



*We believe in a society where
every migrant worker lives*

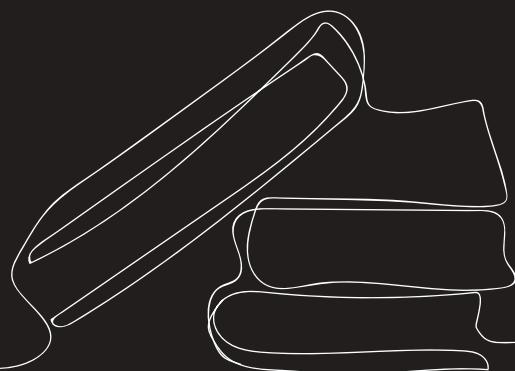
a life of dignity

FINANCIAL REPORT 2019



Financial Statements 2019

02	DIRECTORS' STATEMENT
03 - 04	INDEPENDENT AUDITOR'S REPORT
05 - 10	STATEMENT OF FINANCIAL ACTIVITIES
11	STATEMENT OF FINANCIAL POSITION
12	STATEMENT OF CHANGES IN FUNDS
13	STATEMENT OF CASH FLOWS
14 - 28	NOTES TO THE FINANCIAL STATEMENTS



DIRECTORS' STATEMENT

Unique Entity Number: 200615440H

Incorporated in the Republic of Singapore and Limited by Guarantee

The directors present their statement to the members together with the audited financial statements of Healthserve Ltd. (the "Company") for the financial year ended 31 December 2019.

In the opinion of the directors,

- the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and the financial performance, changes in funds and cash flows of the Company for the financial year covered by the financial statements; and
- at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Dr Goh Wei Leong	Mr Calvin Chong Peng Choon
Mr Matthew Saw Seang Kuan (Su Xiang Guang)	Mr Jeremy Lim Fung Yen
Mr Chan Kum Kit	Ms Susan Kong Yim Pui
Ms Chan Chia Lin	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

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

DIRECTORS' INTERESTS

As the Company is a public company limited by guarantee and has no share capital, matters relating to the directors' interests in shares, debentures, and share options of the Company are not applicable.

AUDITORS

The Auditors, Messrs Lo Hock Ling & Co., have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

DR GOH WEI LEONG
Director

MR CHAN KUM KIT
Director

Singapore



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTHSERVE LTD.

Report on the Audit of the Financial Statements

Incorporated in the Republic of Singapore

OPINION

We have audited the financial statements of Healthserve Ltd. (the "Company") set out on pages 6 to 28, which comprise the statement of financial activities as at 31 December 2019, and the statement of financial position (balance sheet), statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of the financial performance, changes in funds and cash flows of the Company for the year ended on that date.

BASIS FOR OPINION

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

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Directors' Statement set out on pages 1 to 2, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will 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 that we obtained prior to the date of this auditor's 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 DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

- a. the Company 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 Company has not complied with the requirements of regulation 15 of the Charities (Institutions of a Public Character) Regulations.

LO HOCK LING & CO.

Public Accountants and Chartered Accountants Singapore

Singapore



STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2019

Incorporated in the Republic of Singapore

	NOTES	2019 UNRESTRICTED FUNDS \$	2019 RESTRICTED FUNDS \$	TOTAL \$
INCOMING RESOURCES FROM GENERATED FUNDS				
Voluntary income				
Donations received		614,590	—	614,590
Food program		13,932	—	13,932
Migrant fund	11	—	50,000	50,000
Medical fund	12	—	140,500	140,500
Government grants	3	7,847	—	7,847
		636,369	190,500	826,869
Income from fund-raising activities				
Gala and other events		468,507	—	468,507
Income from charitable activities				
Clinic services		81,286	—	81,286
Medical student selective programme		5,130	—	5,130
		86,416	—	86,416
Other incoming resources				
Other income	4	123,140	—	123,140
TOTAL INCOMING RESOURCES		1,314,432	190,500	1,504,932

