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

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

Financial Statements
Year ended 31 March 2018

Corporate information

Registration

Dover Park Hospice ('the Hospice') is registered as a Voluntary Welfare Organisation in accordance with the Singapore Societies Act, Chapter 311. The Hospice is registered as a charity under the Singapore 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 2017 to 30 September 2020.

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

Assistant Honorary Treasurer
Mr. Tan Seng Hock

Assistant Honorary Secretary
Mr. Low Chee Wah

Members
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Ms. Cheng Yoke Ping
Dr. Goh Pheck Suan, June
Col. (Ret) Gwee Chwee Kee, Rupert
Prof. Ho Yew Kee
Dr. Kwa Chong Teck
Mr. Lee Keng Kok, Lester
Ms. Lim Boon Hong, Kemmy
Dr. Lim Fung Yen, Jeremy
Dr. Seet Ju Ee
Ms. Tan Whei Mien, Joy
Mr. Tan Yong Soon
Dr. Tanya Tierney
Dr. Wu Huei Yaw

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 FS30 present fairly, in all material respects, the financial position of the Hospice as at 31 March 2018 and the financial performance, changes in funds and cash flows of the Hospice for the year then ended in accordance with the provisions of the Singapore 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

25 July 2018

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Dover Park Hospice ('the Hospice'), which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies, as set out on pages FS1 to FS30.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the the Societies Act, Chapter 311 ('the Societies Act'), the Charities Act, Chapter 37 and other relevant regulations ('the Charities Act and Regulations') and Financial Reporting Standards in Singapore ('FRSs') so as to present fairly, in all material respects, the state of affairs of the Hospice as at 31 March 2018 and the results, changes in funds and cash flows of the Hospice 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 Hospice 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 Corporate Information, Statement by Governing Council and Financial Highlights prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information obtained prior to the date of this auditors' report, 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 Governing Council for the financial statements

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

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

Governing Council is responsible for overseeing the Hospice'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 Hospice'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 Hospice'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 Hospice 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 Governing Council 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:

(a) the accounting and other records required to be kept by the Hospice have been properly kept in accordance the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and

(b) the fund-raising appeal held during the period 1 April 2017 to 31 March 2018 has 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 appeal.

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

(a) the Hospice has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(b) the Hospice has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
25 July 2018

Statement of financial position
As at 31 March 2018

	Note	2018 $	2017 $
Non-current asset			
Property, plant and equipment	4	2,496,810	3,485,518
Current assets			
Financial assets - Investments	5	37,884,604	15,722,983
Grants and other receivables	6	1,859,872	1,282,789
Cash and cash equivalents	7	9,464,194	24,221,793
		49,208,670	41,227,565
Total assets		51,705,480	44,713,083
Funds of the Hospice:			
Restricted fund - Endowment fund	8(i)	20,899,188	21,912,190
Restricted fund - Donations	8(ii)	8,680,262	184,000
Unrestricted fund - Accumulated fund	8(iii)	16,013,439	14,534,271
Total funds		45,592,889	36,630,461
Non-current liability			
Deferred capital grants	9	1,484,290	2,065,849
Current liability			
Trade and other payables	10	4,628,301	6,016,773
Total liabilities		6,112,591	8,082,622
Total funds and liabilities		51,705,480	44,713,083

