



**SNEC Health Research Endowment Fund**  
**Registration Number: T02CC1574K**  
(Registered under the Charities Act, Chapter 37)

Annual Report  
Year ended 31 March 2019



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## **Independent auditors' report**

The Board of Trustees  
SNEC Health Research Endowment Fund

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of SNEC Health Research Endowment Fund ('the Fund'), which comprise the balance sheet as at 31 March 2019, the statement of comprehensive income, statement of changes in funds and statement of 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 FS18.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Charities Act, Chapter 37 and other relevant regulations ('the Charities Act and Regulations') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the state of affairs of the Fund as at 31 March 2019 and of the financial performance, changes in funds and cash flows of the Fund 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 Fund 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 Board of Trustees 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 Charities Act and Regulations and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Trustees is responsible for overseeing the Fund'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 Fund'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 Fund'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 Fund 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 Board of Trustees 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**

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

- (a) the Fund has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Fund has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

*KPMG LP*

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

**Singapore**  
**10 SEP 2019**

**Balance sheet**  
**As at 31 March 2019**

	Note	2019 \$	2018 \$
<b>Current assets</b>			
Trade and other receivables	4	790,018	3,026,438
Cash and cash equivalents	5	8,438,147	6,906,408
<b>Total assets</b>		9,228,165	9,932,846
<b>Funds</b>			
Unrestricted funds		4,365,609	4,949,563
Restricted funds		3,961,558	3,902,869
Endowment fund		831,208	831,208
<b>Accumulated funds</b>	6	9,158,375	9,683,640
<b>Current liability</b>			
Other payables	7	69,790	249,206
<b>Total liability</b>		69,790	249,206
<b>Total funds and liabilities</b>		9,228,165	9,932,846

The financial statements were approved on behalf of the Board of Trustees by:



**Professor Wong Kok Yong**  
*Chairman, SNEC HREF*



**Professor Wong Tien Yin**  
*Medical Director, SNEC*  
*Board of Trustees, SNEC HREF*

18 SEP 2019

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

**Statement of comprehensive income**  
**Year ended 31 March 2019**

	Note	2019			2018		
		Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
		\$	\$	\$	\$	\$	\$
<b>Incoming resources</b>							
Incoming resources from generated funds:							
Voluntary income	8	490	1,608,432	1,608,922	3,005,021	599,262	3,604,283
Interest income		85,617	–	85,617	8,302	69,925	78,227
<b>Total incoming resources</b>		<b>86,107</b>	<b>1,608,432</b>	<b>1,694,539</b>	<b>3,013,323</b>	<b>669,187</b>	<b>3,682,510</b>
<b>Resources expended</b>							
Charitable activities		662,186	1,549,743	2,211,929	2,667,642	2,002,049	4,669,691
Fund raising costs		–	–	–	–	26,178	26,178
Other resources expended		7,875	–	7,875	5,626	–	5,626
<b>Total resources expended</b>		<b>670,061</b>	<b>1,549,743</b>	<b>2,219,804</b>	<b>2,673,268</b>	<b>2,028,227</b>	<b>4,701,495</b>
<b>Net (outgoing)/incoming resources, representing total comprehensive income for the year</b>		<b>(583,954)</b>	<b>58,689</b>	<b>(525,265)</b>	<b>340,055</b>	<b>(1,359,040)</b>	<b>(1,018,985)</b>

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

**Statement of changes in funds**  
**Year ended 31 March 2019**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Endowment fund</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 April 2017</b>	4,609,508	5,261,909	831,208	10,702,625
Net incoming/(outgoing) resources, representing total comprehensive income for the year	340,055	(1,359,040)	–	(1,018,985)
<b>At 31 March 2018</b>	<u>4,949,563</u>	<u>3,902,869</u>	<u>831,208</u>	<u>9,683,640</u>
<b>At 1 April 2018</b>	4,949,563	3,902,869	831,208	9,683,640
Net (outgoing)/incoming resources, representing total comprehensive income for the year	(583,954)	58,689	–	(525,265)
<b>At 31 March 2019</b>	<u>4,365,609</u>	<u>3,961,558</u>	<u>831,208</u>	<u>9,158,375</u>

