

## **SINGAPORE CHUNG HWA MEDICAL INSTITUTION**

(Incorporated in Singapore)  
(UEN Reg No: 201109599Z)  
(Charity Reg No: 201109599Z)  
(IPC Reg No: IPC000726)

### **ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

**Singapore Chung Hwa Medical Institution**  
*(Incorporated in Singapore)*

**ANNUAL REPORT**

*For the financial year ended 31 December 2018*

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The directors present their statement to the members together with the audited financial statements of Singapore Chung Hwa Medical Institution (the "Institution") for the financial year ended 31 December 2018.

In the opinion of the directors,

- (a) the financial statements of the Institution as set out on pages 6 to 33 are drawn up so as to give a true and fair view of the financial position of the Institution as at 31 December 2018 and the financial activities, changes in funds and cash flows of the Institution for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Institution will be able to pay its debts as and when they fall due.

### **Directors**

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

Liew Siaw Foo @ Chong Siaw Foo  
New Chin Ker  
Chen Beiqi  
Ong Bock Swee  
Seek Boh Koon (Zheng Maokun) @ Tay Boh Koon  
Tan Nam Sing  
Chong Ngee  
Koh Sok Kheng  
Seow Lee Kian Terene  
Michael Chow Say Soon  
Lim Siew Yeai  
Chu I Ta (appointed on 20 May 2018)

### **Arrangements to enable directors to acquire shares and debentures**

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

### **Directors' interests in shares or debentures**

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Institution or its related corporations.

The Institution is a company limited by guarantee and has no share capital. There were also no debentures issued by the Institution at the end of the financial year.

**Share options**

The Institution is a company limited by guarantee. As such, there are no share options or unissued ordinary shares.

**Independent auditor**

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors



.....  
**Liew Siaw Foo**  
*Director*



.....  
**New Chin Ker**  
*Director*

28 MAR 2019



## Independent Auditor's Report to the Members of Singapore Chung Hwa Medical Institution

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Singapore Chung Hwa Medical Institution (the "Institution"), which comprise the statement of financial position as at 31 December 2018, and the statement of financial activities, 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 6 to 33.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Institution as at 31 December 2018 and of the financial activities, changes in funds and cash flows of the Institution for the year ended on that date.

#### *Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institution 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 believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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 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.

## **Independent Auditor's Report to the Members of Singapore Chung Hwa Medical Institution (continued)**

### *Responsibilities of Management and Directors for the Financial Statements (Continued)*

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

The directors' responsibilities include overseeing the Institution's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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 Institution's internal control.
- 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 Institution'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 date of our auditor's report. However, future events or conditions may cause the Institution 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 control that we identify during our audit.

**Independent Auditor's Report to the Members of  
Singapore Chung Hwa Medical Institution**  
(continued)

**Report on Other Legal and Regulatory Requirements**

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

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

- (a) The use of donation monies was not in accordance with the objectives of the Institution as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- (b) The Institution has not complied with the requirements of the regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

*Nexia TS*

**Nexia TS Public Accounting Corporation  
Public Accountants and Chartered Accountants**

**Director in-charge: Lee Look Ling**  
**(Appointed since financial year ended 31 December 2017)**

**Singapore**

**28 March 2019**

	Note	2018 \$	2017 \$
<b>Incoming resources</b>			
Voluntary income	3	2,763,371	2,468,464
Activities for generating funds	4	3,307,166	3,534,967
Investment income	5	298,311	264,279
Incoming resources from charitable activities	6	6,521,905	5,950,613
Other incoming resources	7	1,164,300	480,245
Total incoming resources		<u>14,055,053</u>	<u>12,698,568</u>
<b>Resources expended</b>			
Cost of generating voluntary income	8	13,292	9,511
Cost of activities for generating funds	9	285,962	310,588
Cost of charitable activities	10	9,872,782	9,014,213
Governance costs	12	62,124	39,846
Total resources expended		<u>10,234,160</u>	<u>9,374,158</u>
<b>Net surplus for the year</b>		<u>3,820,893</u>	<u>3,324,410</u>

