

Company Registration No. T02CC1574K

SNEC Health Research Endowment Fund
(Registered under the Charities Act, Chapter 37)

Annual Financial Statements
31 March 2020



SNEC Health Research Endowment Fund

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SNEC Health Research Endowment Fund

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the trustees of SNEC Health Research Endowment Fund

Report on the financial statements

Opinion

We have audited the accompanying financial statements of the SNEC Health Research Endowment Fund (the "Fund"), which comprise the balance sheet as at 31 March 2020, 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.

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 2020 and of the financial performance, changes in funds and cash flows of the Fund for the financial year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information 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.

SNEC Health Research Endowment Fund

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the trustees of SNEC Health Research Endowment Fund

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the 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' responsibilities include 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

SNEC Health Research Endowment Fund

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the trustees of SNEC Health Research Endowment Fund

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

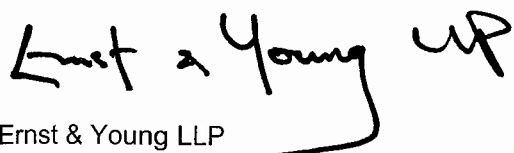
Other matters

The financial statements of SNEC Health Research Endowment Fund for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 18 September 2019.

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.



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

02 SEP 2020

SNEC Health Research Endowment Fund

Balance Sheet As at 31 March 2020

	Note	2020 \$	2019 \$
Current assets			
Trade and other receivables	4	232,909	790,018
Cash and cash equivalents	5	4,676,089	8,438,147
Current assets		<u>4,908,998</u>	<u>9,228,165</u>
Total assets		<u>4,908,998</u>	<u>9,228,165</u>
Funds			
Unrestricted fund		2,472,560	4,365,609
Restricted fund		1,517,737	3,961,558
Endowment fund		831,208	831,208
Accumulated funds	6	<u>4,821,505</u>	<u>9,158,375</u>
Current liability			
Other payables	7	87,493	69,790
Total liability		<u>87,493</u>	<u>69,790</u>
Total funds and liability		<u>4,908,998</u>	<u>9,228,165</u>

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



Professor Fong Kok Yong
Chairperson, SNEC HREF



Professor Wong Tien Yin
Medical Director, SNEC
Board of Trustee, SNEC HREF

02 SEP 2020

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SNEC Health Research Endowment Fund

**Statement of comprehensive income
For the financial year ended 31 March 2020**

	Note	Unrestricted funds	Restricted funds	Total funds
		\$	\$	\$
2020				
Incoming resources				
Incoming resources from generated funds:				
Voluntary income	8	–	311,100	311,100
Bicentennial Community Fund matching grant		–	111,100	111,100
Interest income		95,244	–	95,244
Total incoming resources		95,244	422,200	517,444
Resources expended				
Charitable activities		2,165,075	2,683,800	4,848,875
Other resources expended		5,439	–	5,439
Total resources expended		2,170,514	2,683,800	4,854,314
Total net outgoing resources, representing total comprehensive income for the year		(2,075,270)	(2,261,600)	(4,336,870)
2019				
Incoming resources				
Incoming resources from generated funds:				
Voluntary income	8	490	1,608,432	1,608,922
Interest income		85,617	–	85,617
Total incoming resources		86,107	1,608,432	1,694,539
Resources expended				
Charitable activities		662,186	1,549,743	2,211,929
Other resources expended		7,875	–	7,875
Total resources expended		670,061	1,549,743	2,219,804
Total net (outgoing)/incoming resources, representing total comprehensive income for the year		(583,954)	58,689	(525,265)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SNEC Health Research Endowment Fund

Statement of changes in funds For the financial year ended 31 March 2020

	Unrestricted fund \$	Restricted fund \$	Endowment fund \$	Total \$
At 1 April 2018	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)
At 31 March 2019	4,365,609	3,961,558	831,208	9,158,375
At 1 April 2019	4,365,609	3,961,558	831,208	9,158,375
Net (outgoing)/incoming resources, representing total comprehensive income for the year	(2,075,270)	(2,261,600)	–	(4,336,870)
Transfer between funds	182,220	(182,220)	–	–
At 31 March 2020	2,472,559	1,517,738	831,208	4,821,505

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SNEC Health Research Endowment Fund

Statement of cash flows

For the financial year ended 31 March 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Net outgoing resources for the year		(4,336,870)	(525,265)
Adjustment for:			
Interest income		(95,244)	(85,617)
		(4,432,114)	(610,882)
Changes in working capital:			
Change in trade and other receivables		551,756	2,232,371
Change in other payables		17,703	(179,416)
Cash (used in)/generated from operations		(3,862,655)	1,442,073
Interest received		100,597	89,666
Net cash (used in)/from operating activities		(3,762,058)	1,531,739
Net (decrease)/increase in cash and cash equivalents		(3,762,058)	1,531,739
Cash and cash equivalents at beginning of year		8,438,147	6,906,408
Cash and cash equivalents at end of year	5	4,676,089	8,438,147

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

1. Corporate information

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 2019 to 31 March 2021 (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. Summary of significant accounting policies

2.1 *Statement of compliance*

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRSs").

