

Every Moment Matters

FINANCIAL STATEMENTS



DOVER PARK HOSPICE

ANNUAL REPORT 2013-2014



Dover Park Hospice
UEN Number: S92SS0138D
(Registered under the Societies Act, Chapter 311)

Charity Registration Number: 1019
(Registered under the Charities Act, Chapter 37)

Financial Statements
Year ended 31 March 2014

Corporate information

Registration

Dover Park Hospice (the Hospice) is registered as a Voluntary Welfare Organisation in accordance with the Societies Act, Chapter 311. The Hospice is registered as a charity under the Charities Act, Chapter 37. The Hospice is approved as an institution of a public character (IPC) under the provisions of the Income Tax Act. The Hospice's tax exempt status has been extended from 01 October 2012 to 30 September 2014.

Registered Address

10 Jalan Tan Tock Seng

Singapore 308436

Governing Council

Chairman

Prof. Lee Kim Hock, Lionel

Vice Chairman

Mr. Chew Robert

Honorary Treasurer

Ms. Chen Dan, Diane

Honorary Secretary

Ms. Ong Ai Hua

Members

Ms. Cheng Yoke Ping

Mr. Chey Chor Wai

A/Prof. Chin Jing Jih

Ms. Foo Marlene

Dr. Goh Pheck Suan, June

Mr. Goh Say Hong, Robert

Mr. Lam Yi Young

Mr. Lee Keng Kok, Lester

Dr. Lim Seng Cheong, Robert

Dr. Seet Ju Ee

Mr. Tan Seng Hock

Ms. Tan Whei Mien, Joy

Dr. Tanya Tierney

Dr. Uma Rajan

Ms. Woo E-Sah

Assistant Honorary Secretary

Ms. Chan Li Chen, Angelene

Honorary Council Members

Dr. Seet Ai Mee

Dr. Lim Kian Tho, Jerry

Statement by Governing Council

In our opinion, the financial statements set out on pages FS1 to FS24 present fairly, in all material respects, the state of affairs of the Hospice as at 31 March 2014 and the results, changes in funds and cash flows of the Hospice for the year then ended in accordance with the provisions of the Charities Act and Singapore Financial Reporting Standards.

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

On behalf of the Governing Council

Prof. Lee Kim Hock, Lionel
Chairman, Governing Council

Ms Chen Dan, Diane
Honorary Treasurer, Governing Council

22 July 2014

Independent auditors' report

Members of Dover Park Hospice
(Registered under the Societies Act, Chapter 311 and Charities Act, Chapter 37)

Report on the financial statements

We have audited the accompanying financial statements of Dover Park Hospice (the Hospice), which comprise the statement of financial position as at 31 March 2014, 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 FS24.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Societies Act, Chapter 311, Charities Act, Chapter 37 and Singapore Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of these financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Hospice present fairly, in all material respects, the state of affairs of the Hospice as at 31 March 2014, and the results, changes in funds and cash flows of the Hospice for the year then ended in accordance with the provisions of the Charities Act and Singapore Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion:

- (a) the accounting and other records required by the regulations enacted under the Societies Act to be kept by the Hospice have been properly kept in accordance with those regulations; and
- (b) the fund-raising appeals held during the year ended 31 March 2014 have been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeals.

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

- (a) the use of the donation moneys was not in accordance with the objectives of the Hospice as required under Regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Hospice 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
22 July 2014

Statement of financial position
As at 31 March 2014

	Note	2014 \$	2013 \$
Non-current asset			
Property, plant and equipment	4	6,186,861	5,924,697
Current assets			
Financial assets - Investments	5	17,395,379	17,647,839
Grants and other receivables	6	1,173,889	664,505
Cash and cash equivalents	7	10,999,476	10,658,200
		29,568,744	28,970,544
Total assets		35,755,605	34,895,241
Funds of the Hospice:			
Restricted fund - Endowment Fund	8(i)	19,850,040	20,104,764
Unrestricted fund - Accumulated Fund	8(ii)	11,256,703	10,785,912
Total funds		31,106,743	30,890,676
Non-current liability			
Deferred capital grants	9	3,330,840	3,289,598
Current liability			
Trade and other payables	10	1,318,022	714,967
Total liabilities		4,648,862	4,004,565
Total funds and liabilities		35,755,605	34,895,241