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

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	25,684,220	23,924,588
Other receivables	15	184,285	257,324
Inventories	16	123,078	171,059
		<u>25,991,583</u>	<u>24,352,971</u>
<b>Non-current assets</b>			
Property, plant and equipment	17	5,672,217	3,301,534
Intangible assets	18	121,668	185,872
		<u>5,793,885</u>	<u>3,487,406</u>
<b>Total assets</b>		<u>31,785,468</u>	<u>27,840,377</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	<u>1,095,426</u>	<u>977,134</u>
<b>NET ASSETS</b>		<u>30,690,042</u>	<u>26,863,243</u>
<b>FUNDS</b>			
<u>Unrestricted funds</u>			
Medical fund		30,581,375	26,760,482
<u>Restricted funds</u>			
Traditional Chinese Medicine research and development fund		<u>108,667</u>	<u>102,761</u>
<b>Total funds</b>		<u>30,690,042</u>	<u>26,863,243</u>

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

	<u>Unrestricted</u> Medical fund <sup>(i)</sup> \$	<u>Restricted</u> TCM research and development fund <sup>(ii)</sup> \$	Total funds \$
<b>2018</b>			
<b>Beginning of financial year</b>	<b>26,760,482</b>	<b>102,761</b>	<b>26,863,243</b>
Net surplus for the financial year	<b>3,820,893</b>	-	<b>3,820,893</b>
Research expenditure for Dry Eye Diseases and Tissue Injuries	-	<b>(5,094)</b>	<b>(5,094)</b>
Donation received	-	<b>11,000</b>	<b>11,000</b>
<b>End of the financial year</b>	<b><u>30,581,375</u></b>	<b><u>108,667</u></b>	<b><u>30,690,042</u></b>
<b>2017</b>			
<b>Beginning of financial year</b>	23,436,072	103,304	23,539,376
Net surplus for the financial year	3,324,410	-	3,324,410
Research expenditure for Tissue Injuries	-	(543)	(543)
<b>End of the financial year</b>	<b><u>26,760,482</u></b>	<b><u>102,761</u></b>	<b><u>26,863,243</u></b>

(i) Medical fund is used for provision of subsidised medical services to the general public.

(ii) TCM research and development fund is established and allocated to support research into Dry Eye Diseases and Tissue Injuries.

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

	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Net surplus		3,820,893	3,324,410
Adjustments for:			
- Depreciation	10	378,634	321,056
- Amortisation	10	78,304	42,653
- Gain on disposal of property, plant and equipment	7	(11,910)	(957)
- Interest income	5	(298,311)	(264,279)
		<u>3,967,610</u>	<u>3,422,883</u>
Changes in working capital:			
- Inventories		47,981	(30)
- Other receivables		113,728	(75,659)
- Trade and other payables		118,292	68,402
		<u>4,247,611</u>	<u>3,415,596</u>
Changes in funds:			
- Research expenditure for Dry Eye Diseases and Tissue Injuries		(5,094)	(543)
- Donation received		11,000	-
<b>Net cash provided by operating activities</b>		<u>4,253,517</u>	<u>3,415,053</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	17	(2,749,317)	(248,181)
Additions to intangible assets	18	(14,100)	(129,601)
Disposal of property, plant and equipment		11,910	957
Placement of short-term fixed deposits		(856,566)	(3,134,818)
Interest received		257,622	193,420
<b>Net cash used in investing activities</b>		<u>(3,350,451)</u>	<u>(3,318,223)</u>
<b>Net increase in cash and cash equivalents</b>		<b>903,066</b>	<b>96,830</b>
<b>Cash and cash equivalents</b>			
Beginning of financial year		1,915,854	1,819,024
<b>End of financial year</b>	14	<u>2,818,920</u>	<u>1,915,854</u>
<b>Cash and cash equivalents</b>			
- Restricted for TCM research and development fund		108,667	102,761
- Medical fund (unrestricted)		2,710,253	1,813,093
		<u>2,818,920</u>	<u>1,915,854</u>

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 General information

The Institution is a charity registered under the Charities Act and is also approved as an Institution of Public Character ("IPC") under the provisions of the Income Tax Act. It is domiciled in Singapore.

The registered office is at 640 Lorong 4 Toa Payoh, Singapore 319522 and has four branches at:

- (i) Blk 215 Yishun St 21 #01-301 Singapore 760215;
- (ii) Blk 679 Woodlands Ave 6 #01-710 Singapore 730679;
- (iii) Blk 123 Pending Road #01-42 Singapore 670123; and
- (iv) 291 Joo Chiat Road, JK Centre #02-01, #02-02, #02-03, #02-04 and #02-05 Singapore 427546.