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

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2019

Incorporated in the Republic of Singapore

	NOTES	2018 UNRESTRICTED FUNDS \$	2018 RESTRICTED FUNDS \$	TOTAL \$
INCOMING RESOURCES FROM GENERATED FUNDS				
Voluntary income				
Donations received		772,026	—	772,026
Food program		26,589	—	26,589
Migrant fund	11	—	3,500	3,500
Medical fund	12	—	2,650	2,650
Government grants	3	3,756	39,919	43,675
		802,371	46,069	848,440
Income from fund-raising activities				
Gala and other events		375,979	—	375,979
Income from charitable activities				
Clinic services		60,146	—	60,146
Medical student selective programme		27,060	—	27,060
		87,206	—	87,206
Other incoming resources				
Other income	4	146,995	—	146,995
TOTAL INCOMING RESOURCES		1,412,551	46,069	1,458,620

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



STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2019

Incorporated in the Republic of Singapore

	NOTES	2019 UNRESTRICTED FUNDS \$	2019 RESTRICTED FUNDS \$	TOTAL \$
RESOURCES EXPENDED				
Cost of generating voluntary income and charitable activities				
Depreciation on property, plant and equipment		83,818	—	83,818
Depreciation on right-of-use assets		58,068	—	58,068
Food program		63,376	—	63,376
Hospitality		965	—	965
License fees and insurance		7,350	—	7,350
Interest expense on lease liabilities	14	6,619	—	6,619
Medical expenses		—	59,102	59,102
Migrant social assistance		8,442	50,000	58,442
Promotion and publicity		3,105	—	3,105
Rental of clinic		3,744	—	3,744
Rental of migrant centres		23,872	—	23,872
Rental of shelter		18,000	—	18,000
Staff costs	5	746,108	81,398	827,506
Telephone and internet		5,180	—	5,180
Transport		5,053	—	5,053
Utilities		7,117	—	7,117
Vehicle expenses		7,044	—	7,044
Volunteer events		2,740	—	2,740
		1,050,601	190,500	1,241,101
Fund-raising expenses				
Other fund-raising expenses		69,820	—	69,820
Staff costs	5	26,846	—	26,846
		96,666	—	96,666

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

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2019

Incorporated in the Republic of Singapore

	NOTES	2018 UNRESTRICTED FUNDS \$	2018 RESTRICTED FUNDS \$	TOTAL \$
RESOURCES EXPENDED				
Cost of generating voluntary income and charitable activities				
Depreciation on property, plant and equipment		79,568	—	79,568
Depreciation on right-of-use assets		—	—	—
Food program		57,239	—	57,239
Hospitality		964	—	964
License fees and insurance		5,717	—	5,717
Interest expense on lease liabilities	14	—	—	—
Medical expenses		76,968	26,157	103,125
Migrant social assistance		67,680	11,865	79,545
Promotion and publicity		23,990	—	23,990
Rental of clinic		22,464	—	22,464
Rental of migrant centres		64,032	—	64,032
Rental of shelter		18,000	—	18,000
Staff costs	5	562,157	39,919	602,076
Telephone and internet		6,038	—	6,038
Transport		2,102	—	2,102
Utilities		9,984	—	9,984
Vehicle expenses		17,077	—	17,077
Volunteer events		2,506	—	2,506
		1,016,486	77,941	1,094,427
Fund-raising expenses				
Other fund-raising expenses		29,865	—	29,865
Staff costs	5	19,135	—	19,135
		49,000	—	49,000