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

Statement of comprehensive income
Year ended 31 March 2014

	Note	2014			2013		
		<--Unrestricted-->	<--Restricted-->	Total funds	<--Unrestricted-->	<--Restricted-->	Total funds
		fund	fund		fund	fund	
Financial activities/Income and expenditure		Accumulated Fund	Endowment Fund		Accumulated Fund	Endowment Fund	
		\$	\$	\$	\$	\$	\$
Incoming resources							
<i>Incoming resources from generated funds</i>							
Voluntary income	11	1,383,371	–	1,383,371	1,161,405	–	1,161,405
Income from fund-raising activities	11	2,435,633	–	2,435,633	1,932,073	–	1,932,073
Investment income	12	81,688	649,938	731,626	82,708	693,308	776,016
Others		190,090	35	190,125	126,673	69	126,742
		4,090,782	649,973	4,740,755	3,302,859	693,377	3,996,236
<i>Charitable activities</i>							
Patient fees		1,104,541	–	1,104,541	855,197	–	855,197
Government subvention grant		2,560,975	–	2,560,975	2,754,150	–	2,754,150
Other grants		2,111,146	–	2,111,146	1,527,004	–	1,527,004
Amortisation of deferred capital grants		307,365	–	307,365	191,162	–	191,162
		6,084,027	–	6,084,027	5,327,513	–	5,327,513
Total incoming resources		10,174,809	649,973	10,824,782	8,630,372	693,377	9,323,749
Resources expended							
<i>Cost of generating funds</i>							
Fundraising costs	14	(267,422)	–	(267,422)	(374,639)	–	(374,639)
Investment management expenses	15	–	(127,895)	(127,895)	–	(98,018)	(98,018)
		(267,422)	(127,895)	(395,317)	(374,639)	(98,018)	(472,657)
<i>Charitable activities</i>	16	(7,394,840)	–	(7,394,840)	(6,390,325)	–	(6,390,325)
<i>Governance activities</i>	17	(1,984,811)	–	(1,984,811)	(1,667,126)	–	(1,667,126)
Total resources expended		(9,647,073)	(127,895)	(9,774,968)	(8,432,090)	(98,018)	(8,530,108)
Net incoming resources before investment gains and losses	13	527,736	522,078	1,049,814	198,282	595,359	793,641
Fair value (losses)/gains on financial assets at fair value through income and expenditure		(56,945)	(485,647)	(542,592)	12,696	809,549	822,245
Losses on disposal of financial assets		–	(291,155)	(291,155)	–	(18,441)	(18,441)
Net incoming resources for the year and total comprehensive income for the year		470,791	(254,724)	216,067	210,978	1,386,467	1,597,445

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

Statement of changes in funds
Year ended 31 March 2014

	Unrestricted fund Accumulated Fund \$	Restricted fund Endowment Fund \$	Total funds \$
At 1 April 2012	10,574,934	18,718,297	29,293,231
Total comprehensive income for the year			
Surplus of income over expenditure	210,978	1,386,467	1,597,445
Total comprehensive income for the year	<u>210,978</u>	<u>1,386,467</u>	<u>1,597,445</u>
At 31 March 2013	<u>10,785,912</u>	<u>20,104,764</u>	<u>30,890,676</u>
At 1 April 2013	10,785,912	20,104,764	30,890,676
Total comprehensive income for the year			
Surplus/(deficit) of income over expenditure	470,791	(254,724)	216,067
Total comprehensive income for the year	<u>470,791</u>	<u>(254,724)</u>	<u>216,067</u>
At 31 March 2014	<u><u>11,256,703</u></u>	<u><u>19,850,040</u></u>	<u><u>31,106,743</u></u>

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

Statement of cash flows
Year ended 31 March 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Net incoming resources for the year		216,067	1,597,445
Adjustments for:			
Amortisation of deferred capital grants	9	(307,365)	(191,162)
Depreciation of property, plant and equipment	4	656,440	459,994
Dividend income		(303,018)	(315,150)
Interest income		(428,608)	(460,866)
Net changes in fair value of financial assets		542,592	(822,245)
Property, plant and equipment written off		10,018	8,358
Losses on disposal of financial assets		291,155	18,441
		<u>677,281</u>	<u>294,815</u>
Changes in working capital:			
Grants and other receivables		(512,980)	790,036
Trade and other payables		603,055	(186,468)
Net cash from operating activities		<u>767,356</u>	<u>898,383</u>
Cash flows from investing activities			
Dividend received		303,018	315,150
Interest received		432,204	474,823
Proceeds from disposal of financial assets		11,295,731	9,314,879
Purchase of financial assets		(11,877,018)	(7,234,417)
Purchase of property, plant and equipment	4	(928,622)	(283,785)
Fixed deposits (net)		(10,231)	(9,115)
Net cash (used in)/generated from investing activities		<u>(784,918)</u>	<u>2,577,535</u>
Cash flows from financing activity			
Grants received in advance	9	348,607	295,490
Net cash from financing activity		<u>348,607</u>	<u>295,490</u>
Net increase in cash and cash equivalents		331,045	3,771,408
Cash and cash equivalents at beginning of the year		8,037,818	4,266,410
Cash and cash equivalents at end of the year	7	<u>8,368,863</u>	<u>8,037,818</u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Hospice's Governing Council on 22 July 2014.

