STATUTORY FILING

Thye Hua Kwan Nursing Home Limited
(A Company limited by guarantee
and not having a share capital)

Registration Number: 201323219Z
(Registered under the Singapore Companies Act, Cap 50)

Annual Report
Year ended 31 March 2019

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Directors' statement

We are pleased to submit this annual report to the member of the Company, together with the audited financial statements for the financial year ended 31 March 2019.

In our opinion:

(a) the financial statements set out on pages FS1 to FS31 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in funds and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Lee Kim Siang
Goh Tok Mong
Zulkifli Baharudin
Ching Chiat Kwong
Cheah Sheau Lan
Chang Long Jong (Appointed 11 January 2019)
Eu Yee Ming Richard (Appointed 2 November 2018)
Ong Ser Huan (Appointed 11 January 2019)

Directors' interests

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

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, no director who held office at the end of the financial year (including those held by their spouses and infant children) had interests in shares or debentures of related corporations, either at the beginning of the financial year or at the end of the financial year.

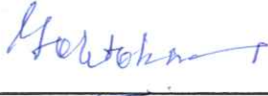
Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body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

Auditors

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

On behalf of the Board of Directors

Lee Kim Siang
Director



Goh Tok Mong
Director

10 September 2019

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Independent auditors' report

Member of the Company
Thye Hua Kwan Nursing Home Limited

Report on the financial statements

We have audited the financial statements of Thye Hua Kwan Nursing Home Limited (the Company), which comprise the statement of financial position as at 31 March 2019, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS31.

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 and relevant regulations, Chapter 37 ('the Charities Act and Regulations') and Singapore Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and of the financial performance, changes in funds and cash flows of the Company for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Directors' statement 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.

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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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

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

(a) the use of donation moneys was not in accordance with the objectives of the Company as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(b) the Company has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
10 September 2019

Statement of financial position
As at 31 March 2019

	Note	2019 $	2018 $
Non-current asset			
Property, plant and equipment	4	1,805,178	1,808,117
Current assets			
Trade and other receivables	5	1,730,013	1,924,055
Cash and cash equivalents	6	8,387,189	5,301,007
		10,117,202	7,225,062
Total assets		11,922,380	9,033,179
Funds			
Accumulated funds		7,354,215	3,562,818
Total funds		7,354,215	3,562,818
Non-current liability			
Deferred capital grants	7	1,257,700	1,292,535
Current liability			
Trade and other payables	9	2,262,346	2,901,675
Deferred capital grants	7	427,857	368,286
Deferred income	8	620,262	907,865
		3,310,465	4,177,826
Total liabilities		4,568,165	5,470,361
Total funds and liabilities		11,922,380	9,033,179
Member Guarantee			
1 member (2018: 1) of $100 each		100	100

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

Statement of comprehensive income
Year ended 31 March 2019

	Note	2019	2018
		$	$
Incoming resources:			
Incoming resources from generated funds:			
- Government grants	10	8,997,860	8,151,549
- Donation income	11	2,998,078	1,740,886
- Other income	12	523,674	515,752
Incoming resources from charitable activities	13	2,747,313	2,245,334
Total incoming resources		15,266,925	12,653,521
Resources expended:			
Cost of generating donation income	14	(763,850)	(492,244)
Cost of conducting charitable activities	15	(10,676,645)	(10,078,086)
Governance costs	16	(35,033)	(41,265)
Total resources expended		(11,475,528)	(10,611,595)
Surplus for the year, representing total comprehensive income	17	3,791,397	2,041,926

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

Statement of changes in funds
Year ended 31 March 2019

	Accumulated funds (Unrestricted) $	Total funds $
At 1 April 2017	1,520,892	1,520,892
Total comprehensive income for the year		
Surplus for the year	2,041,926	2,041,926
Total comprehensive income for the year	2,041,926	2,041,926
At 31 March 2018	3,562,818	3,562,818
At 1 April 2018	3,562,818	3,562,818
Total comprehensive income for the year		
Surplus for the year	3,791,397	3,791,397
Total comprehensive income for the year	3,791,397	3,791,397
At 31 March 2019	7,354,215	7,354,215