The principal activities of the Institution are those of providing subsidised medical services to the general public.

The Memorandum and Articles of the Institution restricts the use of fund monies to the furtherance of the objects of the Institution. They prohibit the payment of dividends to members.

## 2 Significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations of FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The Institution is also subject to the provisions of the Charities Act, Chapter 37. The financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Institution's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

#### ***Interpretations and amendments to published standards effective in 2018***

On 1 January 2018, the Institution adopted the new or amended FRSs and INT FRS that are mandatory for application for the financial year. Changes to the Institution's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRS.

The adoption of these new or amended FRSs and INT FRS did not result in substantial changes to the accounting policies of the Institution and had no material effect on the amounts reported for the current or prior financial years except for the following:

#### **(a) Adoption of FRS 115 *Revenue from Contracts with Customers***

The accounting policies for revenue from contracts with customers under FRS 115 are disclosed in Note 2.4. The comparative figure does not require for restatement as the effective of this standard had no material impact to the Institution.

#### **(b) Adoption of FRS 109 *Financial Instruments***

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.10. The comparative figure does not require for restatement as the effective of this standard had no material impact to the Institution.



## **2 Significant accounting policies (continued)**

### **2.2 Fund accounting**

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Institution, the financial statements of the Institution are maintained substantively in accordance with the principles of "fund accounting", whereby the resources for various purposes are classified for accounting and reporting purposes into specific funds that are in accordance with activities or objectives specified. Restricted Funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which Board of Directors retains full control to use in achieving any of its institutional purposes.

An expenses resulting from the operating activities of a fund that is directly attributable to the fund is charged to the fund. Common expenses if any, are allocated on a reasonable basis to the funds based on a method most suitable to that common expenses.

### **2.3 Fund management**

The Board of Directors' objective is to maintain an optimal balance in the accumulated funds to support the continuity of the activities of the Institution and for future developments of the Institution. The Board of Directors monitors the level of the funds for working capital flexibility.

There were no changes in the Board of Directors' approach to funds management during the year. The Institution is not subject to externally imposed capital reserve requirements.

### **2.4 Revenue recognition**

Revenue is recognised when the Institution satisfied a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the good and service. A performance obligation may be satisfied at a point of time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### *(a) Medical and service charge*

Income from medical and service charge is recognised when the services are performed.

#### *(b) Interest income*

Interest income is recognised using the effective interest method.

#### *(c) Other income*

Income from sale of herbs, video tapes and books are recognised at the point in time of sale to the buyer.

#### *(d) Seminar income*

Seminar income is recognised when the services are performed.

#### *(e) Rental income*

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

## **2 Significant accounting policies (continued)**

### **2.4 Revenue recognition (continued)**

Donations arise when the Institution receives an asset, including the right to receive cash or other forms of asset without directly providing approximately equal value to the giving parties. Donations include transfer of cash and other assets, services and promises to give. The distinguishing characteristic of donations as compared to other forms of non-exchange transactions is that these contributions are voluntary.

The institution recognises income that provides core funding or is of a general nature when there is entitlement, the amount of income and related resources expended can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Institution's activities are met. Such income is only deferred when: the donor specifies that the donation must only be used in future accounting period; or the donor has imposed conditions that must be met before the Institution has unconditional entitlement.

#### *(a) Donations and sponsorships*

The Institution recognises income that provides core funding or is of a general nature when there is entitlement. Generally, donations and sponsorships are recognised upon receipt, except for committed donations and corporate sponsorship that are recorded when the commitments are signed.

#### *(b) Charity box collections*

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

### **2.5 Gifts in-kind**

A gift in-kind is included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received.

### **2.6 Government grants**

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Institution will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as "Other incoming resources".

### **2.7 Property, plant and equipment**

#### *(a) Measurement*

##### *(i) Freehold condominium, leasehold land and building*

Freehold condominium, leasehold land and building are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

## 2 Significant accounting policies (continued)

### 2.7 Property, plant and equipment (continued)

#### (a) Measurement (continued)

##### (ii) Property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### (b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Freehold condominium	54 years
Leasehold land*	54 years
Leasehold building	50 years
Plant and equipment	5 years
Motor vehicles	5 to 10 years
Computers	2 to 3 years

#### \* Remaining lease term of the leasehold land

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in income or expenditure when the changes arise. Fully depreciated property, plant and equipment still in use are retained in these financial statements.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in income or expenditure when incurred.

