

SIAN CHAY MEDICAL INSTITUTION
(Registered in Singapore)
UEN No. S62SS0055D
(Registered under the Charities Act 1994)
FINANCIAL STATEMENTS
31 December 2023

UHY LEE SENG CHAN & CO
Public Accountants and
Chartered Accountants

SIAN CHAY MEDICAL INSTITUTION
UEN No. S62SS0055D

FINANCIAL STATEMENTS

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Sian Chay Medical Institution

List of Management Committee (85th Term)

The Management committee (85th Term) comprised the following:

Chairman	Dato' Seri Toh Soon Huat (JP, BBM (L), PVPA)
Vice Chairman	Dato' Seri Dr. Derek Goh Bak Heng (BBM (L))
Vice Chairman	Mr. Kenny Lim Oon Cheng
Secretary	Mr. Yap Seng Teck (BBM)
Vice Secretary	Ms. Zhou Fan (PBM)
Treasurer	Mr. Clifton Yong Kee Tong
Assistant Treasurer	Ms. Josephine Chia Chin Mien
Social Affairs Director	Dr. Wu Wei
Social Affairs Director (Non-Chinese)	Mr. Malik Bin Maksudi (JP, BBM)
Medical Affairs Director	Ms. Queenie Li LiDan
Public Relation Director	Mr. Darrick Sia Hao Shen

Sian Chay Medical Institution

Statement by Management Committee
For the Financial Year Ended 31 December 2023

The Management Committee are pleased to present their statement to the members together with the audited financial statements of Sian Chay Medical Institution (the "Institution") for the financial year ended 31 December 2023.

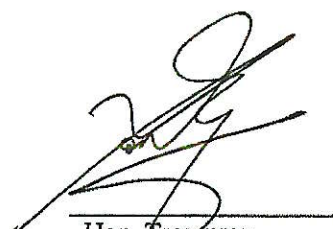
In the opinion of the Management Committee,

- (a) the financial statements of the Institution are drawn up in accordance with the provision of the Societies Act 1966 (the Societies Act), the Charities Act 1994 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 Institution as at 31 December 2023 and the results, changes in funds and cash flows of the Institution for the year ended on that date;
- (b) at the date of this statement, there are reasonable grounds to believe that the Institution will be able to pay its debts as and when they fall due;
- (c) the accounting and other records required by the Societies Act, the Charities Act and Regulations to be kept by the Institution have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, and the Charities Act and Regulations;
- (d) the use of donation monies is in accordance with the objectives of the Institution as required under Regulation 11 of the Charities (Institutions of Public Character) Regulations; and
- (e) the Institution has complied with Regulation 15 (Fund-raising expenses) of the Charities (Institutions of Public Character) Regulations.

On behalf of the Management Committee (85th Term),



Chairman
Toh Soon Huat



Hon. Treasurer
Clifton Yong Kee Tong

Singapore
13 May 2024

Independent Auditor's Report to the Members of Sian Chay Medical Institution
For the Financial Year Ended 31 December 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sian Chay Medical Institution (the Institution), which comprise the statement of financial position as at 31 December 2023, and the statement of income and expenditure and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the Societies Act), the Charities Act 1994 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 Institution as at 31 December 2023 and the results, changes in funds and cash flows of the Institution 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 Association in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *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 List of Management Committee (85th Term) and the information in the Statement by Management Committee set out on page 1 and page 2 respectively.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Members of Sian Chay Medical Institution
For the Financial Year Ended 31 December 2023

Responsibilities of Management and Those Charged with Governance 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 FRSSs, and for such internal control as the Management Committee 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 Institution'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 Institution or to cease operations, or has no realistic alternative but to do so.

The Management Committee and those charged with governance are responsible for overseeing the Institution'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 Institution's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.

Independent Auditor's Report to the Members of Sian Chay Medical Institution
For the Financial Year Ended 31 December 2023

- Conclude on the appropriateness of the Management Committee'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 Institution'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 Institution 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 those charged with governance 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:

- (a) the accounting and other records required to be kept by the Institution have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, and the Charities Act and Regulations; and
- (b) the fund-raising appeals held during the financial year have been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeals.

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

- (a) the use of the donation monies was not in accordance with the objectives of the Institution as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Institution has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



UHY Lee Seng Chan & Co
Public Accountants and
Chartered Accountants

Singapore
13 May 2024

Sian Chay Medical Institution

Statement of Financial Position
As at 31 December 2023

	Note	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and bank balances	4	35,947,526	32,716,256
Trade and other receivables	5	2,374,310	1,063,251
Investment securities	6	2,502,028	2,502,019
Inventories	7	339,684	259,933
		<u>41,163,548</u>	<u>36,541,459</u>
Non-current assets			
Investment securities	6	5,066,603	5,857,345
Property, plant and equipment	8	24,087,358	22,388,681
		<u>29,153,961</u>	<u>28,246,026</u>
Total assets		<u>70,317,509</u>	<u>64,787,485</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	1,502,230	874,571
Bank loans	10	377,883	4,370,961
Lease liabilities	11(b)	129,814	102,816
		<u>2,009,927</u>	<u>5,348,348</u>
Non-current liabilities			
Bank loans	10	3,068,332	3,446,214
Lease liabilities	11(b)	255,597	-
		<u>3,323,929</u>	<u>3,446,214</u>
Total liabilities		<u>5,333,856</u>	<u>8,794,562</u>
NET ASSETS		<u>64,983,653</u>	<u>55,992,923</u>
FUNDS			
Capital fund	12	230,000	230,000
<u>Unrestricted fund</u>			
Fair value reserve	13(i)	(1,351,511)	(560,769)
General fund	13(ii)	56,929,680	49,394,919
<u>Restricted fund</u>			
Memorial endowment fund	14	9,175,484	6,928,773
Total funds		<u>64,983,653</u>	<u>55,992,923</u>