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

Statement of cash flows
Year ended 31 March 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Surplus for the year		3,791,397	2,041,926
Adjustments for:			
Depreciation of property, plant and equipment	4	459,642	396,071
Amortisation of deferred capital grants	7	(424,611)	(439,256)
Loss on disposal of fixed asset	15	2,554	–
Impairment losses on trade and other receivables	15	9,519	131,286
Bad debts written off	15	13,394	–
Interest income	12	(18,914)	(8,094)
		3,832,981	2,121,933
Changes in working capital:			
Trade and other receivables		171,129	(600,390)
Trade and other payables		(526,932)	1,133,364
Net cash from operating activities		3,477,178	2,654,907
Cash flows from investing activities			
Purchase of property, plant and equipment		(459,257)	(237,300)
Government grants received for purchase of property, plant and equipment		449,347	1,160,519
Interest received		18,914	8,094
Net cash from investing activities		9,004	931,313
Cash flows from financing activities			
Repayment of borrowings		(400,000)	–
Net cash (used in) financing activities		(400,000)	–
Net increase in cash and cash equivalents		3,086,182	3,586,220
Cash and cash equivalents at beginning of the year		5,301,007	1,714,787
Cash and cash equivalents at end of the year	6	8,387,189	5,301,007

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 10 September 2019.

1 Domicile and activities

Thye Hua Kwan Nursing Home Limited (the 'Company') is incorporated in Singapore as a company limited by guarantee. The address of the Company's registered office is 48 Hougang Avenue 8, Singapore 538793.

The principal activities of the Company are those relating to the carrying on of the business of providing nursing and personal care facilities including residential care services for the elderly.

The Company is a welfare arm of Thye Hua Kwan Moral Society (THKMS) since its establishment on 28 August 2013. The Company commenced operations in October 2016.

2 Basis of preparation

2.1 Statement of compliance

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

This is the first set of the Company's annual financial statements in which FRS 109 *Financial Instruments* and FRS 115 *Revenue from Contracts with Customers* have been applied. Changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

There were no significant assumptions or estimation uncertainties that have a significant risk of resulting in a material adjustment to the financial statements within the next financial year.

2.5 Changes in accounting policies

The Company has applied the following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2018:

- FRS 115 *Revenue from Contracts with Customers*;
- *Clarifications to FRS 115 Revenue from Contracts with Customers* (Amendments to FRS 115);
- FRS 109 *Financial Instruments*;
- Applying FRS 109 *Financial Instruments* with FRS 104 *Insurance Contracts* (Amendments to FRS 104); and
- INT FRS 122 *Foreign Currency* Transactions and Advance Consideration.

The adoption of these FRSs, amendments to standards and interpretations did not have a material effect on the Company's financial statements.

FRS 109 *Financial Instruments*

FRS 109 Financial instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model. The Company adopted FRS 109 from 1 April 2018.

Additionally, the Company has adopted consequential amendments to FRS 107 *Financial Instruments: Disclosures* that are applied to disclosures for the year ended 31 March 2019 but have not been generally applied to comparative information.

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

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of FRS 109 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 does not generally reflect the requirements of FRS 109, but rather those of FRS 39.

- The following assessments were made on the basis of facts and circumstances that existed at 1 April 2018.
  - The determination of the business model within which a financial asset is held;
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss (FVTPL); and
  - The designation of certain investments in equity instruments not held for trading as at fair value through other comprehensive income (FVOCI).

- If an investment in a debt security had low credit risk at the date of initial application of FRS 109, then the Company has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

The impact upon adoption of FRS 109, including the corresponding tax effects, are described below.

Classification of financial assets

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

For an explanation of how the Company classifies and measures financial assets and related gains and losses under FRS 109, see note 3.2(ii).