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in income or expenditure within "Other incoming resources".

## 2 Significant accounting policies (continued)

### 2.8 Intangible assets

#### *Acquired computer software licenses*

Acquired computer software licenses are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income or expenditure using the straight-line method over their estimated useful lives of 3 years.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in income or expenditure when the changes arise.

### 2.9 Impairment of non-financial assets

#### *Intangible assets*

#### *Property, plant and equipment*

Intangible assets, property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income or expenditure, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in income or expenditure, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in income or expenditure.

## 2 Significant accounting policies (continued)

### 2.10 Financial assets

The accounting for financial assets before 1 January 2018 under FRS 39 are as follows:

#### *(a) Classification*

The Institution classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

At the end of financial year, the Institution does not hold any of the financial assets except for loans and receivables.

#### *(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Other receivables" (Note 15) and "Cash and cash equivalents" (Note 14) on the statement of financial position.

#### *(b) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Institution commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Institution has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the income or expenditure. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to income or expenditure.

#### *(c) Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

#### *(d) Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest income on financial assets is recognised separately in investment income.

#### *(e) Impairment*

The Institution assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

## 2 Significant accounting policies (continued)

### 2.10 Financial assets (continued)

#### *(e) Impairment (continued)*

##### *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income or expenditure.

The impairment allowance is reduced through income or expenditure in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

The accounting for financial assets from 1 January 2018 are as follows:

#### *(a) Classification and measurement*

The Institution classifies its financial assets as amortised cost. The classification depends on the Institution's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Institution reclassifies debt instruments when and only when its business model for managing those assets changes.

#### *(b) At initial recognition*

At initial recognition, the Institution measures a financial asset at its fair value.

#### *(c) At subsequent measurement*

Debt instruments of the Institution mainly comprise of cash at banks and other receivables. There are three prescribed subsequent measurement categories, depending on the Institution's business model in managing the assets and the cash flow characteristic of the assets. The Institution managed these group of financial assets by collecting the contractual cash flows represent solely payments of principal and interest. Accordingly, these group of financial assets are measured at amortised cost.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Institution has transferred substantially all risks and rewards of ownership.

#### *(d) Impairment*

The Institution assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

## 2 Significant accounting policies (continued)

### 2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Institution prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.13 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.14 Leases

#### (i) *When the Institution is a lessee*

The Institution leases premises and lodgings from non-related parties under operating leases.

##### *Lessee – Operating leases*

Lease where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in income or expenditure on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in income or expenditure when incurred

#### (ii) *When the Institution is a lessor*

The Institution leases office space under operating lease to a related party.

##### *Lessor – Operating lease*

Lease of investment property where the Institution retains substantially all risks and rewards incidental to ownership is classified as an operating lease. Rental income from operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Institution in negotiating and arranging operating lease is added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

## **2 Significant accounting policies (continued)**

### **2.15 Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories comprises all costs of purchases, costs of conversion and other costs received in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

### **2.16 Income taxes**

As a charity, the Institution is exempted from income tax on income and gains under Section 13(1)(zm) of the Income Tax Act, Chapter 134 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Institution.

### **2.17 Provisions for other liabilities and charges**

Provisions for other liabilities and charges are recognised when the Institution has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating leases.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of financial activities as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

### **2.18 Employee compensation**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### *(a) Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Institution pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Institution has no further payment obligations once the contributions have been paid.

#### *(b) Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.



## 2 Significant accounting policies (continued)

### 2.19 Currency translation

Items included in the financial statements of the Institutions are measured using the currency of the primary economic environment in which the Institution operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Institution.

Transactions in a currency other than the functional currency ("foreign currency") are translated into functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in income or expenditure. All other foreign exchange gain and losses impacting income or expenditure are presented in the statement of financial activities within "Incoming resources" or "Cost of charitable activities", if any.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

### 2.20 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

## 3 Voluntary income

	2018 \$	2017 \$
<u>Charity box collections</u>		
- Charity box collections	776,973	742,915
- External donation boxes	117,502	93,474
<u>Donations and sponsorships</u>		
- Gifts vouchers	30,690	46,132
- Medical foundation	1,417,366	1,237,809
- Online donations	420,840	348,134
	<u>2,763,371</u>	<u>2,468,464</u>