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

**Statement of cash flows**  
**Year ended 31 March 2019**

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Net outgoing resources for the year		(525,265)	(1,018,985)
Adjustment for:			
Interest income		(85,617)	(78,227)
		<u>(610,882)</u>	<u>(1,097,212)</u>
Change in trade and other receivables		2,232,371	(1,506,771)
Change in other payables		(179,416)	83,007
Cash generated from/(used in) operations		<u>1,442,073</u>	<u>(2,520,976)</u>
Interest received		89,666	93,706
<b>Net cash from/(used in) operating activities</b>		<u>1,531,739</u>	<u>(2,427,270)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,531,739	(2,427,270)
Cash and cash equivalents at beginning of the year		<u>6,906,408</u>	<u>9,333,678</u>
<b>Cash and cash equivalents at end of the year</b>	<b>5</b>	<u>8,438,147</u>	<u>6,906,408</u>

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 Trustees on **18 SEP 2019**

### **1 Domicile and activities**

SNEC Health Research Endowment Fund (the “Fund”) was established in year 2000 to receive contributions and donations which may consist of cash and other donations for the pursuit of medical research and the development and promotion of health services in Singapore.

The Fund is a registered member of the Ministry of Health’s Health Research Endowment Fund (“MOH HREF”) under its decentralised Special Account Scheme. The MOH HREF is approved as an institution of a public character in accordance with Section 37(2)(c) of the Singapore Income Tax Act. MOH HREF had extended the tax-exempt status of the Fund for a 2-year period from 1 April 2017 to 31 March 2019 (both dates inclusive).

The immediate, intermediate, ultimate holding company and ultimate controlling party of the Fund are Singapore National Eye Centre Pte Ltd, Singapore Health Services Pte Ltd, MOH Holdings Pte Ltd and Minister for Finance respectively.

Singapore National Eye Centre Pte Ltd is the Trustee of the Fund.

### **2 Basis of preparation**

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

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”).

#### **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**

The financial statements are presented in Singapore dollars which is the Fund’s functional currency.

#### **2.4 Use of estimates and judgements**

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the 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.

Management is of the opinion that there are no critical judgements made in applying the Fund's accounting policies that have significant effect on the amount recognised in the financial statements and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

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

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

The Fund has an established control framework with respect to the measurement of fair values.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Fund assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Fund uses market observable 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 within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- *Level 3:* 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 Fund 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 note 10.

## **2.5 Adoption of new standards**

The Fund has applied the following FRSs and amendment to FRS for the first time for the annual period beginning on 1 April 2018:

- *FRS 115 Revenue from Contracts with Customers;*
- *Clarifications to FRS 115 Revenue from Contracts with Customers (Amendments to FRS 115); and*
- *FRS 109 Financial Instruments.*

Other than FRS 109, the adoption of these FRSs and amendment to standards did not have a material effect on the Fund's financial statements.

Due to the transition methods chosen by the Fund in applying the standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

### **FRS 109 *Financial Instruments***

FRS 109 *Financial Instruments* sets out requirements for recognising and measuring financial assets and financial liabilities. It also introduces a new expected credit losses ("ECLs") model. The Fund adopted FRS 109 from 1 April 2018.

The Fund has adopted consequential amendments to FRS 107 *Financial Instruments: Disclosures* that are applied to disclosures about 2019 but have not been generally applied to comparative information.

Changes in accounting policies resulting from the adoption of FRS 109 have been applied by the Fund retrospectively, except as described below.

- The Fund has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2018 does not generally reflect the requirements of FRS 109, but rather those of FRS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018.
  - The determination of the business model within which a financial asset is held.
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The impact upon adoption of FRS 109 is described below.

#### **(i) Classification of financial assets and financial liabilities**

Under FRS 109, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income ("FVOCI") – equity instrument; or fair value through profit or loss ("FVTPL"). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

The adoption of FRS 109 has not had a significant effect on the Fund's accounting policies for financial liabilities.

The following table and the accompanying note below explain the original measurement categories under FRS 39 and the new measurement categories under FRS 109 for each class of the Fund's financial assets as at 1 April 2018:

	Note	Original classification under FRS 39	New classification under FRS 109	Original carrying amount under FRS 39 \$	New carrying amount under FRS 109 \$
<b>Financial assets</b>					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	3,026,438	3,026,438
Cash and cash equivalents	(a)	Loans and receivables	Amortised cost	6,906,408	6,906,408
<b>Total financial assets</b>				<u>9,932,846</u>	<u>9,932,846</u>

(a) Trade and other receivables and cash and cash equivalents that were classified as loans and receivables under FRS 39 are now classified at amortised cost. There is no allowance for impairment recognised in the changes of funds of the Fund at 1 April 2018.