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

Statement of comprehensive income
Year ended 31 March 2018

		2018				2017			
<u>Financial activities/Income and expenditure</u>	Note	Unrestricted fund – Accumulated fund $	Restricted fund – Donations $	Restricted fund – Endowment fund $	Total funds $	Unrestricted fund – Accumulated fund $	Restricted fund – Donations $	Restricted fund – Endowment fund $	Total funds $
Incoming resources									
Incoming resources from generated funds									
Voluntary income	11	1,036,709	8,670,147	–	9,706,856	879,854	120,530	–	1,000,384
Income from fund-raising activities	11	2,002,455	–	–	2,002,455	1,448,494	–	–	1,448,494
Investment income	12	103,742	–	221,193	324,935	105,699	–	617,472	723,171
Others		443,171	–	–	443,171	604,344	–	–	604,344
		3,586,077	8,670,147	221,193	12,477,417	3,038,391	120,530	617,472	3,776,393
Charitable activities									
Patient fees		1,519,652	–	–	1,519,652	974,798	–	–	974,798
Government subvention grant		4,155,838	–	–	4,155,838	4,298,336	–	–	4,298,336
Other grants	13	3,578,259	–	–	3,578,259	4,358,137	–	–	4,358,137
Amortisation of deferred capital grants		741,636	–	–	741,636	669,960	–	–	669,960
		9,995,385	–	–	9,995,385	10,301,231	–	–	10,301,231
Total incoming resources		13,581,462	8,670,147	221,193	22,472,802	13,339,622	120,530	617,472	14,077,624
Resources expended									
Cost of generating funds									
Fundraising costs	14	(383,118)	–	–	(383,118)	(175,994)	–	–	(175,994)
Investment management expenses	15	(30,004)	–	(77,305)	(107,309)	–	–	(90,137)	(90,137)
		(413,122)	–	(77,305)	(490,427)	(175,994)	–	(90,137)	(266,131)
Charitable activities	16	(10,362,346)	(173,885)	–	(10,536,231)	(9,969,960)	(43,730)	–	(10,013,690)
Governance activities	17	(2,935,997)	–	–	(2,935,997)	(2,610,536)	–	–	(2,610,536)
Total resources expended		(13,711,465)	(173,885)	(77,305)	(13,962,655)	(12,756,490)	(43,730)	(90,137)	(12,890,357)
Net (resources expended)/incoming resources before investment gains and losses	13	(130,003)	8,496,262	143,888	8,510,147	583,132	76,800	527,335	1,187,267
Fair value (losses)/gains on financial assets at fair value through income and expenditure		(81,103)	–	505,499	424,396	1,193	–	375,921	377,114
Gain on disposal of financial assets		–	–	27,885	27,885	–	–	216,304	216,304
Net (resources expended)/incoming resources for the year and total comprehensive income for the year		(211,106)	8,496,262	677,272	8,962,428	584,325	76,800	1,119,560	1,780,685

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

Statement of changes in funds
Year ended 31 March 2018

	Unrestricted fund – Accumulated fund $	Restricted fund – Donations $	Restricted fund – Endowment fund $	Total funds $
At 1 April 2016	14,057,146	–	20,792,630	34,849,776
Total comprehensive income for the year				
Net incoming resources for the year, representing total comprehensive income for the year	584,325	76,800	1,119,560	1,780,685
Transfer from unrestricted fund to restricted fund (Note 8ii)	(107,200)	107,200	–	–
Total comprehensive income for the year net of transfer	477,125	184,000	1,119,560	1,780,685
At 31 March 2017	14,534,271	184,000	21,912,190	36,630,461
At 1 April 2017	14,534,271	184,000	21,912,190	36,630,461
Total comprehensive income for the year				
Net (resources expended)/incoming resources for the year, representing total comprehensive income for the year	(211,106)	8,496,262	677,272	8,962,428
Transfer from restricted fund to unrestricted fund (Note 8i)	1,690,274	–	(1,690,274)	–
Total comprehensive income for the year net of transfer	1,479,168	8,496,262	(1,013,002)	8,962,428
At 31 March 2018	16,013,439	8,680,262	20,899,188	45,592,889

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

Statement of cash flows
Year ended 31 March 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Net incoming resources for the year		8,962,428	1,780,685
Adjustments for:			
Amortisation of deferred capital grants	9	(741,636)	(669,960)
Depreciation of property, plant and equipment	4	1,191,366	1,120,534
Dividend income	12	(239,024)	(289,310)
Interest income	12	(85,911)	(433,861)
Net changes in fair value of financial assets		(424,396)	(377,114)
Property, plant and equipment written off		12,119	11,958
Gain on disposal of financial assets		(27,885)	(216,304)
		8,647,061	926,628
Changes in working capital:			
Grants and other receivables		(641,135)	(178,719)
Trade and other payables		(1,357,777)	1,341,726
Net cash from operating activities		6,648,149	2,089,635
Cash flows from investing activities			
Dividend received		239,024	289,310
Interest received		149,963	463,654
Proceeds from disposal of financial assets		10,856,635	10,990,006
Purchase of financial assets		(32,565,975)	(9,222,438)
Purchase of property, plant and equipment	4	(214,777)	(366,796)
Fixed deposits (net)		6,574,323	(53,071)
Net cash (used in)/from investing activities		(14,960,807)	2,100,665
Cash flows from financing activity			
Capital grants received	9	160,077	346,608
Net cash from financing activity		160,077	346,608
Net (decrease)/increase in cash and cash equivalents		(8,152,581)	4,536,908
Cash and cash equivalents at beginning of the year		17,536,427	12,999,519
Cash and cash equivalents at end of the year	7	9,383,846	17,536,427

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 25 July 2018.

