

#### 4 Property, plant and equipment

<b>Cost</b>	<b>Building</b>	<b>Facilities improvement</b>	<b>Office equipment</b>	<b>Plant and equipment</b>	<b>Medical equipment</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Computer equipment</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 April 2013	4,538,567	3,348,434	20,941	108,706	752,764	148,122	105,804	257,231	9,280,569
Additions	-	42,584	-	15,734	121,317	36,437	281,104	431,446	928,622
Written off	-	-	-	(15,919)	(86,305)	(4,144)	(59,480)	-	(165,848)
At 31 March 2014	4,538,567	3,391,018	20,941	108,521	787,776	180,415	327,428	688,677	10,043,343
Additions	-	-	4,200	23,184	104,085	2,880	-	101,907	236,256
Disposals	-	-	(1,545)	-	(102,746)	(19,707)	-	(1,000)	(124,998)
At 31 March 2015	4,538,567	3,391,018	23,596	131,705	789,115	163,588	327,428	789,584	10,154,601
<b>Accumulated depreciation</b>									
At 1 April 2013	1,601,690	747,377	10,536	73,352	527,100	100,358	96,539	198,920	3,355,872
Depreciation for the year	90,771	226,982	2,879	15,236	72,930	22,605	32,743	192,294	656,440
Written off	-	-	-	(15,919)	(76,289)	(4,142)	(59,480)	-	(155,830)
At 31 March 2014	1,692,461	974,359	13,415	72,669	523,741	118,821	69,802	391,214	3,856,482
Depreciation for the year	474,351	402,777	3,363	17,426	75,591	18,955	32,743	169,827	1,195,033
Disposals	-	-	(1,545)	-	(93,740)	(17,389)	-	(1,000)	(113,674)
At 31 March 2015	2,166,812	1,377,136	15,233	90,095	505,592	120,387	102,545	560,041	4,937,841
<b>Carrying amounts</b>									
At 1 April 2013	2,936,877	2,601,057	10,405	35,354	225,664	47,764	9,265	58,311	5,924,697
At 31 March 2014	2,846,106	2,416,659	7,526	35,852	264,035	61,594	257,626	297,463	6,186,861
At 31 March 2015	2,371,755	2,013,882	8,363	41,610	283,523	43,201	224,883	229,543	5,216,760

## 5 Financial assets – Investments

Investments at fair value through income and expenditure	Managed internally		Managed by fund manager	Total \$
	Accumulated Fund \$	Endowment Fund \$	Endowment Fund \$	
<b>2015</b>				
Quoted equity securities	–	2,439,129	5,452,733	7,891,862
Fixed income securities	537,515	537,515	8,350,659	9,425,689
Quoted preference shares	539,223	264,325	–	803,548
	<u>1,076,738</u>	<u>3,240,969</u>	<u>13,803,392</u>	<u>18,121,099</u>
<b>2014</b>				
Quoted equity securities	–	2,170,640	4,096,188	6,266,828
Fixed income securities	1,031,300	525,650	8,777,021	10,333,971
Quoted preference shares	533,205	261,375	–	794,580
	<u>1,564,505</u>	<u>2,957,665</u>	<u>12,873,209</u>	<u>17,395,379</u>

Fixed income securities bear fixed interest rates as at year end ranging from 2.00% to 5.75% (2014: 1.15% to 5.75%). All financial assets are denominated in Singapore dollar.

## 6 Grants and other receivables

	2015 \$	2014 \$
Grants receivable from Ministry of Health	297,904	304,035
Grants receivable from Tote Board	560,176	429,755
Grants receivable from Temasek Care	133,947	–
Deposits	72,593	71,729
Interest receivable	85,240	102,009
Other receivables	299,151	211,503
Loans and receivables	<u>1,449,011</u>	<u>1,119,031</u>
Prepayments	<u>20,759</u>	<u>54,858</u>
	<u>1,469,770</u>	<u>1,173,889</u>

Included in the grants receivable from Ministry of Health is an amount of \$nil (2014: \$51,661) due from the Community Silver Trust Fund.