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

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

	Note	*Original classification under FRS 39*	*New classification under FRS 109*	*1 April 2018 Original carrying amount under FRS 39*	*New carrying amount under FRS 109*
				$	$
Financial assets					
Trade and other receivables*		Loans and receivables	Amortised cost	1,806,010	1,806,010
Cash and cash equivalents		Loans and receivables	Amortised cost	5,301,007	5,301,007
Total financial assets				7,107,017	7,107,017

* Excludes prepayments

Impairment of financial assets

FRS 109 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, debt investments at FVOCI, but not to equity investments.

3 Significant accounting policies

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

3.1 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

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

Subsequent costs

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

Low value assets costing less than $500 individually are written off in the period of outlay.

Depreciation

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

Depreciation is recognised as an expense in surplus or deficit on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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

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

Computers	3 years
Medical, rehabilitation, facilities, kitchen and laundry equipment	5 years
Office equipment	5 years
Motor vehicles	5 years
Renovations	5 years
Hospital beds	10 years
Furniture and fittings	10 years

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

3.2 Financial instruments

(i) **Recognition and initial measurement**

Non-derivative financial assets and financial liabilities

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

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

(ii) **Classification and subsequent measurement**

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

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

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

Financial assets at amortised cost

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

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

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

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

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

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

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

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

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

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

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

Financial assets at amortised cost

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

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

The Company classifies non-derivative financial assets into loan receivables.

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

Loans and receivables

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

Loans and receivables comprised cash and cash equivalents, and trade and other receivables.

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

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

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in income and expenditure account. These financial liabilities comprised loans and borrowings, bank overdrafts, and trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

3.3 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 April 2018

The Company recognises loss allowances for ECLs on:

- Financial assets measured at amortised costs.

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

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

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

General approach

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

At each reporting date, the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

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

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

Measurement of ECLs

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

Credit-impairment financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one of 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; or
- a breach of contract such as a default or remains outstanding for more than the reasonable range of past due days.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

Policy applicable before 1 April 2018

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

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

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables not found to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are assessed collectively in groups that share similar credit risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of loans and receivables is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows, discounted at the original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and receivables.

Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects on recovery of the asset, the relevant amounts are written off.

Impairment losses for loans and receivables are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in surplus or deficit.

(ii) Non-financial assets

The carrying amounts of the Company'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 assets' recoverable amounts are 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. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in deficit or surplus. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs 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 CGUs.

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists for all assets. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.4 Employee benefits

Defined contribution plans

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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.5 Government grants

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

Grants related to assets

Grants which are designated for the purchase of property, plant and equipment are taken to deferred capital grants. The deferred capital grant is amortised over the useful life of the property, plant and equipment by crediting to surplus or deficit an amount so as to match the related depreciation expense.

Grants related to income

Grants received are recognised initially as deferred income when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grants. These grants are then recognised in surplus or deficit as government grants income upon utilisation of grants.

Grants that compensate the Company for expenses incurred are recognised as income in surplus or deficit in the same periods in which the expenses are incurred.

Land rental subsidy

Land rental subsidy from government is recognised when there is a reasonable assurance that the grant will be received and the Company will comply with attached conditions.

3.6 Provisions

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

3.7 Incoming resources

Rendering of services

Income from rendering of services are recognised when services are rendered. Income excludes goods and services taxes or other sales taxes.

Donation income

Provided there is evidence of entitlement, as expressed in writing, donations income are recognised in statement of comprehensive income in the period of receipt.

Interest income

Interest income is recognised on a time-proportion basis, using the effective interest method.

3.8 Funds structure

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

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

3.9 Lease payments

Payments under operating lease are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.10 Tax

As a registered charity under the Singapore Charities Act, Cap. 37, the Company is exempted from income tax under Section 13 of the Income Tax Act, Chapter 134.

3.11 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 22.