1 Domicile and activities

Dover Park Hospice ('the Hospice') is a society registered with the Registrar of Societies under the Singapore 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 Singapore 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 1 October 2017 to 30 September 2020.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

Measurement of fair values

A few of the Hospice's accounting policies and disclosures requires the measurement of fair values, for both financial and non-financial assets and liabilities.

The Hospice has an established control framework with respective to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Hospice uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement (with Level 3 being the lowest).

The Hospice recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 19.

2.5 Changes in accounting policies

The Hospice has applied the following amendments for the first time for the annual period beginning on 1 April 2017:

- *Disclosure Initiative (Amendments to FRS 7)*;
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12)*; and
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

From 1 April 2017, as a result of the amendments to FRS 7, the Hospice has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 March 2018 (see note 9). Comparative information has not been presented.

Other than the above, the adoption of these amendments did not have any significant impact on the current or prior period.

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 Governing Council in furtherance of the Hospice's objects.

The restricted fund of donations is subjected to restrictions on its expenditure by the donor or through the terms of an appeal.

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

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, costs directly attributable to bringing the asset to a working condition for their intended use, and the cost of dismantling and removing the items and restoring the site on which they are located when the Hospice has an obligation to remove the asset or restore the site.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Low value assets costing less than $1,000 individually are written off in the period of outlay.

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 net within other income/other expenses in 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 Hospice 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 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 as an expense in the statement of comprehensive income 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.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

Building	25 years *
Facilities improvement	11 years *
Office equipment	5 years
Plant and equipment	5 years
Medical equipment	5 years *
Furniture and fittings	5 years
Motor vehicles	10 years
Computer equipment	3 years

* The Hospice is expected to move to the new site at the Integrated Care Hub ("ICH") by 2021. Accordingly, the existing building, facilities improvement and medical equipment are expected to be fully depreciated by 2021.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.3 Financial instruments

Non-derivative financial assets

The Hospice initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through income and expenditure) are recognised initially on the trade date, which is the date that 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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. 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 financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Hospice has a legally enforceable right to offset the amounts and intends either to settle them 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. 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, which takes into account any dividend income, 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 with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Hospice in the management of its short-term commitments.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that 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 financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Hospice has a legally enforceable 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 liabilities category. Such financial liabilities are initially measured at fair value less 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 trade and other payables.

3.4 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through income and expenditure is assessed at the end of 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 (including equity securities) 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, indications that a debtor or issuer will enter bankruptcy and economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

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. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Hospice uses historical trends of the probability of default, the 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. When the Hospice considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised 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 estimated 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.

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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 as an integral part of the total lease expense, over the term of the lease.

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; and
- 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) 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.

(ii) Costs of charitable activities

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

(iii) Cost of governance activities

The costs of governance activities 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 Adoption of new standards

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2017 and earlier application is permitted; however the Hospice has not early applied the following new or amended standards in preparing these statements.

The following standards are expected to have an impact on the Hospice's financial statements in the period of initial application.

Applicable to 2018 financial statements

Estimated impact of the adoption of FRS 109

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 April 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 April 2018. The Hospice plans to adopt the new standard on the required effective date in 2019 without restating comparative information.

The revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets of FRS 109 that would have an impact on the Hospice, with effect from annual periods beginning on or after 1 April 2018, are as described below.

Classification and measurement

The Hospice does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

Impairment

FRS 109 replaces the 'incurred loss model' with a forward-looking expected credit loss (ECL) model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

Under FRS 109, loss allowances of the Hospice will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- Lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Hospice plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of FRS 115.

Trade and other receivables

The estimated ECLs were calculated based on actual credit loss experience over the past three years. The Hospice performed the calculation of ECL rates separately for corporates and individuals.