**4 Activities for generating funds**

	2018 \$	2017 \$
<i><u>Donations and sponsorships</u></i>		
Anniversary celebration	986,381	1,100,101
Charity concert	-	1,053,955
Charity sales income	2,737	1,725
Festival worship	107,984	73,788
Mid-autumn festival income	51,294	-
Temple collections	117,617	80,987
Walkathon	497,438	-
Donation in-kind	7,500	-
<i><u>Charity box collections</u></i>		
House to house collections	1,418,680	1,119,158
<i><u>Other income</u></i>		
Sales of herbs	106,777	98,194
Seminar income	10,294	575
Sales of books	464	6,484
	<u>3,307,166</u>	<u>3,534,967</u>

**5 Investment income**

	2018 \$	2017 \$
Interest income on short-term bank deposits	<u>298,311</u>	<u>264,279</u>

**6 Incoming resources from charitable activities**

	2018 \$	2017 \$
<i><u>Medical and service charge</u></i>		
Medical revenue	6,499,583	5,938,067
Service income	22,322	12,546
	<u>6,521,905</u>	<u>5,950,613</u>

**7 Other incoming resources**

	2018 \$	2017 \$
Gain on disposal of property, plant and equipment	11,910	957
Government subvention <sup>(1)</sup>	5,000	5,000
Government Grant – Special Employment Credit <sup>(2)</sup>	73,504	98,784
Government Grant – Wage Credit Scheme <sup>(3)</sup>	47,426	25,318
Government Grant – Temporary Employment Credit <sup>(4)</sup>	13,393	32,522
Government Grant – Care & Share Movement <sup>(5)</sup>	620,000	-
Training Fee Subsidy <sup>(6)</sup>	72,495	28,494
Accounting and Administrative Services <sup>(7)</sup>	144,000	138,600
Rental income – operating lease	134,466	134,466
Others <sup>(8)</sup>	42,106	16,104
	<b>1,164,300</b>	<b>480,245</b>

- (1) Government subvention is a subsidy for the provision of subsidised medical services to the patients. As the Institution is a not-for-profit organisation, they are subject to broad policy guidance by the government through the Ministry of Health.
- (2) The Special Employment Credit ("SEC") is a cash grant introduced in 2011 and enhanced in 2012 to provide support for employers to hire older Singaporean workers. The amount an employer can receive depends on the fulfilment of certain conditions under the scheme.
- (3) The Wage Credit Scheme ("WCS") was introduced in 2013 to help business cope with rising wage costs and share productivity gains with their employees. The amount an employer can receive depends on the fulfilment on certain conditions under the scheme.
- (4) The Temporary Employment Credit ("TEC") was introduced as a budget initiative to provide additional support to help employers adjust to cost increases associated with the CPF changes in 2016. The amount an employer can receive depends on the fulfilment on certain conditions under the scheme.
- (5) Care & Share Movement is a national fund-raising and volunteerism movement led by Community Chest for the social service sector. Eligible donations raised by Voluntary Welfare Organisations will be matched by the Government.
- (6) Training Fee Subsidy relates to funding received from Singapore Workforce Development Agency for courses undertaken by the Institution's employees.
- (7) Accounting and administrative services were rendered to a related party.
- (8) Other incoming resources pertains to vending machine commissions, childcare leave, trust fund and sales of coconut oil.

**8 Cost of generating voluntary income**

	2018	2017
	\$	\$
Bank charges from online donations	3,448	1,945
National Council of Social Service subscription fees	87	130
Internet Network for Electronics Transfer Charges	9,757	7,436
	<u>13,292</u>	<u>9,511</u>

**9 Cost of activities for generating funds**

	2018	2017
	\$	\$
Advertisements	9,126	10,966
Anniversary celebration	48,224	115,202
Charity sales expenses	1,850	1,189
Chinese New Year charity sales expenses	13,000	-
Concert expenses	-	38,223
Cost of donation boxes	6,762	894
Festival worship	2,617	2,244
Mails and brochures	-	380
Mid-autumn festival expenses	26,197	-
Non allowable GST input tax	129,751	107,281
Walkathon expenses	37,720	-
SERI project expenses	-	14,084
Souvenirs	1,160	2,230
Supply of meals for volunteers	9,555	17,895
	<u>285,962</u>	<u>310,588</u>