1 Domicile and activities

Dover Park Hospice (the Hospice) is a society registered with the Registrar of Societies under the Societies Act, Chapter 311, and has its registered office at 10 Jalan Tan Tock Seng, Singapore 308436.

The Hospice has been registered as a charity under the Charities Act, Chapter 37 since 20 April 1994.

The principal activities of the Hospice are those relating to the provision of inpatient and home care services to the terminally ill.

The Hospice is approved as an institution of a public character (IPC) under the provisions of the Income Tax Act. The Hospice's tax exempt status has been extended from 01 October 2012 to 30 September 2014.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Hospice's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

2.4 Use of estimates and judgements

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the financial statements. The Hospice believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

Useful lives of property, plant and equipment

Property, plant and equipment are stated at cost and depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives represent the estimate of the periods that management expects to derive economic benefits from these assets. In estimating these useful lives and in determining whether subsequent revisions to useful lives are necessary, the management considers the likelihood of technical obsolescence arising from changes in technology, asset utilisation and anticipated use of the assets.

Recognition of grant income

Grants are accounted for on an accrual basis in the statement of comprehensive income when there is reasonable assurance that the Hospice has complied with all the terms and conditions attached to the grants and that there is reasonable certainty that the grants will be received. In assessing the recognition of grant income, the management considers the criterion for each individual grant to ascertain all grant income in the statement of comprehensive income are presented appropriately.

2.5 Changes in accounting policies

In the current financial year, the Hospice has adopted all the new and revised FRSs and Interpretations of FRSs (“INT FRSs”) that are relevant to its operations and effective for annual periods beginning on 1 April 2013. The adoption of these new and revised FRSs and INT FRSs does not result in substantial changes to the Hospice’s accounting policies and has no material effect on the amounts reported for the current or prior years.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Funds structure

The Accumulated Fund is available for use at the discretion of the Council in furtherance of the Hospice’s objects.

The Endowment Fund was established under Article 14 of the Dover Park Hospice Constitution. The objectives of and restrictions over the Endowment Fund are stated in note 8 to the financial statements.

3.2 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset, costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Property, plant and equipment costing less than \$1,000 each are fully written off in the accounting period of their acquisition.

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 property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in surplus or deficit.

Subsequent costs

The cost of replacing part 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 Hospice and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

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 in the statement of comprehensive income on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

Building	50 years
Facilities improvement	15 years
Office equipment	5 years
Plant and equipment	5 years
Medical equipment	5 to 10 years
Furniture and fittings	5 years
Motor vehicles	10 years
Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.3 Financial instruments

Non-derivative financial assets

The Hospice initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Hospice becomes a party to the contractual provisions of the instrument.

The Hospice derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Hospice is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Hospice has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Hospice classifies non-derivative financial assets into the following categories: financial assets at fair value through income and expenditure and loans and receivables.

Financial assets at fair value through income and expenditure

A financial asset is classified at fair value through income and expenditure if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through income and expenditure if the Hospice manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Hospice's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in the statement of comprehensive income as incurred. Financial assets at fair value through income and expenditure are measured at fair value, and changes therein are recognised in the statement of comprehensive income.

Loans and receivables

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

Loans and receivables comprise grants and other receivables and, cash and cash equivalents.

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Hospice becomes a party to the contractual provisions of the instrument. The Hospice derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Hospice has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Hospice classifies non-derivative financial liabilities into the other financial liability category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise deferred capital grants and trade and other payables.

3.4 Impairment

Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect 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 Hospice on terms that the Hospice would not consider otherwise, and indications that a debtor or issuer will enter bankruptcy.

The Hospice considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Hospice uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for 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 a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of comprehensive income.

