opposite effect.

This analysis assumes that all other variables remain constant.

***Accounting classifications and fair values***

The carrying amounts of financial assets and financial liabilities which are not measured at fair value, as shown in the statement of financial position, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	Note	Financial assets at amortised cost \$	Mandatorily at FVTPL \$	FVOCI \$	Other financial liabilities \$	Total carrying amounts \$	Fair value (Level 1) \$
<b>2023</b>							
<b>Financial assets measured at fair value</b>							
Investments	7	–	46,747,814	27,846,046	–	74,593,860	74,593,860
<b>Financial assets not measured at fair value</b>							
Trade and other receivables*	9	16,684,731	–	–	–	16,684,731	
Cash and cash equivalents	10	62,750,415	–	–	–	62,750,415	
		<u>79,435,146</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>79,435,146</u>	
<b>Financial liabilities not measured at fair value</b>							
Trade and other payables ^	13	–	–	–	(9,676,034)	(9,676,034)	
<b>2022</b>							
<b>Financial assets measured at fair value</b>							
Investments	7	–	46,594,955	26,285,456	–	72,880,411	72,880,411
<b>Financial assets not measured at fair value</b>							
Trade and other receivables*	9	15,051,751	–	–	–	15,051,751	
Cash and cash equivalents	10	51,498,603	–	–	–	51,498,603	
		<u>66,550,354</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>66,550,354</u>	
<b>Financial liabilities not measured at fair value</b>							
Trade and other payables ^	13	–	–	–	(8,745,374)	(8,745,374)	

\* Excludes prepayments

^ Excludes net GST payable and others – Medifund grant

### ***Determination of fair values***

#### *Investment in equity fund managed by fund manager*

The fair values of equity fund managed by fund manager classified as FVOCI have been determined by reference to the quoted bid prices of the underlying equity securities at the reporting date.

#### *Investment in debt investments and fixed income funds*

The fair values of debt investments classified as financial assets carried at FVOCI and fixed income funds classified as financial assets carried at FVTPL have been determined by reference to the quoted bid prices at the reporting date.

#### *Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity.

## **25 Subsequent event**

On 4 July 2023, the Board of Directors approved for the Company to purchase a property at a purchase consideration of \$52,054,000. The property will be accounted for as an investment property on the financial statements.