**(ii) Impairment of financial assets**

FRS 109 replaces the 'incurred loss' model in FRS 39 with an ECLs model. The new impairment model applies to financial assets measured at amortised cost.

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

The Fund has determined that the application of FRS 109's impairment requirements at 1 April 2018 does not result in material additional allowance for impairment. Accordingly, there is no impact on changes in funds at 1 April 2018.

Additional information about how the Fund measures the allowance for impairment is described in note 10.

### **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 are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Fund 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, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

***Non-derivative financial assets – Policy applicable from 1 April 2018***

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Fund 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 as 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.

***Financial assets: Business model assessment – Policy applicable from 1 April 2018***

The Fund 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 Fund'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 Fund's continuing recognition of the assets.

***Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018***

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 a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund 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 Fund 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 Fund’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 additional 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 additional 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 – Policy applicable from 1 April 2018***

*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 statement of comprehensive income. Any gain or loss on derecognition is recognised in statement of comprehensive income.

***Non-derivative financial assets – Policy applicable before 1 April 2018***

The Fund classifies non-derivative financial assets into loans and receivables.

***Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 April 2018***

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

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

Financial liabilities are classified as measured at amortised cost.

These 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 statement of comprehensive income. These financial liabilities comprised other payables.

**(iii) *Derecognition***

***Financial assets***

The Fund 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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

***Financial liabilities***

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Fund 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 the statement of comprehensive income.

**(iv) *Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Fund 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.

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

Cash and cash equivalents comprise cash and bank balance and deposits with financial institutions that are subject to an insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments.

**3.2 Impairment of non-derivative financial assets**

***Policy applicable from 1 April 2018***

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances of the Fund 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.

#### *General approach*

The Fund applies the general approach to provide for ECLs on its 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 Fund 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 Fund 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 Fund'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 improve 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 Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 1 to 3 years past due, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

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

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as 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 Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

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



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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 1 to 3 years, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend;
- the restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise;
- 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 balance sheet*

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

*Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Fund 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 Fund's procedures for recovery of amounts due.

*Policy applicable before 1 April 2018*

A financial asset not carried at FVTPL is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Fund on terms that the Fund would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers or economic conditions that correlate with defaults.

*Loans and receivables*

The Fund considers evidence of impairment for loans and receivables at a specific asset level. All individually significant loans and receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Fund considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through statement of comprehensive income.

### 3.3 Income recognition

#### *Donations*

Donations are recognised as income in the statement of comprehensive income in the period of receipt or when the receipt of the amount is certain.

#### *Interest income*

Interest income is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). 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.

Interest income is attributed to specific funds where these are specified by the sources of the funds. Where there are no specific agreements with donors or source of funds, interest income is attributed to the general fund.

### 3.4 Funds structure

#### *Unrestricted funds*

The general fund is available for use at the discretion of the Trustees in furtherance of the Fund's objectives.

#### *Restricted funds*

The restricted funds are available for use at the discretion of the Trustees within projects in furtherance of the Fund's objectives that have been identified by donors of the funds or communicated to donors when sourcing for the funds.

### 3.5 Grant expense

Grant expenses is recognised as charitable activities expenses as it is incurred in the period in which approval is obtained from the Board of Trustees, appointed to exercise stewardship over the Fund, and upon receipt of invoices from the applicants.

**3.6 New standards and interpretations not yet adopted**

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2018 and earlier application is permitted; however, the Fund has not early adopted the new or amended standards and interpretations in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Fund.

**4 Trade and other receivables**

	<b>2019</b>	<b>2018</b>
	\$	\$
Donations receivables from immediate holding company	763,400	3,006,771
Donations receivables from a third party	11,000	–
Interest receivables	15,618	19,667
	<b>790,018</b>	<b>3,026,438</b>

Information about the Fund’s exposure to credit risk and impairment losses for trade and other receivables are included in note 10.