Non-financial assets

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

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 groups of assets or CGU.

Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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

3.5 Employee benefits

Contribution to Central Provident Fund

Obligations for contributions to Central Provident Fund are recognised as an expense in the statement of comprehensive income as incurred.

Short-term accumulating compensated absences

Short-term accumulating compensated absences are recognised when employees render services that increase their entitlement to future compensated absences.

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 Hospice 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.

3.6 Deferred capital grants

Grants from the government received by the Hospice to construct, furnish and equip the Hospice and to purchase depreciable assets are taken to the deferred capital grants account. Deferred capital grants are recognised in the statement of comprehensive income over the periods necessary to match the depreciation of the assets purchased or donated, with the related grants.

3.7 Operating leases

Where the Hospice has the use of assets under operating leases, payments made under the leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease payments made.

3.8 Incoming resources

- (i) Donations are recognised as income when the following three criteria are met:
- Entitlement – normally arises when there is control over the rights or other access to the resource, enabling the Hospice to determine its future application;
 - Certainty – when it is virtually certain that the income will be received;
 - Measurement – when the monetary value of the income can be measured with sufficient reliability.
- (ii) Grants are accounted for on an accrual basis in the statement of comprehensive income when there is reasonable assurance that the Hospice has complied with all the terms and conditions attached to the grants and that there is reasonable certainty that the grants will be received.
- (iii) Membership subscriptions are recognised on an accrual basis.
- (iv) Revenue from rendering services is recognised when the services are rendered.

3.9 Investment income

Investment income comprises interest income on funds invested, dividend income, gains on disposal of financial assets and foreign exchange gain that are recognised in the statement of comprehensive income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date the Hospice's right to receive payment is established.

3.10 Resources expended

All expenditure is accounted for on an accrual basis and has been classified under headings that aggregate all costs related to that activity. Cost comprises direct expenditure including direct staff costs attributable to the activity. Where costs cannot be wholly attributable to an activity, they have been apportioned on a basis consistent with the use of resources. These include overheads such as utilities, amortisation of renovations and support costs.

- (i) Allocation of support costs

Support costs comprise staff costs relating to general management, human resource and administration, budgeting, accounting and finance functions and have been allocated to fundraising, charitable activities and governance based on management's best estimated amount of time spent on each activity, if possible.

(ii) Costs of generating funds

The costs of generating funds are those costs attributable to generating income for charity, other than those costs incurred in undertaking charitable activities or the costs incurred in undertaking trading activities in furtherance of the Hospice's objects.

(iii) Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the Hospice. The total costs of charitable expenditure include an apportionment of support costs.

(iv) Governance costs

Governance costs comprise all costs attributable to the general running of the Hospice in providing the governance infrastructure and in ensuring public accountability. These costs include costs related to constitutional and statutory requirements, and include an apportionment of overhead and support costs.

3.11 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued as of 1 April 2013 but are not yet effective. None of these are expected to have a significant effect on the financial statements of the Hospice.

4 Property, plant and equipment

	Building	Facilities improvement	Office equipment	Plant and equipment	Medical equipment	Furniture and fittings	Motor vehicles	Computer equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
At 1 April 2012	4,538,567	3,206,402	30,587	108,779	763,621	126,642	105,804	242,861	9,123,263
Additions	–	142,032	8,831	19,042	42,593	41,814	–	29,473	283,785
Written off	–	–	(18,477)	(19,115)	(53,450)	(20,334)	–	(15,103)	(126,479)
At 31 March 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
Accumulated depreciation									
At 1 April 2012	1,510,919	525,260	26,132	77,208	511,014	104,873	91,907	166,686	3,013,999
Depreciation for the year	90,771	222,117	2,879	12,203	64,737	15,318	4,632	47,337	459,994
Written off	–	–	(18,475)	(16,059)	(48,651)	(19,833)	–	(15,103)	(118,121)
At 31 March 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
Carrying amounts									
At 1 April 2012	3,027,648	2,681,142	4,455	31,571	252,607	21,769	13,897	76,175	6,109,264
At 31 March 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

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 \$	
	2014			
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>
2013				
Quoted equity securities	–	2,036,120	3,821,268	5,857,388
Fixed income securities	1,060,440	954,015	8,398,557	10,413,012
Quoted preference shares	561,010	816,429	–	1,377,439
	<u>1,621,450</u>	<u>3,806,564</u>	<u>12,219,825</u>	<u>17,647,839</u>

Fixed income securities bear fixed interest rates as at balance sheet date ranging from 1.15% to 5.75% (2013: 2.15% to 5.75%). All financial assets are denominated in Singapore dollar.