4 Property, plant and equipment

	Computers $	Medical, rehabilitation, facilities, kitchen and laundry equipment $	Office equipment $	Hospital beds $	Renovations $	Furniture and fittings $	Motor vehicles $	Total $
Cost								
At 1 April 2017	167,772	997,798	64,692	683,127	48,131	174,110	–	2,135,630
Additions	46,061	42,191	14,329	–	2,022	132,697	–	237,300
At 31 March 2018	213,833	1,039,989	79,021	683,127	50,153	306,807	–	2,372,930
Additions	–	359,499	2,015	–	21,340	5,605	70,798	459,257
Disposal	(720)	–	(650)	–	(2,461)	–	–	(3,831)
At 31 March 2019	213,113	1,399,488	80,386	683,127	69,032	312,412	70,798	2,828,356
Accumulated depreciation								
At 1 April 2017	35,509	75,371	5,639	41,772	2,843	7,608	–	168,742
Depreciation charge for the year	66,676	206,635	14,876	68,312	9,926	29,646	–	396,071
At 31 March 2018	102,185	282,006	20,515	110,084	12,769	37,254	–	564,813
Depreciation charge for the year	70,343	247,963	15,992	68,313	13,171	30,881	12,979	459,642
Disposal	(320)	–	(260)	–	(697)	–	–	(1,277)
At 31 March 2019	172,208	529,969	36,247	178,397	25,243	68,135	12,979	1,023,178
Carrying amounts								
At 1 April 2017	132,263	922,427	59,053	641,355	45,288	166,502	–	1,966,888
At 31 March 2018	111,648	757,983	58,506	573,043	37,384	269,553	–	1,808,117
At 31 March 2019	40,905	869,519	44,139	504,730	43,789	244,277	57,819	1,805,178

5 Trade and other receivables

	2019 $	2018 $
Trade receivables	657,901	487,038
Amount due from a related party (trade)	4,968	3,710
Government grant receivables	940,526	1,208,198
Deposits	169,904	238,350
	1,773,299	1,937,296
Impairment losses	(140,701)	(131,286)
	1,632,598	1,806,010
Prepayments	97,415	118,045
	1,730,013	1,924,055

The Company's exposure to credit risk relating to trade and other receivables is set out in Note 21.

6 Cash and cash equivalents

	2019 $	2018 $
Bank balances and cash on hand	8,387,189	5,301,007

Included in the cash and cash equivalents is a balance of $615,462 (2018: $920,065) for which the use is subject to restrictions imposed by the funding body.

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date is 0.40% (2018: 0.40%). Interest rates are repriced monthly.

7 Deferred capital grants

	2019 $	2018 $
At 1 April	1,660,821	939,558
Grants received during the year	449,347	1,160,519
Amortisation for the year	(424,611)	(439,256)
At 31 March	1,685,557	1,660,821
Non-current	1,257,700	1,292,535
Current	427,857	368,286
	1,685,557	1,660,821

Deferred capital grants represents government grants received in relation to the purchase of IT infrastructure, furniture and equipment, and are amortised over the period necessary to match the depreciation of the property, plant and equipment purchased with the related grants.

8 Deferred income

		2019 $	2018 $
Community Silver Trust	(a)	614,982	907,865
OCBC Fund	(b)	5,280	–
		620,262	907,865

(a) Community Silver Trust (CST) matching grant

The CST matching grant is represented as follows:

	2019 $	2018 $
Deferred income	614,982	907,865
At 1 April	907,865	–
Grant received	104,883	1,533,442
Grant utilised for qualifying expenses	(122,500)	(613,377)
Grant utilised to purchase plant and equipment	(275,266)	(12,200)
At 31 March	614,982	907,865

The Community Silver Trust is a scheme whereby the government will provide a matching grant of one dollar for every donation dollar raised by eligible organisations. The objectives are to encourage more donations and provide additional resources for the service providers in the Intermediate and Long Term Care (ILTC) Sector and to enhance capabilities and provide value-added services to achieve affordable and higher quality care.

The CST matching grant has to be utilised by March 2021 and the Agency for Integrated Care (AIC) has the right to clawback the balance amounts in the event the grant is not used before the stipulated deadline.