Exposures within each entities were segmented based on common credit risk characteristic such as credit risk grade, geographical region and industry – for corporates; and delinquency status, geographic region, age of relationship and type of product/service purchased – for individuals.

The Hospice estimated that application of FRS 109's impairment requirements at 1 April 2018 will result in increase of $8,000 over the impairment recognised under FRS 39.

The Hospice is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

Applicable to 2019 financial statements

FRS 116 *Leases*

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, 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*.

FRS 116 is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted if FRS 115 is also applied.

The Hospice has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. There are several existing non-cancellable operating lease agreements in which the Hospice is a lessee. Overall, the Hospice expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. Such operating lease commitments on an undiscounted basis amount to approximately $459,466 as at 31 March 2018 (note 21).

The Hospice plans to adopt the standard when it becomes effective in 2020 and expects to apply the standard using the modified retrospective approach. The Hospice will perform a detailed analysis of the standard, including the transition options and practical expedients in 2019. Until 2019, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases.

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 2016	4,538,567	3,396,418	23,596	131,705	793,572	172,558	327,428	953,627	10,337,471
Additions	–	–	3,982	1,607	130,058	–	–	231,149	366,796
Write-offs	–	–	–	–	(79,178)	–	–	(93,003)	(172,181)
At 31 March 2017	4,538,567	3,396,418	27,578	133,312	844,452	172,558	327,428	1,091,773	10,532,086
Additions	–	13,127	2,400	27,156	125,955	4,308	–	41,831	214,777
Write-offs	–	–	–	–	(154,845)	(6,209)	–	(5,864)	(166,918)
At 31 March 2018	4,538,567	3,409,545	29,978	160,468	815,562	170,657	327,428	1,127,740	10,579,945
Accumulated depreciation									
At 1 April 2016	2,641,163	1,780,773	18,952	106,053	516,414	135,879	130,655	756,368	6,086,257
Depreciation for the year	474,351	403,912	2,646	11,642	79,892	18,699	28,110	101,282	1,120,534
Write-offs	–	–	–	–	(67,220)	–	–	(93,003)	(160,223)
At 31 March 2017	3,115,514	2,184,685	21,598	117,695	529,086	154,578	158,765	764,647	7,046,568
Depreciation for the year	474,351	406,445	1,828	10,733	105,668	9,681	28,110	154,550	1,191,366
Write-offs	–	–	–	–	(143,967)	(4,968)	–	(5,864)	(154,799)
At 31 March 2018	3,589,865	2,591,130	23,426	128,428	490,787	159,291	186,875	913,333	8,083,135
Carrying amounts									
At 1 April 2016	1,897,404	1,615,645	4,644	25,652	277,158	36,679	196,773	197,259	4,251,214
At 31 March 2017	1,423,053	1,211,733	5,980	15,617	315,366	17,980	168,663	327,126	3,485,518
At 31 March 2018	948,702	818,415	6,552	32,040	324,775	11,366	140,553	214,407	2,496,810

5 Financial assets – Investments

Investments at fair value through income and expenditure	Accumulated fund $	Endowment fund $	Total $
2018			
Quoted equity securities	–	4,024,592	4,024,592
Quoted debt securities	503,185	–	503,185
Quoted preference shares	517,650	–	517,650
Unit trusts	16,751,346	16,087,831	32,839,177
	17,772,181	20,112,423	37,884,604
2017			
Quoted equity securities	–	3,757,900	3,757,900
Quoted debt securities	516,185	8,181,489	8,697,674
Quoted preference shares	540,498	257,761	798,259
Unit trusts	–	2,469,150	2,469,150
	1,056,683	14,666,300	15,722,983

Fixed income securities bear coupon rates as at year end ranging from 1.11% to 5.75% (2017: 1.11% to 5.75%). All financial assets are denominated in Singapore dollar.