6 Grants and other receivables

	2014 \$	2013 \$
Grants receivable from Ministry of Health	304,035	193,756
Grants receivable from Tote Board	429,755	–
Deposits	71,729	97,964
Interest receivable	102,009	105,605
Other receivables	211,503	235,338
Loans and receivables	<u>1,119,031</u>	<u>632,663</u>
Prepayments	54,858	31,842
	<u>1,173,889</u>	<u>664,505</u>

Included in the grants receivable from Ministry of Health is an amount of \$51,661 (2013: \$51,661) due from the Community Silver Trust Fund:

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

	2014	2013
	\$	\$
Balance at beginning of year	(51,661)	(1,065,433)
Add: Receipts		
Community Silver Trust - Matching Grant	–	1,830,851
Less: Expenditure	–	(817,079)
Balance at the end year	(51,661)	(51,661)

The expenditure incurred but pending approval of \$599,325 (2013: nil) has been expensed off in the statement of comprehensive income and not recognised as grant receivable from Ministry of Health.

7 Cash and cash equivalents

	2014	2013
	\$	\$
Cash at bank and in hand	6,866,559	7,537,818
Fixed deposits with financial institutions	4,132,917	3,120,382
Cash and cash equivalents in statement of financial position	10,999,476	10,658,200
Less: Fixed deposits with maturity more than 90 days at year end	(2,630,613)	(2,620,382)
Cash and cash equivalents in statement of cash flows	8,368,863	8,037,818

The effective interest rates per annum for fixed deposits at the balance sheet date ranged from 0.15% to 0.50% (2013: 0.25% to 0.50%), and repriced at intervals of one to twelve months.

Included in cash at bank and in hand is \$621,456 (2013: \$1,497,511) 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.

8 Funds of the Hospice

(i) Restricted fund - Endowment Fund

The Endowment Fund is represented by the following:

	2014	2013
	\$	\$
Financial assets	15,830,874	16,026,389
Grants and other receivables	81,944	84,324
Cash and cash equivalents	3,948,885	3,994,051
Trade and other payables	(11,663)	–
	19,850,040	20,104,764

The Endowment Fund comprises:

	2014	2013
	\$	\$
Capital account	9,786,146	9,786,146
Accumulated surplus	10,063,894	10,318,618
	19,850,040	20,104,764

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:

	2014	2013
	\$	\$
Property, plant and equipment	6,186,861	5,924,697
Financial assets	1,564,505	1,621,450
Grants and other receivables	1,091,945	580,181
Cash and cash equivalents	7,050,591	6,664,149
Deferred capital grants	(3,330,840)	(3,289,598)
Trade and other payables	(1,306,359)	(714,967)
	11,256,703	10,785,912

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 asset 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.

	2014	2013
	\$	\$
<u>Unrestricted Funds</u>		
Financial assets	1,564,505	1,621,450
Grants and other receivables	1,091,945	580,181
Cash and cash equivalents	7,050,591	6,664,149
Trade and other payables	(1,306,359)	(714,967)
Total unrestricted net liquid assets	8,400,682	8,150,813
 Total operating expenditure	 9,647,073	 8,432,090
 Ratio of net liquid assets to total operating expenditure	 0.87	 0.97

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

9 Deferred capital grants

	2014	2013
	\$	\$
At 1 April	3,289,598	3,185,270
Grants received during the year	348,607	295,490
Amortisation for the year	(307,365)	(191,162)
At 31 March	3,330,840	3,289,598

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

	2014	2013
	\$	\$
Trade payables	86,578	160,802
Accrued operating expenses	598,538	232,177
Advance membership subscriptions	1,684	1,525
Employees' short-term accumulating compensated absences	77,420	79,734
Other payables	553,802	240,729
	1,318,022	714,967

The contractual undiscounted cash outflows of trade and other payables approximate the carrying amount and are due within a year.

11 Incoming resources from generated funds

	2014	2013
	\$	\$
Tax exempt receipts	3,541,002	2,844,625
Non-tax exempt receipts	278,002	248,853
	3,819,004	3,093,478

Included in non-tax exempt receipts were donations amounting to \$206,162 (2013: \$146,188) that were without tax reference number registered under Institutions of Public Character portal.