(b) OCBC Fund

OCBC Fund relates to a donation by OCBC Bank to build an exercise corner.

9 Trade and other payables

	2019 $	2018 $
Trade payables	182,457	455,513
Amounts due to related charities (trade)	142,551	209,346
Amounts due to a related party (trade)	141,413	131,365
Amounts due to a related charity (non-trade)	900,000	1,300,000
Accrued operating expenses	572,793	522,768
Other payables	281,193	252,768
Goods and services tax payables	41,939	29,915
	2,262,346	2,901,675

Transactions with related charities are unsecured and priced on terms agreed between the parties.

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

10 Government grants

	2019 $	2018 $
Patient subvention income grant	7,495,232	5,206,016
Rental subvention grant (Note 15)	677,400	689,354
Replacement ratio manpower funding	154,225	356,707
Salary adjustment exercise manpower funding	499,478	913,433
CST matching grant (Note 8)	122,500	613,377
Capital expenditure grant	–	358,183
Others	49,025	14,479
	8,997,860	8,151,549

The purpose of replacement ratio manpower funding was to fund workforce development as well as to promote the safety and quality of patient care. The funding was ceased with effect from 1 July 2018. The grant is given by the Ministry of Health.

The purpose of salary adjustment exercise manpower funding was to fund a salary adjustment exercise introduced for healthcare professionals in the ILTC sector. The funding was ceased on 1 July 2018. The grant is given by the Ministry of Health.

The purpose of the capital expenditure grants were to fund operating expenses, and the purchase of plant and machinery, when the Company commenced operations. The grant is given by the Ministry of Health. The capital expenditure grant has ceased in 2019.

11 Donation income

	2019	2018
	$	$
Non-tax deductible donations	109,770	403,061
Tax deductible donations	2,888,308	1,337,825
	2,998,078	1,740,886

Total gross donations (including donations received from fund raising events) received qualified for tax deductions for the year amounted to $2,888,308 (2018: $1,337,825).

Included in the donation income is an amount of $2,198,484 (2018: $1,226,411) received from fund raising activities organised by THKMS. Tax exempt receipts were issued directly by the Company to the donors.

12 Other income

	2019	2018
	$	$
Amortisation of deferred capital grants	424,611	439,256
Wage credit and employment credit scheme	59,689	63,318
Interest income	18,914	8,094
Others	20,460	5,084
	523,674	515,752

13 Incoming resources from charitable activities

	2019	2018
	$	$
Patient and related income	2,747,313	2,245,334

Patient and related services relate to provision of medical service and items to patients. Revenue is recognised upon medical services and items are provided to patients. Payment is due when invoice is issued and payable within 30 days.

14 Cost of generating donation income

	2019	2018
	$	$
Fund raising costs	763,850	492,244

The Company incurred fund raising expenses of $619,107 (2018: $332,503) paid or payable to THKMS for tax deductible donations raised for the Company.

The total donations collected from and the total expenses incurred on public fund-raising appeals in the financial year have been audited and the Company had met the 30/70 fund-raising rule for the financial year that total expenses incurred on public fund-raising appeals in the financial year did not exceed 30% of total donations collected through the public appeals in the same period.

15 Cost of conducting charitable activities

	2019 $	2018 $
Staff costs	6,042,782	5,705,155
Depreciation of property, plant and equipment	459,642	396,071
Patient related services and supplies	1,781,362	1,740,361
Rental expenses	677,400	689,354
Utilities expenses	342,038	283,894
Minor assets and equipment	29,664	33,211
Impairment losses on trade and other receivables	9,519	131,286
Bad debts written off	13,394	–
Loss on disposal of fixed assets	2,554	–
Upkeep costs	978,829	857,827
Other expenses	339,461	240,927
	10,676,645	10,078,086

An amount of $677,400 (2018: $689,354) was received from the Ministry of Health as government grants for rental expenses (see Note 10).