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



STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2019

Incorporated in the Republic of Singapore

	NOTES	2019 UNRESTRICTED FUNDS \$	2019 RESTRICTED FUNDS \$	TOTAL \$
RESOURCES EXPENDED (CON'T)				
Other operating and administrative expenses				
Bank charges		512	—	512
Depreciation on property, plant and equipment		20,955	—	20,955
Depreciation on right-of-use assets		23,082	—	23,082
Equipment expenses		1,061	—	1,061
Insurance		6,766	—	6,766
Interest expense on lease liabilities	14	1,279	—	1,279
Loss on disposal of property, plant and equipment		—	—	—
Maintenance and repairs		6,168	—	6,168
Miscellaneous expenses		2,967	—	2,967
Professional fees		21,933	—	21,933
Postage and freight charges		441	—	441
Printing and stationery		2,491	—	2,491
Rental		3,744	—	3,744
Staff costs	5	186,314	—	186,314
Telephone and internet		2,207	—	2,207
Utilities		8,621	—	8,621
		288,541	—	288,541
TOTAL RESOURCES EXPENDED		1,435,808	190,500	1,626,308
NET MOVEMENT IN FUNDS		(121,376)	—	(121,376)

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

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2019

Incorporated in the Republic of Singapore

	NOTES	2018 UNRESTRICTED FUNDS \$	2018 RESTRICTED FUNDS \$	TOTAL \$
RESOURCES EXPENDED (CON'T)				
Other operating and administrative expenses				
Bank charges		462	—	462
Depreciation on property, plant and equipment		19,892	—	19,892
Depreciation on right-of-use assets		—	—	—
Equipment expenses		966	—	966
Insurance		2,887	—	2,887
Interest expense on lease liabilities	14	—	—	—
Loss on disposal of property, plant and equipment		8,825	—	8,825
Maintenance and repairs		2,995	—	2,995
Miscellaneous expenses		7,481	—	7,481
Professional fees		5,300	—	5,300
Postage and freight charges		416	—	416
Printing and stationery		2,639	—	2,639
Rental		22,464	—	22,464
Staff costs	5	170,498	—	170,498
Telephone and internet		2,366	—	2,366
Utilities		6,878	—	6,878
		254,069	—	254,069
TOTAL RESOURCES EXPENDED		1,319,555	77,941	1,397,496
NET MOVEMENT IN FUNDS		92,996	(31,872)	61,124

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



STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Incorporated in the Republic of Singapore

	NOTES	2019 \$	2018 \$
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	100,391	84,879
Right-of-use assets	8	151,120	—
		251,511	84,879
Current Assets			
Other receivables	9	57,250	81,055
Fixed deposits with a financial institution	10	3,059,429	3,032,520
Cash and cash equivalents		943,461	1,098,001
		4,060,140	4,211,576
TOTAL ASSETS		4,311,651	4,296,455
FUNDS AND LIABILITIES			
Funds			
Unrestricted fund - General fund		4,054,286	4,175,662
Restricted fund - Migrant fund	11	—	—
Restricted fund - Medical fund	12	—	—
TOTAL FUNDS		4,054,286	4,175,662
Non-Current Liability			
Lease liabilities	14	52,973	—
		52,973	—
Current Liability			
Deferred capital donations and grants	13	—	54,862
Lease liabilities	14	101,267	—
Other payables	15	103,125	65,931
		204,392	120,793
TOTAL LIABILITIES		257,365	120,793
TOTAL FUNDS AND LIABILITIES		4,311,651	4,296,455

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

STATEMENT OF CHANGES IN FUNDS

For the year ended 31 December 2019

Incorporated in the Republic of Singapore

	UNRESTRICTED FUND (GENERAL FUND) \$	RESTRICTED FUND (MIGRANT FUND) \$	RESTRICTED FUND (MEDICAL FUND) \$	TOTAL FUNDS \$
Balance as at 1 January 2018	4,082,666	8,365	23,507	4,114,538
Total comprehensive income for the year	92,996	(8,365)	(23,507)	61,124
BALANCE AS AT 31 DECEMBER 2018	4,175,662	—	—	4,175,662
Total comprehensive loss for the year	(121,376)	—	—	(121,376)
BALANCE AS AT 31 DECEMBER 2019	4,054,286	—	—	4,054,286