**5 Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	\$	\$
Cash at banks	473,133	244,247
Fixed deposits with financial institutions	7,965,014	6,662,161
	<b>8,438,147</b>	<b>6,906,408</b>

The fixed deposits bear interest of 0.15% to 1.75% (2018: 0.25% to 1.27%) per annum and reprice at intervals of one to twelve months.

**6 Accumulated funds**

Restricted funds are funds that are required to be used for particular purposes within the Fund’s objectives. Unrestricted funds are expendable at the full discretion of the Trustees in furtherance of the Fund’s objectives. It also applies to any surplus funds that can be retained for general use. Endowment fund is made up of government matching grant of \$831,208 (2018: \$831,208). The Fund must permanently maintain the whole of this endowment fund.

The Fund’s objective in capital management is to maintain sufficient funds to continue to provide assistance in furtherance of the Fund’s objectives. There were no changes in the Fund’s approach to capital management during the year.

The Fund is not subject to externally imposed capital requirements.

**7 Other payables**

	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Accrued operating expenses	69,790	249,206

Information about the Fund's exposure to liquidity risk for other payables are included in note 10.

**8 Voluntary income**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
		<b>Restated</b>
Donations with tax-exempt receipts issued	671,002	547,587
Donations without tax-exempt receipts issued	937,920	3,056,696
	1,608,922	3,604,283

In 2018, the donation from immediate holding company of \$3,000,000 was classified as tax-exempt receipts. The comparative amount of \$3,000,000 was reclassified as donations without tax-exempt receipts issued to be consistent with current year presentation.

**9 Income tax**

The Fund is an approved charity organisation under the Singapore Charities Act, Chapter 37. No provision for taxation has been made in the financial statements as the Fund is a registered charity exempted from income tax under Section 13 of the Income Tax Act, Cap. 134.

**10 Financial risk management**

*Overview*

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

- credit risk
- liquidity risk
- market risk

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

*Risk management framework*

Risk management is integral to the whole operations of the Fund. The Fund has a system of controls in place to create an acceptable balance between cost of risks and the cost of managing the risks. Management continually monitors the Fund'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 Fund's activities.

***Credit risk***

Credit risk is the risk of financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amounts of financial assets in the balance sheet represent the Fund's maximum exposures to credit risk, before taking into account any collateral held. The Fund does not hold any collateral in respect of its financial assets.

***Expected credit loss assessment as at 1 April 2018 and 31 March 2019***

***Donations receivables from immediate holding company and third party***

The Fund assesses on a forward-looking basis the expected credit losses associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Fund considers that the credit risk of these counter parties has not increased.

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.

***Cash and cash equivalents and interest receivables***

As at 31 March 2019, the Fund held cash and cash equivalents and interest receivables of \$8,438,147 and \$15,618 (2018: \$6,906,408 and \$19,667) respectively. The cash and cash equivalents and interest receivables are held with financial institutions with sound credit ratings.

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

***Liquidity risk***

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund'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 normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Board of Trustees to finance the Fund's operations and to mitigate the effects of fluctuations in cash flows.

The carrying amounts of other payables reflect the undiscounted cash outflows which are due to be settled within one year.

***Market risk***

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Fund'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 on risk.

***Interest rate risk***

The Fund's exposure to market risk for changes in interest rates relates primarily to fixed deposits placed with financial institutions which are regulated. The Fund manages its interest rate risks by placing such balances on varying maturities and fixed interest rate terms.

The Fund does not account for fixed deposits with financial institutions at FVTPL. Therefore, a change in interest rates at the reporting date would not affect the statement of comprehensive income.

***Foreign currency risk***

The financial assets and liabilities of the Fund are primarily denominated in Singapore dollars.

The Fund has no significant exposure to foreign currency risk.

***Measurement of fair values***

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

**11 Related parties**

***Key management personnel compensation***

Key management personnel of the Fund are those persons having the authority and responsibility for planning, directing and controlling the activities of the Fund. The Board of Trustees is considered as key management personnel of the Fund. The Board of Trustees did not receive any form of remuneration during the financial year.

***Other related party transactions***

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Voluntary income receivable from immediate holding company	763,400	3,006,771
Manpower expense paid to an immediate holding company and a related corporation	(434,982)	(481,446)
Grant expense paid to related corporations	(1,725,415)	(4,036,202)
	<b>(1,725,415)</b>	<b>(4,036,202)</b>