16 Governance costs

	2019 $	2018 $
Legal and professional fees	35,033	41,265

17 Surplus for the year

The following items have been included in arriving at surplus for the year:

	2019 $	2018 $
Operating lease expenses	(677,400)	(689,354)
Staff costs:		
- Wages and salaries	(4,536,928)	(4,330,416)
- Contribution to defined contribution plans	(422,702)	(428,631)
- Foreign worker levies	(664,716)	(561,392)
- Other short-term benefits	(418,436)	(384,716)

18 Related parties

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

Key management personnel compensation

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

Key management personnel compensation comprised:

	2019 $	2018 $
Short-term employee benefits	450,588	406,754
Post-employment benefits	47,346	49,172
	497,934	455,926

The annual remuneration of the Company's three highest paid staff who each received remuneration exceeding $70,000, in the following bands in the year were as follows:

	2019	2018
Number of employees in bands:		
$100,001 to $200,000	3	1
$70,000 to $100,000	0	2

The Company also received Board services from the Board of Directors and no remuneration is paid for their Board services.

Other related party transactions

During the year, other than disclosed elsewhere in the financial statements, there were the following transactions with related parties carried out on terms agreed between the parties:

	Note	2019 $	2018 $
Service fees paid to THKMS	14	619,107	332,503
Purchase of services from related charities		318,521	242,330
Purchase of food from a related party		893,765	826,537
Recharge of utilities to a related party		(56,028)	(54,907)
Purchase of goods from THKMS		5,000	–

The annual remuneration of the Company's close family member of key management personnel who each received remuneration exceeding $50,000, in the following bands in the year were as follow:

	2019	2018
Number of employees in bands:		
$100,001 to $200,000	1	1

19 Commitments

The company leases properties. The leases are negotiated for an average of 1 to 3 years. The operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor. There are no renewal or purchase options.

As at 31 March, the Company had the following commitments for amounts payable under non-cancellable operating leases in respect of land rental with a term of more than one year:

	2019	2018
	$	$
Due within 1 year	685,403	677,400
After 1 year but within 5 years	1,622,488	239,676
	2,307,891	917,076

20 Income taxes

The Company is an approved charity organisation under the Charities Act, Chapter 37 and an Institution of a Public Character under the Income Tax Act, Chapter 134. No provision for taxation has been made in the financial statements as the Company is a registered charity with income tax exemption.

21 Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from patients.

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

Impairment losses on financial assets recognised in income and expenditure were as follow:

	2019 $	2018 $
Impairment loss on trade and other receivables	140,701	131,286

Trade receivables

The Company's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to the trade receivables is limited due to the Company's varied customers. The Company's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Company's trade receivables.

The Company has a credit policy in place which establishes credit limit for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on customers requiring credit over certain amount. The credit quality of customers is assessed after taking into account their financial position and past experience with the customers.

Exposure to credit risk

The exposure to credit risk for trade and other receivables (excluding deposits, interest and dividend receivables) at the reporting date was:

	2019 $	2018 $
Corporate	4,968	3,710
Government grants	940,526	1,208,198
Individuals	657,901	487,038

Concentration of credit risk relating to trade receivables is limited due to the Company's many varied patients.

The Company evaluates whether there is any objective evidence that trade receivables are impaired, and determines the amount of impairment loss as a result of the inability of the patients to make required payments. The Company determines the estimates based on the ageing of the trade receivables balance and credit-worthiness. If the financial condition of the patients were to deteriorate, actual write-offs would be higher than estimated.

Impairment losses

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

	Gross 2019 $	Impairment losses 2019 $	Gross 2018 $	Impairment losses 2018 $
No credit terms	1,110,430	–	1,446,548	–
Not past due	250,166	(6,516)	210,092	(8,448)
Past due 0 – 30 days	133,495	(6,184)	88,146	(11,250)
Past due 31 – 90 days	114,129	(18,880)	92,363	(33,321)
Past due more than 90 days	165,079	(109,121)	100,147	(78,267)
	1,773,299	(140,701)	1,937,296	(131,286)

Allowance for impairment losses are made based on the historical trend of incurred losses. The Company has also assessed its trade receivables from patients based on the lifetime expected credit loss and all necessary allowance for impairment losses has been provided.