12 Investment income

	Unrestricted fund Accumulated Fund \$	Restricted fund Endowment Fund \$	Total \$
2014			
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
	81,688	649,938	731,626
2013			
Interest income from banks	10,198	1,290	11,488
Income from fixed income securities	72,510	376,868	449,378
Dividend income	–	315,150	315,150
	82,708	693,308	776,016

13 Net incoming resources

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

	2014	2013
	\$	\$
Depreciation of property, plant and equipment	(656,440)	(459,994)
Staff costs	(7,031,137)	(5,923,170)
Contributions to Central Provident Fund included in staff costs	(434,940)	(384,540)
Operating lease expenses	(248,976)	(258,926)
	(8,371,493)	(7,026,630)

14 Fundraising costs

	2014	2013
	\$	\$
Auction items	25,000	5,400
Charity gala, food and beverages	171,392	180,404
Staff costs	3,300	6,600
Others	67,730	182,235
	<u>267,422</u>	<u>374,639</u>

15 Investment management expenses

	2014	2013
	\$	\$
Management fee	80,061	65,738
Investment charges	39,992	21,516
Other charges	7,842	10,764
	<u>127,895</u>	<u>98,018</u>

16 Charitable activities

	2014	2013
	\$	\$
Depreciation of property, plant and equipment	528,712	394,264
Staff costs	5,750,543	4,819,303
Operating lease expenses	216,609	230,445
Patient care expenses	511,133	555,596
Establishment expenses	185,100	219,151
Other expenses	202,743	171,566
	<u>7,394,840</u>	<u>6,390,325</u>

17 Governance activities

	2014	2013
	\$	\$
Depreciation of property, plant and equipment	127,728	65,730
Staff costs	1,277,294	1,097,264
Operating lease expenses	32,367	28,481
Establishment expenses	362,325	299,326
Other expenses	185,097	176,325
	<u>1,984,811</u>	<u>1,667,126</u>

Staff costs under governance activities include cost of staff of the Hospice who are 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:

	2014	2013
Number of employees in bands:		
\$100,001 to \$150,000	2	1
\$150,001 to \$200,000	1	2
\$200,001 to \$250,000	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 \$1,104,860 (2013: \$1,088,523).

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 106 (2013: 89).

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.

	2014	2013
	\$	\$
Not past due	1,039,699	603,165
Past due 1 – 30 days	56,949	15,481
More than 30 days	22,383	14,017
	<u>1,119,031</u>	<u>632,663</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.

At the reporting date, 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 fund manager. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

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
	\$	\$	\$
2014			
Fixed income securities			
Corporate bonds	4,727,586	5,362,280	10,089,866
Government securities	244,105	–	244,105
	<u>4,971,691</u>	<u>5,362,280</u>	<u>10,333,971</u>
Non-cumulative, non-convertible preference shares	–	794,580	794,580
	<u>4,971,691</u>	<u>6,156,860</u>	<u>11,128,551</u>

	A to AAA	B to BBB	Total
	\$	\$	\$
2013			
Fixed income securities			
Corporate bonds	3,776,949	6,115,371	9,892,320
Government securities	520,692	–	520,692
	<u>4,297,641</u>	<u>6,115,371</u>	<u>10,413,012</u>
Non-cumulative, non-convertible preference shares			
	561,010	816,429	1,377,439
	<u>4,858,651</u>	<u>6,931,800</u>	<u>11,790,451</u>

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 carrying amount of trade and other payable approximates the expected contractual cash flows which will mature within the next one year.

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 \$626,683 (2013: \$585,739) 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 \$
2014						
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>
2013						
Cash and cash equivalents	7	10,658,200	–	–	10,658,200	10,658,200
Grants and other receivables	6	632,663	–	–	632,663	632,663
Financial assets	5	–	17,647,839	–	17,647,839	17,647,839
Trade and other payables	10	–	–	(714,967)	(714,967)	(714,967)
		<u>11,290,863</u>	<u>17,647,839</u>	<u>(714,967)</u>	<u>28,223,735</u>	<u>28,223,735</u>

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).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2014				
Financial assets - Investments	17,395,379	–	–	17,395,379
2013				
Financial assets - Investments	17,647,839	–	–	17,647,839

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:

	2014	2013
	\$	\$
Key management personnel		
- short-term employee benefits	906,731	549,477

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:

	2014	2013
	\$	\$
Corporations in which certain members of the Governing Council have control or significant influence		
Purchase of computer peripherals	9,474	7,511
Purchase of architectural services and resident technical officer service	–	32,100