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



STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

Incorporated in the Republic of Singapore

	NOTES	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/surplus for the year		(121,376)	61,124
Adjustments for:			
Depreciation on property, plant and equipment	7	104,773	99,460
Depreciation on right-of-use assets	8	81,150	—
Interest expense on lease liabilities	14	7,898	—
(Gain)/loss on disposal of property, plant and equipment		(5,500)	8,825
Amortisation of deferred capital donations and grants	4	(54,862)	(78,247)
Fixed deposits interest income	4	(52,069)	(35,925)
		81,390	(5,887)
Operating (deficit)/surplus before working fund changes		(39,986)	55,237
Decrease in receivables		42,440	34,379
Increase in payables		37,194	24,242
CHANGES IN WORKING CAPITAL		79,634	58,621
NET CASH FROM OPERATING ACTIVITIES		39,648	113,858
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed deposits interest received		33,434	18,128
Proceeds from disposal of property, plant and equipment		5,500	10,686
Purchase of property, plant and equipment	7	(120,285)	(23,353)
Increase in fixed deposits with maturities over 3 months		(26,909)	(1,534,061)
NET CASH USED IN INVESTING ACTIVITIES		(108,260)	(1,528,600)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	14	(78,030)	—
Interest paid on lease liabilities	14	(7,898)	—
NET CASH USED IN FINANCING ACTIVITIES		(85,928)	(1,528,600)
NET DECREASE INCREASE IN CASH AND CASH EQUIVALENTS		(154,540)	(1,414,742)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,098,001	2,512,743
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	16	943,461	1,098,001

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

Incorporated in the Republic of Singapore

These notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

- 1.1 Healthserve Ltd. (the "Company") is incorporated in Singapore as a public company, limited by guarantee. Its registered office is located at 1 Lorong 23 Geylang #01-07 Building 4, Singapore 388352.
- 1.2 The Company became an approved charity on 25 May 2011 and an Institution of Public Character ("IPC") with effect from 15 July 2011. The renewed IPC status is for a period of three years with effect from 1 November 2019.
- 1.3 The principal activities of the Company is to educate, promote and organise healthcare services for the alleviation of ill-health ignorance and suffering.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Company presents its financial statements in Singapore dollars ("S\$"), which is also its functional currency.

These financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below, and comply with Charities Act Cap. 37 and the Singapore Financial Reporting Standards ("FRS"), including related Interpretations promulgated by the Accounting Standards Council, as required by the Companies Act.

2.2 Adoption of FRS effective in 2019

The Company has adopted FRS 116 Leases on 1 January 2019. FRS 116 supersedes FRS 17 Leases, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases-Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of Company's fund. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The Company has lease contracts for office premises. Before the adoption of FRS 116, the Company classified each of its leases (as lessee) at the inception date as an operating lease. The accounting policy prior to 1 January 2019 is disclosed in note 2.7.2.

Upon adoption of FRS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in note 2.7.1. The Standard provides specific transition requirements and practical expedients, which have been applied by the Company.



2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

2.2 Adoption of FRS effective in 2019 (Con't)

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the Standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

After applying the above practical expedients, the initial adoption of FRS116 did not result in the recognition of any right-of-use asset and lease liability as at 1 January 2019 that require adjustment to the opening revenue reserve of the Company. This is explained in the reconciliation below.

	NOTES	\$
Opening lease commitments disclosed as at 31 December 2018	17	60,560
Less:		
Commitments relating to short-term leases		49,360
Adjustment relating to early termination of lease		11,200
		60,560
LEASE LIABILITIES AS AT 1 JANUARY 2019		—

2.3 Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

A. Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

2.3 Significant Accounting Estimates and Judgments (Con't)

i. Depreciation on Property, Plant and Equipment

The costs of property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment are disclosed in note 2.8. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of property, plant and equipment and the depreciation charge for the year are disclosed in note 7.

ii. Leases

Incremental Borrowing Rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Estimation of Lease Term

When determining the lease term of a lease contract, management considers all relevant factors that create an economic incentive for the Company to exercise an extension option, including any expected changes in circumstances since the commencement date that is within its control and affects its ability to exercise or not to exercise an option to extend. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

B. Critical judgments made in applying accounting policies

In the process of applying the Company's accounting policies there are no significant items in the financial statements which require the exercise of critical judgement on the part of the management.