6 Grants and other receivables

	2018 $	2017 $
Grants receivable from Ministry of Health	291,773	432,381
Grants receivable from Community Silver Trust Fund	990,774	–
Grants receivable from Temasek Care	26,512	274,018
Deposits	106,150	94,253
Interest receivable	18,279	82,331
Other receivables	319,924	365,234
Loans and receivables	1,753,412	1,248,217
Prepayments	106,460	34,572
	1,859,872	1,282,789

7 Cash and cash equivalents

	2018 $	2017 $
Cash at bank and in hand	9,464,194	10,579,695
Fixed deposits with financial institutions	–	13,642,098
Cash and cash equivalents in statement of financial position	9,464,194	24,221,793
Less: Fixed deposits with maturity more than 90 days at year end	–	(6,574,323)
Less: Cash at bank in Medifund Account	(80,348)	(111,043)
Cash and cash equivalents in statement of cash flows	9,383,846	17,536,427

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The effective interest rates per annum for fixed deposits as at year end ranged from 0.94% to 1.38% (2017: 0.65% to 1.00%) and reprice at intervals of one to twelve months.

Included in cash and cash equivalents is $4,826,938 (2017: $5,443,051) 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.

Included in cash at bank and in hand is $80,348 (2017: $111,043) 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:

	2018 $	2017 $
Financial assets	20,112,423	14,666,300
Grants and other receivables	2,465	136,080
Cash and cash equivalents	789,458	7,109,810
Trade and other payables	(5,158)	–
	20,899,188	21,912,190

The Endowment fund comprises:

	2018 $	2017 $
Capital account	20,000,000	20,000,000
Accumulated surplus	899,188	1,912,190
	20,899,188	21,912,190

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. The Capital of the Endowment Fund shall be $20,000,000 under revised Trust Deed signed by the Hospice and 3 trustees on 27 July 2016. According to Article 14, the accumulated surplus of the Endowment fund may be applied by the Governing 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.

Restricted funds amounting to $1,690,274 was reclassified to unrestricted fund during the year in accordance with the revised Trust Deed signed on 27 July 2016.

(ii) Restricted fund – Donations

These funds comprise the cumulative operating surplus arising from the restricted income and expenditure account for specific purposes transferred from the income and expenditure. Restricted funds used in purchase of property, plant and equipment are transferred to unrestricted funds.

The donations are represented by the following:

	2018 $	2017 $
Dignity fund	459,500	–
Kuan Im Tng Temple/ Seed Global Investment fund	122,800	72,800
Deutsche Bank fund	46,741	50,581
Respectance fund	37,016	39,269
Capital restricted fund	8,000,000	–
Others	14,205	21,350
	8,680,262	184,000

Dignity fund – This fund is set aside to further support needy patients under Programme Dignity.

Kuan Im Tng Temple/Seed Global Investment fund – This fund is set aside to purchase a new van. The purpose of the van is for transportation of bulky medical equipment, wheelchairs and for patients and medical staff to travel between the medical facilities and the patients' home more easily.

Deutsche bank fund – This fund is set aside to assist the special needs of patients and their families for non-medical items that are not funded under government schemes.

Respectance fund – This fund is set aside to help the needy patients who wish to die in their own home and family whose primary breadwinner has passed away. By having this fund, it helps to improve the quality of life for the patients and support their families.

Capital restricted fund – This fund is to be invested and preserved as a capital and that only the income is to be used for the projects for the welfare and needs of the patients, including, but not limited to, the patients that are also under home care service.

These restricted funds are represented by the following:

	2018 $	2017 $
Financial assets	8,000,000	–
Cash and cash equivalents	680,262	184,000
	8,680,262	184,000

(iii) Unrestricted fund - Accumulated fund

The Accumulated fund is represented by the following:

	2018 $	2017 $
Property, plant and equipment	2,496,810	3,485,518
Financial assets	9,772,181	1,056,683
Grants and other receivables	1,857,407	1,146,709
Cash and cash equivalents	7,994,474	16,927,983
Deferred capital grants	(1,484,290)	(2,065,849)
Trade and other payables	(4,623,143)	(6,016,773)
	16,013,439	14,534,271

Capital management

The capital structure of the Hospice consists of the Restricted fund - Endowment fund, Restricted fund - Donations and the Unrestricted fund - 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 through the Unrestricted fund.

Pursuant to the Code of Governance for Charities and Institutions of a Public Character Guideline 6.4.1, the Governing Council has established a reserve policy ("Reserve Policy") for the Hospice. In setting the Reserve Policy, the Governing 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 Governing Council regularly reviews the amount of reserves that are required to ensure that they are adequate to fulfil its continuing obligations.