## 7 Cash and cash equivalents

	2015 \$	2014 \$
Cash at bank and in hand	13,034,098	6,866,559
Fixed deposits with financial institutions	4,144,982	4,132,917
Cash and cash equivalents in statement of financial position	17,179,080	10,999,476
Less: Fixed deposits with maturity more than 90 days at year end	(2,639,207)	(2,630,613)
Less: Cash at bank in Medifund Account	(142,141)	(197,536)
Cash and cash equivalents in statement of cash flows	14,397,732	8,171,327

The effective interest rates per annum for fixed deposits as at year end ranged from 0.15% to 0.65% (2014: 0.15% to 0.50%), and reprice at intervals of one to twelve months.

Included in cash at bank and in hand is \$593,796 (2014: \$621,456) held on behalf of the Hospice by an external fund manager. The Hospice considers this amount as cash and cash equivalent as it is able to utilise this amount for its operating requirements on short notice.

Call margin account of \$64,732 (2013: \$nil) held on behalf of the Hospice by an external fund manager is included in cash at bank and in hand. It acts as collateral to equity derivatives future contracts invested by the Hospice.

Included in cash at bank and in hand is \$142,141 (2014: \$197,536) held on behalf of the Medifund account.

## 8 Funds of the Hospice

### (i) Restricted fund - Endowment Fund

The Endowment Fund is represented by the following:

	2015 \$	2014 \$
Financial assets	17,044,361	15,830,874
Grants and other receivables	73,453	81,944
Cash and cash equivalents	3,960,007	3,948,885
Trade and other payables	(12,536)	(11,663)
	21,065,285	19,850,040

The Endowment Fund comprises:

	2015 \$	2014 \$
Capital account	9,786,146	9,786,146
Accumulated surplus	11,279,139	10,063,894
	21,065,285	19,850,040

The Endowment Fund was established on 1 September 1996 under Article 14 of the Dover Park Hospice Constitution. It comprises the capital account and accumulated surplus. According to Article 14, the accumulated surplus of the Endowment Fund may be applied by the Council for the purposes of the Hospice. No capital of the Endowment Fund shall be expended without the approval of members of the Hospice at a general meeting.

The purpose of the Endowment Fund is to provide a constant stream of income to the Hospice to supplement the Accumulated Fund, the amount of which is subject to uncertainty.

(ii) Unrestricted fund - Accumulated Fund

The Accumulated Fund is represented by the following:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Property, plant and equipment	5,216,760	6,186,861
Financial assets	1,076,738	1,564,505
Grants and other receivables	1,396,317	1,091,945
Cash and cash equivalents	13,219,073	7,050,591
Deferred capital grants	(2,907,619)	(3,330,840)
Trade and other payables	(5,310,230)	(1,306,359)
	<u>12,691,039</u>	<u>11,256,703</u>

**Capital management**

The capital structure of the Hospice consists of the endowment fund and the accumulated fund. The Hospice's primary objective in capital management is to maintain the size of the capital account in its Endowment Fund whilst having sufficient funds to continue to provide palliative care services.

Pursuant to the Code of Governance for Charities and Institutions of a Public Character Guideline 6.4.1, the Council has established a reserve policy ("Reserve Policy") for the Hospice. In setting the Reserve Policy, the Council is of the view that it is more reasonable to use net liquid assets available to meet expenditure obligations as a reserve measurement instead of the full unrestricted funds. Unrestricted net liquid assets available to meet expenditure obligations is calculated as the sum of the financial assets, grants and other receivables, cash and cash equivalents less trade and other payables relating to the unrestricted fund. The reserves of the Hospice provide financial stability and the means for the development of its operations and activities. The Hospice intends to maintain the reserves at a level sufficient for its operating needs and the Council regularly reviews the amount of reserves that are required to ensure that they are adequate to fulfil its continuing obligations.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b><u>Unrestricted Funds</u></b>		
Financial assets	1,076,738	1,564,505
Grants and other receivables	1,396,317	1,091,945
Cash and cash equivalents	13,219,073	7,050,591
Trade and other payables	(5,310,230)	(1,306,359)
Total unrestricted net liquid assets	<u>10,381,898</u>	<u>8,400,682</u>
 Total operating expenditure	 <u>11,245,538</u>	 <u>9,647,073</u>
 Ratio of net liquid assets to total operating expenditure	 <u>0.92</u>	 <u>0.87</u>

There were no changes in its approach to capital management during the year.