2.4 Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

i. Donation Income

Provided there is evidence of entitlement as expressed in writing, donations are recognised in the Statement of Financial Activities ("SoFA") in the period of receipt or when they become receivable.

Donation-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

ii. Interest Income

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

iii. Service Income

Consultation fees are recognised in SoFA when services are rendered and performance obligations have been fulfilled.



2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

2.5 Government Grants

A grant is recognised when there is reasonable assurance that the conditions attached to the grant are met and that the grant will be received.

i. Grants Related to Assets

Grants related to assets are recognised on the balance sheet as deferred income ("deferred capital grant") in the period of receipt or when there is certainty that the grant will be received, and subsequently recognised as income over the periods and in the proportions in which depreciation on those assets is charged.

ii. Grants Related to Income

Grants related to income are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

iii. Outright Grants

Grants that are intended as compensation for expenses, or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised as income of the period in which they become receivable.

2.6 Employee Benefits

i. Defined Contribution Plans

The Company makes contributions to the state provident fund (Central Provident Fund). Such contributions are recognised as compensation expenses in the same period as the employment that gave rise to the contributions.

ii. Short-term Compensated Absences

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

2.7 Leases

2.7.1 Accounting policies are applied on and after 1 January 2019, the initial application date of FRS 116 Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

AS LESSEE

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in note 2.12.

The Company's right-of-use assets are presented in note 8.

2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

2.7 Leases (Con't)

2.7.1 Accounting policies are applied on and after 1 January 2019, the initial application date of FRS 116 Leases: (Con't)

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are presented in note 14.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of office space (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.7.2 Accounting policies applied before 1 January 2019, the initial application date of FRS 116 Leases:

AS LESSEE

Leases whereby the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. When the Company is the lessee, operating lease payments are recognised as an expense on a straight-line basis over the lease term.

2.8 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Any estimated costs of dismantling and removing the property, plant and equipment and reinstating the site to its original condition (reinstatement costs) are capitalised as part of the cost of the property, plant and equipment.

Depreciation is calculated on the straight line basis so as to write off the cost, less the residual value, of the assets over their estimated useful lives. The annual rates of depreciation are as follows:

Renovations	3 - 5 years
Computers and equipment	3 years
Furniture and fittings	3 years
Motor vehicle	2 - 5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each financial year-end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognised in the SoFA in the year the asset is derecognised.



2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

2.9 Financial Assets

A. Classification

The Company's financial assets are classified at amortised cost.

The basis of classification depends on the branch's business model and the contractual cash flow characteristics of the financial assets.

B. At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

C. At subsequent measurement

The Company's financial assets, comprising mainly of receivables and cash and cash equivalents, are measured at amortised cost subsequent to initial recognition as these represent contractual cash flows which represent solely payments of principal and interest. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

D. Impairment of financial assets

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost, and recognises a loss allowance accordingly.

At each reporting date, the debt instruments are assessed to determine whether there is significant increase in credit risk on the debt instruments since initial recognition. If there is a significant increase in credit risk since initial recognition, lifetime expected credit losses will be calculated and recognised in the loss allowance. If credit risk on the debt instrument has not increased significantly since initial recognition, the loss allowance is measured based on 12-month expected credit losses. Adjustments to the loss allowance are recognised in profit or loss as an impairment gain or loss.

2.10 Receivables

Receivables that do not have a significant financing component are measured at their transaction price at initial recognition, and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses, as explained in note 2.9 (D). Receivables with a short duration are not discounted.

2.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and bank deposits which are subject to insignificant risks of changes in value. Cash equivalents are stated at amounts at which they are convertible into cash.

2.12 Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less cost of disposal and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

2.13 Funds

GENERAL FUND

Income and expenditure are accounted for under the general fund in the income and expenditure unless they relate to funds for specific purposes. The use of these reserves is subject to the approval of the Board.