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

Comparative information under FRS 39

An analysis of the credit quality of trade receivables from patients that were neither past due nor impaired and the ageing of trade receivables from patients that were past due but not impaired is as follows:

	2018 $
Not past due	197,934
Past due 0 – 30 days	76,896
Past due 31 – 90 days	59,042
Past due more than 90 days	21,880
	355,752

The Company's impaired trade receivables from patients at 31 March 2018 had a gross carrying amount of approximately $487,000. The receivables were related to patients that had indicated that they were not expecting to be able to pay their outstanding balances, mainly due to financial difficulties.

Movements in allowance for impairment in respect of trade receivables from patients

	2019 $	2018 $
At 1 April 2018 per FRS 39	131,286	–
Adjustment on initial applicable of FRS 109	–	–
At 1 April 2018 per FRS 109	131,286	–
Allowance for impairment loss on trade receivables	9,519	131,286
Write-off against provision	(104)	–
Impairment loss utilised	–	–
At 31 March	140,701	131,286

Cash and cash equivalents

The Company held cash and cash equivalents of $8,387,189 at 31 March 2019 (2018: $5,301,007). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- AA+, based on Standard & Poor's ratings.

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

Liquidity risk

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

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

At the reporting date, the carrying amounts of financial liabilities reflect the contractual undiscounted cash flows which are expected to mature within the next one year.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The financial assets and liabilities of the Company are primarily denominated in Singapore dollars. The Company has no significant exposure to foreign currency risk.

Reserve Management

The Company's reserve management objectives are to maintain strong and healthy capital ratios in order to support its operations.

The Company aims to maintain sufficient level of accumulated funds to meet three years of its budgeted operating expenditure. The Company regularly reviews and manages its reserves to ensure optimal capital structure, taking into consideration the future capital requirements of the Company's projected profitability and projected operating cash flows.

Accounting classifications and fair values

The carrying amounts of financial assets and liabilities in the statement of financial position are as follows. Fair value information is not included as the carrying amounts of financial assets and financial liabilities are reasonable approximation of their fair values due to the short period to maturity.

	Note	Amortised cost $	Other financial liabilities $	Total carrying amount $
31 March 2019				
Financial assets not measured at fair value				
Trade and other receivables*	5	1,632,598	–	1,632,598
Cash and cash equivalents	6	8,387,189	–	8,387,189
		10,019,787	–	10,019,787
Financial liability not measured at fair value				
Trade and other payables#	9	–	2,262,346	2,262,346

	Note	Loans and receivables	Other financial liabilities	Total carrying amount
31 March 2018				
Financial assets not measured at fair value				
Trade and other receivables*	5	1,806,010	–	1,806,010
Cash and cash equivalents	6	5,301,007	–	5,301,007
		7,107,017	–	7,107,017
Financial liability not measured at fair value				
Trade and other payables#	9	–	2,901,675	2,901,675

* Excludes prepayments
\# Excludes deferred income

22 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are effective for annual periods beginning after 1 April 2019:

Applicable to 2019 financial statements

- FRS 116 *Leases;*

The Company has assessed the estimated impact that initial application of FRS 116 will have on the financial statements. The Company's assessment of FRS 116, which is expected to have a more significant impact on the Company, is as described below.

FRS 116

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted.

The Company plan to apply FRS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply FRS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with FRS 17 and INT FRS 104.

The Company as lessee

The Company expect to measure lease liabilities by applying a single discount rate to their portfolio of land and building leases. The Company is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 April 2019. For lease contracts that contain the option to renew, the Company is expected to use hindsight in determining the lease term.

The Company expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. The Company will include the payments due under the lease in its lease liability. The Company expects an increase in ROU assets and lease liabilities of $2,776,720 as at 1 April 2019.

The nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

The Company as lessor

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Company continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

No significant impact is expected for other leases in which the Company is a lessor.