## 9 Deferred capital grants

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
At 1 April	3,330,840	3,289,598
Grants received during the year	287,397	348,607
Amortisation for the year	(710,618)	(307,365)
At 31 March	<u>2,907,619</u>	<u>3,330,840</u>

Deferred capital grants comprise government grants and solicited donations received for the purpose of constructing, furnishing and equipping the Hospice.

## 10 Trade and other payables

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Trade payables	318,880	86,578
Accrued operating expenses	708,376	598,538
Advance membership subscriptions	1,361	1,684
Employees' short-term accumulating compensated absences	100,058	77,420
Deferred income - grants received from Community Silver Trust Fund	3,842,819	—
Other payables	351,272	553,802
	<u>5,322,766</u>	<u>1,318,022</u>

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 Sector and to enhance capabilities and provide value-added services to achieve affordable and higher quality care.

Community Silver Trust

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	(51,661)	(51,661)
Add: Matching grants from Community Silver Trust	5,964,325	–
Less: Utilisation		
- Operating expenditure	(1,860,238)	–
- Capital assets	(209,607)	–
Balance at the end year	<u>3,842,819</u>	<u>(51,661)</u>

The unutilised grants received from CST can be used towards improving capabilities of the Hospice.

## 11 Incoming resources from generated funds

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Tax exempt receipts	2,798,881	3,541,002
Non-tax exempt receipts	401,288	278,002
	<u>3,200,169</u>	<u>3,819,004</u>

Included in non-tax exempt receipts were donations amounting to \$201,226 (2014: \$206,162) that were without tax reference number registered under Institutions of Public Character portal.

## 12 Investment income

	<b>Unrestricted fund Accumulated Fund \$</b>	<b>Restricted fund Endowment Fund \$</b>	<b>Total \$</b>
<b>2015</b>			
Interest income from banks	9,349	3,584	12,933
Income from fixed income securities	63,659	337,951	401,610
Dividend income	–	265,924	265,924
	<u>73,008</u>	<u>607,459</u>	<u>680,467</u>
<b>2014</b>			
Interest income from banks	9,178	2,283	11,461
Income from fixed income securities	72,510	344,637	417,147
Dividend income	–	303,018	303,018
	<u>81,688</u>	<u>649,938</u>	<u>731,626</u>

## 13 Net incoming resources

The following items have been included in arriving at net incoming resources:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Other grants</b>		
Grants income from Tote Board	1,019,427	1,093,780
Grants income from Community Silver Trust	1,860,239	–
Grants income from Ministry of Health	1,160,714	1,017,366
Others	128,196	–
	<u>4,168,576</u>	<u>2,111,146</u>
<b>Resources expended</b>		
Depreciation of property, plant and equipment	(1,195,033)	(656,440)
Staff costs	(7,896,472)	(7,031,137)
Contributions to Central Provident Fund included in staff costs	(528,375)	(434,940)
Operating lease expenses	<u>(270,582)</u>	<u>(248,976)</u>

## 14 Fundraising costs

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Auction items	10,000	25,000
Charity gala, food and beverages	130,908	171,392
Staff costs	58,534	3,300
Others	103,588	67,730
	<u>303,030</u>	<u>267,422</u>

## 15 Investment management expenses

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Management fee	75,427	80,061
Investment charges	35,334	39,992
Other charges	7,194	7,842
	<u>117,955</u>	<u>127,895</u>