2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

2.13 Funds (Con't)

RESTRICTED FUND

This fund is created from donations and sponsorships from individuals and external bodies for specific purposes. The income and expenditure relating to the restricted fund are accounted for under the restricted fund's income and expenditure.

2.14 Financial Liabilities

Financial liabilities include other payables for operating expenditure and payables to related parties.

Financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at fair value through profit or loss, including derivatives, which are measured at fair value. Financial liabilities with a short duration are not discounted.

A financial liability is derecognised when the contractual obligation is discharged or cancelled or expires. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.16 Related Parties

A related party is defined as follows:

A. A person or a close member of that person's family is related to the Company if that person:

- i. Has control or joint control over the Company;
- ii. Has significant influence over the Company; or
- iii. Is a member of the key management personnel of the Company.

B. An entity is related to the Company if any of the following conditions applies:

- i. The entity and the Company are members of the same group (which means that each parent, subsidiary Company and fellow subsidiary Company is related to each other).
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- vi. The entity is controlled or jointly controlled by a person identified in (A).
- vii. A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

**3. GOVERNMENT GRANTS**

	2019 \$	2018 \$
UNRESTRICTED FUND		
Share as One grant	2,283	3,756
VCF Consultancy grant	5,564	—
	7,847	3,756
RESTRICTED FUND		
Volunteer manager funding scheme	—	39,919
	7,847	43,675

- i. The Share as One grant is a programme under Community Chest that provides holistic and comprehensive support to a wide range of social service organisations. Approved social service organisations may use the grant to organise meaningful volunteer activities for corporate and to build up volunteer management capabilities to provide better opportunities and experiences for corporate volunteers.
- ii. VCF Consultancy grant provides co-funding for the engagement of external consultants for governance and management consultancy projects.
- iii. Funding income from volunteer manager funding scheme is restricted to be used for the hiring of a volunteer manager for the project.

4. OTHER INCOME

	NOTES	2019 \$	2018 \$
Amortisation of deferred capital donations and grants	13	54,862	78,247
Fixed deposits interest income		52,069	35,925
Gain on disposal of property, plant and equipment		5,500	—
Special employment credit		4,026	2,223
Temporary employment credit		—	1,205
Wage credit scheme		4,980	7,255
Sundry income		1,703	22,140
		123,140	146,995

5. STAFF COSTS

	2019 \$	2018 \$
Salaries and related costs	885,597	653,444
Employer's contribution to Central Provident Fund	101,949	91,493
Other short-term benefits:		
Allowances	—	5,000
Insurance	18,125	15,140
Training	21,149	13,713
Others	13,846	12,919
	53,120	46,772
	1,040,666	791,709

Staff costs were charged to:

	2019 \$	2018 \$
Cost of generating voluntary income and charitable activities	827,506	602,076
Fund-raising expenses	26,846	19,135
Other operating and administrative expenses	186,314	170,498
	1,040,666	791,709

The Company's paid staff who received remuneration exceeding \$100,000 are classified by remuneration bands as follows:

	2019 NUMBER OF STAFF	2018 NUMBER OF STAFF
Annual remuneration \$100,001 TO \$200,000	1	1

6. KEY MANAGEMENT PERSONNEL COMPENSATION

The Company is governed by the board of directors. All directors are volunteers and received no monetary remuneration for their contribution.