**10 Cost of charitable activities**

	2018 \$	2017 \$
Amortisation of intangible assets (Note 18)	78,304	42,653
Changes in inventories	47,981	(30)
Computer expense	27,617	13,894
Condominium related expenses	16,051	-
Depreciation of property, plant and equipment (Note 17)	378,634	321,056
Employee compensation (Note 11)	5,934,317	5,469,846
Food and refreshments	7,076	14,539
Foreign worker levy and skill development levy	41,017	41,898
Insurance	64,759	60,010
Low-value assets expensed	39,523	31,055
Medical fee	35,820	48,387
Printing and stationery	60,456	38,484
Purchase of inventories	2,496,720	2,323,842
Rental expense on operating leases	101,469	105,388
Repairs and maintenance expenses	49,728	50,014
Sanitary expenses	32,695	63,766
Security expenses	2,800	33,600
Seminar expenses	11,114	5,913
Telecommunication, postages and stamps	32,704	30,770
Transport allowances	3,151	1,600
Training	88,223	41,621
Uniform	24,615	12,168
Upkeep of motor vehicles and equipment	18,442	13,447
Utilities	118,915	108,914
Welfare expenses	138,456	114,170
Others <sup>(1)</sup>	22,195	27,208
	<u>9,872,782</u>	<u>9,014,213</u>

<sup>(1)</sup> Others comprise newspapers, license fees and other general expenses.

**11 Employee compensation**

	2018 \$	2017 \$
Salaries, bonuses and allowances		
- Employees	3,835,161	3,414,681
- Physicians	1,507,989	1,496,179
	<u>5,343,150</u>	<u>4,910,860</u>
Employer's contribution to defined contribution plans including Central Provident Fund		
- Employees	466,511	433,119
- Physicians	124,656	125,867
	<u>591,167</u>	<u>558,986</u>
	<u>5,934,317</u>	<u>5,469,846</u>

**12 Governance costs**

	2018 \$	2017 \$
Auditors' remuneration	30,016	30,996
Internal audit fee	25,000	-
Legal and professional fees	7,108	8,850
	<u>62,124</u>	<u>39,846</u>

**13 Tax-deductible receipts**

	2018 \$	2017 \$
Tax-deductible receipts	3,010,593	3,439,354
Non-tax deductible receipts	2,942,409	2,458,824
	<u>5,953,002</u>	<u>5,898,178</u>

The Institution enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 (2017: 2.5) times tax deduction for the donations made to the general funds of the Institution. This status was renewed for another 3 years until 31 December 2021 by the Inland Revenue Authority of Singapore.

	2018 \$	2017 \$
The Institution issued tax-deductible receipts for donations collected:		
- Medical fund	3,010,593	3,439,354
- TCM research and development fund	11,000	-
	<u>3,021,593</u>	<u>3,439,354</u>

**14 Cash and cash equivalents**

	2018 \$	2017 \$
Cash at bank and on hand	2,818,920	1,915,854
Short-term bank deposits	22,865,300	22,008,734
	<u>25,684,220</u>	<u>23,924,588</u>

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following:

**14 Cash and cash equivalents (continued)**

	2018 \$	2017 \$
Cash and bank balances (as above)	25,684,220	23,924,588
Less: Short term bank deposits	<u>(22,865,300)</u>	<u>(22,008,734)</u>
Cash and cash equivalents per statement of cash flows	<u>2,818,920</u>	<u>1,915,854</u>

Included in the cash and cash equivalents are short-term bank deposits amounting to \$22,865,300 (2017: \$22,008,734) which are not freely remissible for use by the Institution because they have a maturity period of more than three months from the balance sheet date.

**15 Other receivables**

	2018 \$	2017 \$
Other receivables		
- Related parties	6,026	9,775
- Non-related parties	7,870	3,041
- Interest receivables	108,979	70,859
Rental and utilities deposits	29,644	28,744
Prepayments	31,766	144,905
	<u>184,285</u>	<u>257,324</u>

The non-trade amounts due from related parties are unsecured, interest-free and are repayable on demand.

**16 Inventories**

	2018 \$	2017 \$
Medicine, medical supplies, bottles and plastic bags	<u>123,078</u>	<u>171,059</u>

The cost of inventories is recognised as expense and included in the "Cost of charitable activities" amounting to \$2,544,701 (2017: \$2,323,812).