## 16 Charitable activities

	2015 \$	2014 \$
Depreciation of property, plant and equipment	998,644	528,712
Staff costs	6,491,042	5,750,543
Operating lease expenses	235,406	216,609
Patient care expenses	598,606	511,133
Establishment expenses	157,081	185,100
Other expenses	156,308	202,743
	8,637,087	7,394,840

## 17 Governance activities

	2015 \$	2014 \$
Depreciation of property, plant and equipment	196,389	127,728
Staff costs	1,346,896	1,277,294
Operating lease expenses	35,176	32,367
Establishment expenses	429,401	362,325
Other expenses	297,559	185,097
	2,305,421	1,984,811

Staff costs under governance activities include cost of staff of the Hospice who are also involved in general running of the Hospice. It is not practicable to allocate their time accurately so as to apportion their salaries to fundraising and charitable activities.

## 18 Remuneration of employees

The number of employees whose remuneration exceeded \$100,000 in the year are as follows:

	2015	2014
Number of employees in bands:		
\$100,001 to \$150,000	—	2
\$150,001 to \$200,000	2	1
\$200,001 to \$250,000	2	2
	2	2

The Hospice entered into a service agreement for the purchase of medical consultancy services from Tan Tock Seng Hospital Pte Ltd which commenced on 1 July 2008. The service fees paid and payable to Tan Tock Seng Hospital Pte Ltd amounted to \$1,082,377 (2014: \$1,104,860).

The Hospice receives services from its volunteers. The volunteers are not remunerated for their services.

The total number of employees as at financial year end is 114 (2014: 106).



## 19 **Income tax expense**

The Hospice 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 Hospice is a registered charity with income tax exemption.

## 20 **Financial risk management**

### *Overview*

Risk management is integral to the whole operation of the Hospice. The Hospice has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Council continually monitors the Hospice's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Hospice is exposed to credit risk, liquidity risk and market risk. This note presents information about the Hospice's exposure to each of these risks, the Hospice's objectives, policies and procedures and processes for measuring and managing risks. Further quantitative disclosures are included in these financial statements.

### *Credit risk*

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

The Hospice's exposure to credit risk arises principally from grants and other receivables, and investments in fixed income securities and non-cumulative, non-convertible preference shares.

The ageing of loans and receivables (excluding cash and cash equivalents) as at 31 March is.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Not past due	1,355,839	1,039,699
Past due 1 – 30 days	–	56,949
More than 30 days	93,172	22,383
	<u>1,449,011</u>	<u>1,119,031</u>

The Hospice may establish an allowance for impairment that represents its estimate of incurred loss in respect of grant due from Ministry of Health, patient fees receivable and other receivables. The main component of this allowance is a specific loss component that relates specifically to individually significant exposures. There are no allowances for impairment arising from these amounts.

The allowance accounts are used to record impairment losses unless the Hospice is satisfied that no recovery of the amount owing is possible; at that point, the amount considered irrecoverable is written off against the allowances directly.

Similarly on investment operations, the Investment Committee limits investments to bonds with at least BBB or equivalent credit rating.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving financial instruments are allowed only with counterparties that are of high credit worthiness.

As at year end, significant concentration of credit risk relates to cash at bank and fixed deposits placed with a local bank and a foreign bank in Singapore and financial assets held on behalf by a custodian. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The table below summarises the types of fixed income securities held by the Hospice and the credit ratings which are based on Standard & Poor's or Moody's financial strength ratings or the fund manager's in-house equivalent ratings. The fixed income securities comprise mainly government securities and corporate bonds.

	A to AAA \$	B to BBB \$	Total \$
<b>2015</b>			
<b>Fixed income securities</b>			
Corporate bonds	2,193,766	6,974,658	9,168,424
Government securities	257,265	–	257,265
	2,451,031	6,974,658	9,425,689
<b>Non-cumulative, non-convertible preference shares</b>	–	803,548	803,548
	2,451,031	7,778,206	10,229,237
<b>2014</b>			
<b>Fixed income securities</b>			
Corporate bonds	4,727,586	5,362,280	10,089,866
Government securities	244,105	–	244,105
	4,971,691	5,362,280	10,333,971
<b>Non-cumulative, non-convertible preference shares</b>	–	794,580	794,580
	4,971,691	6,156,860	11,128,551

### ***Liquidity risk***

Liquidity risk is the risk that the Hospice will not be able to meet its financial obligations as they fall due. The Hospice'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 Hospice's reputation.