	2018 $	2017 $
Unrestricted funds		
Financial assets	9,772,181	1,056,683
Grants and other receivables	1,857,407	1,146,709
Cash and cash equivalents	7,994,474	16,927,983
Trade and other payables	(4,623,143)	(6,016,773)
Total unrestricted net liquid assets	15,000,919	13,114,602
Total operating expenditure	13,711,465	12,756,490
Ratio of net liquid assets to total operating expenditure	1.09	1.03

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

9 Deferred capital grants

	2018 $	2017 $
At 1 April	2,065,849	2,389,201
Capital grants received during the year	160,077	346,608
Amortisation for the year	(741,636)	(669,960)
At 31 March	1,484,290	2,065,849

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

Reconciliation of movements of liability to cash flows arising from financing activity

	Deferred capital grants 2018 $
Balance as at 1 April 2017	2,065,849
Changes from financing cash flows	
Capital grants received	160,077
Total changes from financing cash flows	160,077
Liability-related other changes	
Amortisation for the year	(741,636)
Total liability-related other changes	(741,636)
Balance as at 31 March 2018	1,484,290

10 Trade and other payables

	2018 $	2017 $
Trade payables	432,154	789,743
Accrued operating expenses	1,025,469	972,227
Advance membership subscriptions	1,000	1,415
Employees' short-term accumulating compensated absences	147,452	123,380
Deferred income - grants received from Community Silver Trust Fund	2,898,950	3,810,299
Other payables	123,276	319,709
	4,628,301	6,016,773

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.

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<u>Community Silver Trust</u>

	2018 $	2017 $
Balance at beginning of year	3,810,299	3,324,906
Add:		
- Matching grants received and receivable from Community Silver Trust	990,774	2,942,904
- Interest earned	36,632	33,401
Less: Refund of prior year's unutilised grant to MOH	(48,837)	–
Less: Utilisation		
- Operating expenditure	(1,729,841)	(2,151,505)
- Capital assets	(160,077)	(339,407)
Balance at the end year	2,898,950	3,810,299

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

11 Incoming resources from generated funds

	2018 $	2017 $
Tax exempt receipts	3,107,452	2,168,363
Non-tax exempt receipts	8,601,859	280,515
	11,709,311	2,448,878

12 Investment income

	Unrestricted fund Accumulated Fund $	Restricted fund Endowment Fund $	Total $
2018			
Interest income from banks	21,526	367	21,893
Income from fixed income securities	55,615	8,403	64,018
Dividend income	26,601	212,423	239,024
	103,742	221,193	324,935
2017			
Interest income from banks	50,939	15,014	65,953
Income from fixed income securities	54,760	313,148	367,908
Dividend income	–	289,310	289,310
	105,699	617,472	723,171

13 Net incoming resources

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

	2018 $	2017 $
Other grants		
Grants income from Community Silver Trust	1,729,841	2,151,505
Grants income from Ministry of Health	1,585,961	1,712,210
Others	262,457	494,422
	3,578,259	4,358,137
Resources expended		
Depreciation of property, plant and equipment	(1,191,366)	(1,120,534)
Staff costs	(10,176,798)	(9,532,089)
Contributions to Central Provident Fund included in staff costs	(799,908)	(738,103)
Operating lease expenses	(262,553)	(262,553)

14 Fundraising costs

	2018 $	2017 $
Auction items	76,171	41,000
Charity gala, food and beverages	95,258	79,203
Staff costs	–	7,548
Others	211,689	48,243
	383,118	175,994

15 Investment management expenses

	2018 $	2017 $
Management fee	98,003	48,067
Investment charges	7,968	34,127
Other charges	1,338	7,943
	107,309	90,137

16 Charitable activities

	2018 $	2017 $
Depreciation of property, plant and equipment	978,894	950,339
Staff costs	8,409,642	7,957,703
Operating lease expenses	228,421	228,421
Patient care expenses	687,748	616,305
Other operating expenses	231,526	260,922
	10,536,231	10,013,690

17 Governance activities

	2018 $	2017 $
Depreciation of property, plant and equipment	212,472	170,195
Staff costs	1,767,156	1,566,838
Operating lease expenses	34,132	34,132
Other operating expenses	922,237	839,371
	2,935,997	2,610,536

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.