The total key management personnel compensation included in staff costs (note 5) are as follows:

	2019 \$	2018 \$
Key management personnel compensation		
Salaries and bonus	100,940	91,438
Employer's contributions to Central Provident Fund	14,691	13,675
	115,631	105,113

**7. PROPERTY, PLANT AND EQUIPMENT**

	RENOVATION \$	COMPUTERS & EQUIPMENT \$	FURNITURE & FITTINGS \$	MOTOR VEHICLES \$	TOTAL \$
COST					
At 1 January 2018	76,325	308,874	34,895	156,007	576,101
Additions	—	20,079	3,274	—	23,353
Disposals	—	—	—	(103,507)	(103,507)
At 31 December 2018 and 1 January 2019	76,325	328,953	38,169	52,500	495,947
Additions	18,336	25,949	—	76,000	120,285
Disposals	(12,050)	(43,470)	(5,357)	(52,500)	(113,377)
AT 31 DECEMBER 2019	82,611	311,432	32,812	76,000	502,855
ACCUMULATED DEPRECIATION					
At 1 January 2018	42,928	200,535	31,623	120,518	395,604
Charge for the year	17,339	65,339	3,087	13,695	99,460
Disposals	—	—	—	(83,996)	(83,996)
At 31 December 2018 and 1 January 2019	60,267	265,874	34,710	50,217	411,068
Charge for the year	22,170	65,035	2,368	15,200	104,773
Disposals	(12,050)	(43,470)	(5,357)	(52,500)	(113,377)
AT 31 DECEMBER 2019	70,387	287,439	31,721	12,917	402,464
CARRYING AMOUNT					
AT 31 DECEMBER 2019	12,224	23,993	1,091	63,083	100,391
AT 31 DECEMBER 2018	16,058	63,079	3,459	2,283	84,879

8. RIGHT-OF-USE ASSETS

	PROPERTIES \$
COST	
At 1 January 2019	—
Additions	232,270
AT 31 DECEMBER 2019	232,270
ACCUMULATED DEPRECIATION	
At 1 January 2019	—
Depreciation for the year	81,150
AT 31 DECEMBER 2019	81,150
CARRYING AMOUNT	
AT 31 DECEMBER 2019	151,120

9. OTHER RECEIVABLES

	2019 \$	2018 \$
Interest receivables from fixed deposits	18,635	17,797
Prepayments	190	4,753
Refundable deposits	29,647	29,330
Other receivables	8,778	29,175
	57,250	81,055

10. FIXED DEPOSITS WITH A FINANCIAL INSTITUTIONS

The fixed deposits have original maturities of more than 3 months but not more than one year and earn interest at rates ranging from 1.50% to 1.80% (2018: 1.20% to 1.73%) per annum.

11. MIGRANT FUND - RESTRICTED FUND

The Migrant fund was set up to help the migrants to cater for their needs during emergencies. The fund is also used for food supplies, transport and migrant events.

	2019 \$	2018 \$
Balance at beginning of the year	—	8,365
Donations	50,000	3,500
	50,000	11,865
Less: Expenses		
Migrant expenses		
Emergency	12,025	11,865
Events	13,191	—
MRT	24,062	—
Others	722	—
	50,000	11,865
BALANCE AT THE END OF THE YEAR	—	—

**12. MEDICAL FUND - RESTRICTED FUND**

This fund was set up to provide all medical services, clinic, dental and all direct expenses.

	2019 \$	2018 \$
Balance at beginning of the year	—	23,507
Donations	140,500	2,650
	140,500	26,157
Less: Expenses		
Medical expenses	59,102	26,157
Staff costs	81,398	—
	140,500	26,157
BALANCE AT THE END OF THE YEAR	—	—

13. DEFERRED CAPITAL DONATIONS AND GRANTS

	NOTES	2019 \$	2018 \$
Balance at beginning of the year		54,862	133,109
Amortisation of deferred capital donations and grants	4	(54,862)	(78,247)
BALANCE AT END OF THE YEAR		—	54,862

The account refers to donations and grants received for capital items.

14. LEASE LIABILITIES

Lease liabilities included in the Statement of Financial Position are as follows:

	MINIMUM LEASE LIABILITIES \$	2019 PRESENT VALUE OF LEASE LIABILITIES \$	MINIMUM LEASE LIABILITIES \$	2018 PRESENT VALUE OF LEASE LIABILITIES \$
Lease liabilities payable:				
Within 1 year	106,485	101,267	—	—
After 1 year but less than 5 years	54,261	52,973	—	—
	160,746	154,240	—	—
Less: Amounts representing interest	6,506	—	—	—
	154,240	154,240	—	—

The Company leases premises with lease periods of 2 to 3 years from non-related parties. The leases have varying terms and provides renewal rights.