Typically, the Hospice ensures that it has sufficient cash on demand to meet expected operational demands excluding the potential impact of extreme circumstances that cannot reasonably be predicted.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	<b>Carrying amount \$</b>	<b>Total contractual cash flows \$</b>	<b>Within 1 year \$</b>
<b>Non-derivative financial liabilities</b>			
<b>2015</b>			
Trade and other payables*	1,479,947	(1,479,947)	(1,479,947)
<b>2014</b>			
Trade and other payables*	1,318,022	(1,318,022)	(1,318,022)

\* Excludes deferred income

### ***Market risk***

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

### ***Equity and bonds price risk***

Equity and bonds price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices, including changes in market interest rates, whether those changes are caused by factors specific to the individual investment or its issuer, or factors affecting all similar investments traded in the market.

### ***Sensitivity analysis***

The Hospice's investments are designated as fair value through income and expenditure investments. A 10% increase or decrease in the underlying prices at the reporting date would increase or decrease income by \$789,186 (2014: \$626,683) respectively. This analysis assumes that all other variables remain constant.

### ***Foreign currency risk***

The Hospice has minimal exposure to foreign currency risk as most transactions are denominated in Singapore dollars.

### **Estimation of fair values**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables \$	Investments at fair value through income and expenditure \$	Other financial liabilities \$	Total carrying amounts \$	Fair value \$
<b>2015</b>						
Cash and cash equivalents	7	17,179,080	–	–	17,179,080	17,179,080
Grants and other receivables	6	1,469,770	–	–	1,469,770	1,469,770
Financial assets	5	–	18,121,099	–	18,121,099	18,121,099
Trade and other payables*	10	–	–	(1,479,947)	(1,479,947)	(1,479,947)
		<u>18,648,850</u>	<u>18,121,099</u>	<u>(1,479,947)</u>	<u>35,290,002</u>	<u>35,290,002</u>
<b>2014</b>						
Cash and cash equivalents	7	10,999,476	–	–	10,999,476	10,999,476
Grants and other receivables	6	1,119,031	–	–	1,119,031	1,119,031
Financial assets	5	–	17,395,379	–	17,395,379	17,395,379
Trade and other payables*	10	–	–	(1,318,022)	(1,318,022)	(1,318,022)
		<u>12,118,507</u>	<u>17,395,379</u>	<u>(1,318,022)</u>	<u>28,195,864</u>	<u>28,195,864</u>

\* Excludes deferred income

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Hospice.

#### **Investments in equity and fixed income securities**

The fair value of financial assets at fair value through income and expenditure is determined by reference to their quoted bid prices at the reporting date.

#### **Other financial assets and liabilities**

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

#### **Fair value hierarchy**

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2015</b>				
Financial assets - Investments	18,121,099	–	–	18,121,099
<b>2014</b>				
Financial assets - Investments	17,395,379	–	–	17,395,379

## 21 Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Hospice if the Hospice 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 Hospice and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

### *Key management personnel remuneration*

Key management personnel of the Hospice are those persons having the authority and responsibility for planning, directing and controlling the activities of the Hospice. The senior management are considered as key management personnel of the Hospice.

Key management personnel remuneration recognised in the statement of comprehensive income is as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Key management personnel		
- short-term employee benefits	813,571	906,731

The Hospice is governed by the Governing Council. All members of the Council are volunteers and received no monetary remuneration for their contribution to the Hospice.

### *Other related party transactions*

Other than as disclosed elsewhere in the financial statements, transactions with related parties carried out in the normal course of business on terms agreed between the parties are as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Corporations in which certain members of the Governing Council have control or significant influence</b>		
Maintenance of server contract	8,614	9,474