2.2 *Basis of measurement*

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies.

2.3 *Functional and presentation currency*

These 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 estimates are 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.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.4 Use of estimates and judgements (cont'd)

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 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 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 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.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Fund.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

3. Significant accounting policies (cont'd)

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 fair value through profit or loss ("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

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.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

3. Significant accounting policies (cont'd)

3.1 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Subsequent measurement and gains and losses

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 liabilities

Such financial liabilities are subsequently measured at amortised cost using the effective interest method.

(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 sheets 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.

The Fund does not have any financial assets and financial liabilities that:

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

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

3. Significant accounting policies (cont'd)

3.1 Financial instruments (cont'd)

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances 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

(i) Non-derivative financial assets

The Fund recognises loss allowances for expected credit losses ("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.

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.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

3. Significant accounting policies (cont'd)

3.2 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

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.

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.

(ii) Non-financial assets

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

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

3. Significant accounting policies (cont'd)

3.2 *Impairment (cont'd)*

(ii) Non-financial assets (cont'd)

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

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

Impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the 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.

3.3 *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.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

3. Significant accounting policies (cont'd)

3.4 Funds structure

(i) *Unrestricted funds*

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

(ii) *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*

The Fund has not adopted the following standards that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 1 and FRS 8: <i>Definition of Material</i>	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020

The trustees expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

4. Trade and other receivables

	2020	2019
	\$	\$
Donations receivables from immediate holding company	–	763,400
Donations receivables from third parties	111,100	11,000
Amount due from related corporation	111,544	–
Interest receivables	10,265	15,618
	<u>232,909</u>	<u>790,018</u>

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

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

5. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank	229,620	473,133
Fixed deposits with financial institutions	4,446,469	7,965,014
	<u>4,676,089</u>	<u>8,438,147</u>

The fixed deposits bear interest of 1.45% to 1.73% (2019: 0.15% to 1.75%) 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 (2019: \$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

	2020	2019
	\$	\$
Amount due to immediate holding company	11,124	18,367
Amount due to related corporation	70,732	41,867
Accrued operating expenses	5,637	9,556
	<u>87,493</u>	<u>69,790</u>

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

8. Voluntary income

	2020	2019
	\$	\$
Donations with tax-exempt receipts issued	110,880	671,002
Donations without tax-exempt receipts issued	200,220	937,920
	<u>311,100</u>	<u>1,608,922</u>

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

9. Income tax

The Fund is an approved charity organisation under the 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 Singapore Income Tax Act, Cap. 134.

10. Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about the Fund's exposure to each of the above risks, and 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 amount 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.

Donations receivables from immediate holding company, related corporation and third parties

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.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

10. Fair values of financial instruments (cont'd)

Cash and cash equivalents and interest receivables

As at 31 March 2020, the Fund held cash and cash equivalents and interest receivables of \$4,676,089 and \$10,265 (2019: \$8,438,147 and \$15,618) 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, 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.

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.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

11. Related party

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

	2020	2019
	\$'000	\$'000
Voluntary income receivable from immediate holding company and related corporation	200,000	763,400
Manpower expense paid to immediate holding company and related corporation	(340,973)	(434,982)
Grant expense paid to related corporations	(2,945,456)	(1,725,415)

12. Events occurring after the reporting period

The Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020 to 1 June 2020, to pre-empt the trend of increasing local transmission of COVID-19. This has impacted the Fund's operations in respect of resource allocation across the Fund to support the emergency/ad-hoc facilities set-up for COVID-19. As the COVID-19 situation is still evolving, the Fund shall continuously monitor its resource allocation. The Fund will also assess the impact of COVID-19 in conjunction with Government reliefs and through discussions with MOH on its government grants. Consequently, the full impact of COVID-19 cannot be ascertained at the date of this report.

13. Comparative figures

The financial statements for the financial year ended 31 March 2019 were audited by another firm of Chartered Public Accountants.

14. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the trustees on

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