There are no externally imposed covenants on the lease arrangements.

14. LEASE LIABILITIES (CON'T)

Reconciliation of changes in liabilities arising from financing activities:

	2019 \$
Lease liabilities as at 1 January 2019	—
Additional lease liabilities during the year	232,270
Add:	
Accretion of interest	
Charged to cost generating voluntary income and charitable activities	6,619
Charged to other operating and administrative expenses	1,279
	7,898
Less:	
Payments of lease liabilities during the year	
Principal portion	78,030
Interest	7,898
	85,928
LEASE LIABILITIES AS AT 31 DECEMBER 2019	154,240

15. OTHER PAYABLES

	2019 \$	2018 \$
ACCRUED OPERATING EXPENSES	103,125	65,931

Other payables are unsecured, non-interest bearing and are normally settled within 30 days (2018: 90 days) or on demand.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances as shown in the statement of financial position.

17. OPERATING LEASE COMMITMENTS

The Company leases premises from non-related parties under non-cancellable operating leases. The lease varying terms and renewal rights.

As disclosed in note 2.2, the Company has adopted FRS 116 Leases on 1 January 2019. All lease payments have been recognised as right-of-use asset and lease liabilities on the statement of financial position at the commencement date of the lease, except for short-term leases and non-lease components.

As at 31 December 2018, the Company has commitments payable within 1 year amounting to \$60,560 under non-cancellable operating lease where the Company was the lessee.

The above operating lease commitments were based on known rental rates as at 31 December 2018 and did not include any revision in rates which may be determined by the lessor.

**18. TAXATION**

The Company is registered under the Charities Act Cap. 37 and its income is exempt from income tax.

During the financial year, the Company issued tax-exempt receipts for donations collection amounting to \$835,985 (2018: \$681,989).

19. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, liquidity risk and interest rate risk. The management reviews and agrees on policies for managing each of these risks and they are summarised below:

i. Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other counterparties to settle their financial and contractual obligations to the Company as and when they fall due.

The Company's main financial assets consist of receivables, fixed deposits and cash and cash equivalents. Cash and bank deposits are placed with financial institutions which are regulated.

As at the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

As at the balance sheet date, there were no financial assets that are subject to expected credit losses.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	WITHIN 1 YEAR \$	MORE THAN 1 YEAR BUT LESS THAN 5 YEARS \$	TOTAL \$
2019			
Lease liabilities	106,485	54,261	160,746
Other payables	103,125	—	103,125
	209,610	54,261	263,871
2018			
Other payables	65,931	—	65,931
	65,931	—	65,931

iii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company does not have any interest-bearing financial liabilities. Its only exposure to changes in interest rates relates primarily to interest-bearing bank deposits. The Company monitors movements in interest rate to ensure deposits are placed with financial institutions offering optimal rates of return.

The interest rates and terms of maturity of financial assets of the Company are disclosed in note 10.

The sensitivity analysis for changes in interest rate is not disclosed as the effect is considered not significant.

20. FUND MANAGEMENT

The Company's funds are managed so as to maintain adequate working funds for the development of its principal activities over the longer term through significant support mainly in the form of donations and grants. No changes were made in objectives, policies or processes since the previous financial year.

21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of receivables, cash and cash equivalents and payables classified as current assets and current liabilities approximate their fair values due to their short term nature.

22. FINANCIAL INSTRUMENTS BY CATEGORY

The aggregate carrying amounts of financial instruments by category, as specified in FRS 109 are as follows:

	2019 \$	2018 \$
Financial assets at amortised cost	4,059,950	4,206,823
Financial liabilities at amortised cost	257,365	65,931

23. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2019 were authorised for issue in accordance with a directors' resolution dated 21 July 2020.



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