17 Property, plant and equipment

2018	Freehold condominium	Leasehold land	Leasehold building	Plant and equipment	Motor vehicles	Computers	Total
<u>Cost</u>							
Beginning of financial year	-	28,160	6,228,578	1,461,403	335,946	447,765	8,501,852
Additions	1,893,100	-	-	835,410	1,156	19,651	2,749,317
Disposals	-	-	-	(32,143)	-	-	(32,143)
End of financial year	1,893,100	28,160	6,228,578	2,264,670	337,102	467,416	11,219,026
<u>Accumulated depreciation</u>							
Beginning of financial year	-	1,052	3,511,567	1,059,227	208,261	420,211	5,200,318
Depreciation (Note 10)	20,512	526	124,573	192,610	19,730	20,683	378,634
Disposals	-	-	-	(32,143)	-	-	(32,143)
End of financial year	20,512	1,578	3,636,140	1,219,694	227,991	440,894	5,546,809
<b>Net book value</b>							
<b>End of financial year</b>	<b>1,872,588</b>	<b>26,582</b>	<b>2,592,438</b>	<b>1,044,976</b>	<b>109,111</b>	<b>26,522</b>	<b>5,672,217</b>

(a) Depreciation to the statement of financial activities are included in "Cost of charitable activities" (Note 10).



17 Property, plant and equipment (continued)

2017	Leasehold land	Leasehold building	Plant and equipment	Motor vehicles	Computers	Total
<u>Cost</u>						
Beginning of financial year	28,160	6,228,578	1,290,466	301,876	416,629	8,265,709
Additions	-	-	181,395	34,070	32,716	248,181
Disposals	-	-	(10,458)	-	(1,580)	(12,038)
End of financial year	28,160	6,228,578	1,461,403	335,946	447,765	8,501,852
<u>Accumulated depreciation</u>						
Beginning of financial year	526	3,386,995	953,539	189,278	360,962	4,891,300
Depreciation (Note 10)	526	124,572	116,146	18,983	60,829	321,056
Disposals	-	-	(10,458)	-	(1,580)	(12,038)
End of financial year	1,052	3,511,567	1,059,227	208,261	420,211	5,200,318
<b>Net book value</b>						
End of financial year	<b>27,108</b>	<b>2,717,011</b>	<b>402,176</b>	<b>127,685</b>	<b>27,554</b>	<b>3,301,534</b>

## 18 Intangible assets

### Computer software

	2018 \$	2017 \$
<b>Cost</b>		
Beginning of financial year	234,000	104,399
Additions	14,100	129,601
End of financial year	<u>248,100</u>	<u>234,000</u>
<b>Accumulated amortisation</b>		
Beginning of financial year	48,128	5,475
Amortisation (Note 10)	78,304	42,653
End of financial year	<u>126,432</u>	<u>48,128</u>
<b>Net book value</b>	<u>121,668</u>	<u>185,872</u>

## 19 Trade and other payables

	2018 \$	2017 \$
Trade payables		
- Non-related parties	311,261	274,126
Other payables		
- Non-related parties	181,649	108,960
- Related parties	54,015	47,600
Accruals for operating expenses	548,501	546,448
	<u>1,095,426</u>	<u>977,134</u>

The non-trade amount due to related parties are unsecured, interest-free and are repayable on demand.

## 20 Commitments

### (i) Where the Institution is a lessee

The Institution leases premises and lodgings from non-related parties under non-cancellable operating lease agreement. The leases have varying terms and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2018 \$	2017 \$
Not later than a year	90,251	34,501
Between two to five years	240,004	18,254
Later than five years	46	48
	<u>330,301</u>	<u>52,803</u>

## 20 Commitments (continued)

### (ii) Where the Institution is a lessor

The Institution leases out an office space to a related party under non-cancellable operating lease.

The future minimum lease payments receivable under non-cancellable operating lease contracted for at the balance sheet date but not recognised as assets, are as follows:

	2018 \$	2017 \$
Not later than a year	139,848	134,466
Between two to five years	570,142	-
Later than five years	145,223	-
	<u>855,213</u>	<u>134,466</u>

### (iii) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2018 \$	2017 \$
Property, plant and equipment	6,000	11,506
Intangible assets	-	2,160
	<u>6,000</u>	<u>13,666</u>

## 21 Financial risk management

### *Financial risk factors*

The Institution's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Institution's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Institution's financial performance. It is, and has been throughout the financial year, the Institution's policy that no trading in derivative financial instruments shall be undertaken.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Institution. This includes establishing detailed policies such as risk identification and measurement and exposure limits. Financial risk management is carried out by finance personnel.