Remuneration of employees

In compliance with the Code of Corporate Governance for Charities and Institutions of a Public Character - Guideline 8.3, the annual remuneration of the Hospice's three highest paid staff who each received remuneration exceeding $100,000, in the following bands in the year are as follows:

	2018	2017
Number of employees in bands:		
$100,001 to $200,000	1	2
$200,001 to $300,000	2	–
$300,001 to $400,000	–	1

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 $1,150,368 (2017: $1,112,108).

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 127 (2017: 124).

18 Income tax expense

The Hospice is an approved charity organisation under the Singapore 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.

19 Financial instruments

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 Governing 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:

	2018	**2017**
	$	**$**
Not past due	1,662,550	1,215,060
Past due 1 – 30 days	78,930	9,618
More than 30 days	11,932	23,539
	1,753,412	1,248,217

The Hospice may establish an allowance for impairment that represents its estimate of incurred loss in respect of grant receivables, 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.

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 financial institutions 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.

On investment activities, the Investment Committee limits investments to bonds with at least an investment grade of BBB/Baa2 credit rating or above by Standard & Poor's or Moody's or equivalent, such as those rated by independent rating units of the fund managers. . The fixed income securities comprise mainly government securities and corporate bonds with the above mentioned ratings.

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:

	Carrying amount	**Total contractual cash flows**	**Within 1 year**
	$	**$**	**$**
Non-derivative financial liabilities			
2018			
Trade and other payables*	1,729,351	(1,729,351)	(1,729,351)
2017			
Trade and other payables*	2,206,474	(2,206,474)	(2,206,474)

* 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.

Price risk

Price risk arises mainly from quoted equity securities, quoted debt securities, quoted preference shares and unit trusts. 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 $3,788,460 (2017: $1,572,298) 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.

Accounting classification and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	**Held-for-trading $**	**Loans and receivables $**	**Other financial liabilities $**	**Total $**	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
2018									
Financial assets not measured at fair value									
Grants and other receivables*	6	–	1,753,412	–	1,753,412				
Cash and cash equivalents	7	–	9,464,194	–	9,464,194				
		–	11,217,606	–	11,217,606				
Financial assets measured at fair value									
Financial assets - Investments	5	37,884,604	–	–	37,884,604	5,045,427	32,839,177	–	37,884,604
Financial liabilities not measured at fair value									
Trade and other payables**	10	–	–	(1,729,351)	(1,729,351)				
2017									
Financial assets not measured at fair value									
Grants and other receivables*	6	–	1,248,217	–	1,248,217				
Cash and cash equivalents	7	–	24,221,793	–	24,221,793				
		–	25,470,010	–	25,470,010				
Financial assets measured at fair value									
Financial assets - Investments	5	15,722,983	–	–	15,722,983	13,253,833	2,469,150	–	15,722,983
Financial liabilities not measured at fair value									
Trade and other payables**	10	–	–	(2,206,474)	(2,206,474)				

* Excludes prepayment
** Excludes deferred income

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

Investments

The fair values of financial assets at fair value through income and expenditure is determined by reference to their quoted bid prices (Level 1 fair value) at the reporting date, or when such information is unavailable, based on the number of subscribed units multiplied by the net asset value price quoted by external fund manager (Level 2 fair value).

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.

20 Related party transactions

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:

	2018	**2017**
	$	**$**
Key management personnel		
- short-term employee benefits	683,556	662,356

The Hospice is governed by the Governing Council. All members of the Governing 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:

	2018	**2017**
	$	**$**
Donations received from Governing Council members	247,750	122,280

Two Council members who are the employee or Board member of the Tan Tock Seng Hospital Pte Ltd for which the Hospice procures services amounting to $1,150,368 (2017:$1,112,108).

21 Commitments

At the reporting date, the Hospice had the following commitment for future minimum lease payments under a non-cancellable operating lease for operation with a term of more than one year:

	2018	**2017**
	$	**$**
Payable:		
Within one year	262,552	196,914
After one year but within five years	196,914	–
	459,466	196,914

The operating lease commitment mainly relate to the tenancy of the Hospice's land area. The lease runs for a period of three years with an option to renew the lease after that date.