### (a) Market risk

#### (i) Currency risk

The Institution is not exposed to currency risk as it has no significant transactions denominated in foreign currencies.

#### (ii) Price risk

The Institution is not exposed to equity price risk as it does not hold significant equity financial assets.

## 21 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Interest rate risk

The Institution periodically reviews its assets and liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable level.

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting to the Institution. The major classes of financial assets of the Institution are bank deposits and other receivables. For receivables and other financial assets, the Institution adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

As the Institution does not hold any collateral, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet.

The Institution's financial assets are not subject to any material credit losses.

Previous accounting policy for impairment of financial assets:

#### (i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Institution.

#### (ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from the members and public donors. At the balance sheet date, assets held by the Institution for managing liquidity risk included cash and cash equivalents as disclosed in Note 15 to the financial statements.

At the end of the financial year, the non-derivative financial liabilities of the Institution are due within 12 months. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

### (d) Fair value measurement

The carrying amounts of financial assets and liabilities of the Institution approximate their respective fair values.

### (e) Fund management

Utilisation of reserves is determined by the Board of Directors. There were no changes in the Institution's approach to reserves management during the year. The Institution is not subject to externally imposed reserves requirement.

## 21 Financial risk management (continued)

### (f) Financial Instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	2018 \$	2017 \$
Financial assets at amortised cost	25,836,739	24,037,007
Financial liabilities at amortised cost	<u>1,095,426</u>	<u>977,134</u>

## 22 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Institution and related parties at terms agreed between the parties:

### (a) Sales and purchases of goods and services

	2018 \$	2017 \$
<u>Singapore College of Traditional Chinese Medicine</u>		
Rental expenses charged to a related party	134,466	134,466
Sales of goods and services to a related party	380	-
Purchase of goods and services from a related party	<u>(761)</u>	<u>-</u>
<u>Singapore Chinese Physicians' Association</u>		
Accounting and administrative services paid to a related party	144,000	117,600
Purchase of goods and services from a related party	<u>(2,400)</u>	<u>-</u>

### (b) Key management personnel compensation

	2018 \$	2017 \$
Salaries and other short term employee benefits	717,628	641,513
Employer's contribution to defined contribution plans, including Central Provident Fund	<u>92,218</u>	<u>91,544</u>
	<u>809,846</u>	<u>733,057</u>

## 22 Related party transactions (continued)

### (b) Key management personnel compensation (continued)

Number of key management personnel in remuneration bands:

	2018	2017
\$150,001 to \$200,000	1	1
\$100,001 to \$150,000	4	3
\$100,000 and below	3	3

Key management personnel are the Chief Operating Officer and other management personnel having authority and responsibility for planning, directing and controlling the activities of the Institution, directly or indirectly.

The Directors are volunteers and neither they nor any immediate members of their families received any compensation or remuneration from the Institution during the financial years ended 31 December 2018 and 2017.

## 23 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Institution's accounting periods beginning on or after 1 January 2019 and which the Institution has not early adopted.

### *FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)*

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

As at the reporting date, the Institution has non-cancellable operating lease commitments of \$330,301, see Note 20. Of these commitments, \$18,301 relate to low value leases which will be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments the Institution expects to recognise right-of-use assets and lease liabilities of \$248,638 on 1 January 2019.

### Effective for annual periods beginning on or after 1 January 2019

- FRS 116 *Leases*
- Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to FRS 109: Prepayment Features with Negative Compensation
- INT FRS 123: *Uncertainty over Income Tax Treatments*
- Amendments to FRS 103: Business Combinations
- Amendments to FRS 111: Joint Arrangements
- Amendments to FRS 12: Income Taxes
- Amendments to FRS 23: Borrowing Costs

### Effective for annual periods beginning on or after 1 January 2020

- Amendments to Reference to the Conceptual Framework in SFRS

**23 New or revised accounting standards and interpretations (continued)**

Effective for annual periods beginning on or after 1 January 2021

- Amendments to FRS 17: Insurance Contract

Effective date: to be determined

- Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Institution in the period of their initial adoption

**24 Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Singapore Chung Hwa Medical Institution on 28 March 2019.