The accompanying notes form an integral part of these financial statements

Statement of Income and Expenditure and Other Comprehensive Income
For the Financial Year Ended 31 December 2023

		← 2023 →			2022
	Note	Unrestricted fund \$	Restricted fund \$	Total \$	Total \$
Income					
Voluntary income ⁽¹⁾	15	21,404,520	-	21,404,520	16,654,131
Charitable income	16	2,247,322	-	2,247,322	2,636,204
Investment income	17	1,290,505	237,754	1,528,259	1,044,856
Other income	18	380,827	8,957	389,784	380,457
Total income		25,323,174	246,711	25,569,885	20,715,648
EXPENDITURE					
Cost of generating voluntary income	19	2,505,219	-	2,505,219	1,384,815
Cost of charitable activities	20	1,511,401	-	1,511,401	1,308,912
Other expenses	21	11,771,793	-	11,771,793	7,327,877
Total expenditure		15,788,413	-	15,788,413	10,021,604
Surplus for the year		9,534,761	246,711	9,781,472	10,694,044
Other comprehensive (loss)/income					
Fair value (loss)/gain on investment securities at fair value through other comprehensive (loss)/income (FVOCI)		(790,742)	-	(790,742)	1,324,898
Total comprehensive income for the year		8,744,019	246,711	8,990,730	12,018,942

⁽¹⁾ Represents total gross receipts from fund raising during the financial year

The accompanying notes form an integral part of these financial statements

Sian Chay Medical Institution

Statement of Changes in Funds

For the Financial Year Ended 31 December 2023

	← Unrestricted fund →			Restricted fund	
	Capital fund	Fair value reserve	General fund	Memorial endowment fund	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2022	230,000	(1,083,198)	36,009,121	8,818,058	43,973,981
Surplus for the year	-	-	10,521,996	172,048	10,694,044
<u>Other comprehensive income</u>					
Fair value gain on investment securities at FVOCI	-	1,324,898	-	-	1,324,898
Total comprehensive income for the year	-	1,324,898	10,521,996	172,048	12,018,942
Reclassification of fair value gain on disposal of investment securities at FVOCI	-	(802,469)	802,469	-	-
Transfer of Memorial endowment fund to General fund upon change of use and other adjustment	-	-	2,061,333	(2,061,333)	-
Balance at 31 December 2022	230,000	(560,769)	49,394,919	6,928,773	55,992,923
Balance at 1 January 2023	230,000	(560,769)	49,394,919	6,928,773	55,992,923
Surplus for the year	-	-	9,534,761	246,711	9,781,472
<u>Other comprehensive loss</u>					
Fair value loss on investment securities at FVOCI	-	(790,742)	-	-	(790,742)
Total comprehensive (loss)/ income for the year	-	(790,742)	9,534,761	246,711	8,990,730
Plowed back of Memorial Endowment fund previously transferred to General fund	-	-	(2,000,000)	2,000,000	-
Balance at 31 December 2023	230,000	(1,351,511)	56,929,680	9,175,484	64,983,653

The accompanying notes form an integral part of these financial statements

Sian Chay Medical Institution

Statement of Cash Flows

For the Financial Year Ended 31 December 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Surplus for the year		9,781,472	10,694,044
Adjustments for:			
Depreciation of property, plant and equipment	8	681,682	496,646
Fair value gain on investment securities at FVPL	18	(62)	(1,294)
Bad rental receivable written off	21	53,149	-
Dividend income	17	(352,704)	(817,690)
Interest expense		114,133	144,298
Interest income	17	(1,175,555)	(227,166)
Operating cash flows before changes in working capital		9,102,115	10,288,838
Changes in working capital:			
Trade and other receivables		(1,178,320)	(823,596)
Investment securities at FVPL		53	601,833
Inventories		(79,751)	(127,705)
Trade and other payables		627,659	230,297
Net cash from operating activities		8,471,756	10,169,667
Cash flows from investing activities			
Purchase of property, plant and equipment (Note A)		(1,966,256)	(14,013,991)
Proceeds from disposal of investment securities at FVOCI		-	5,802,468
Interest received		989,667	152,179
Dividend received		352,704	817,690
Net cash used in investing activities		(623,885)	(7,241,654)
Cash flows from financing activities			
Repayment of bank loans		(4,370,960)	(182,825)
Payment of principal portion of lease liabilities		(131,508)	(139,891)
Interest paid		(114,133)	(59,964)
Net cash used in financing activities		(4,616,601)	(382,680)
Net change in cash and cash equivalents		3,231,270	2,545,333
Cash and cash equivalents at beginning of year		32,716,256	30,170,923
Cash and cash equivalents at end of year	4	35,947,526	32,716,256

Note A: During the financial year, the Institution acquired property, plant and equipment with an aggregate cost of \$2,380,359 (2022 : \$22,013,991) of which \$414,103 (2022 : Nil) pertains to right-of-use assets, Nil (2022 : \$8,000,000) was financed via bank loans and the balance of \$1,966,256 (2022 : \$14,013,991) was paid in cash.

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Sian Chay Medical Institution (the "Institution") was registered as a charity under the former Charities Act (Chapter 37) (now known as Charities Act 1994) on 19 March 1984 with its registered office located at 610 Geylang Road (Off Lorong 36), Singapore 389549. It is also approved as an Institution of Public Character (IPC) by the Ministry of Health.

The principal activities of the Institution are to provide free medical consultation or subsidised medication to the lower income and needy patients.

The financial statements of the Institution for the financial year ended 31 December 2023 were authorised for issue by the Management Committee on 13 May 2024.

2. Material accounting policy information

2.1 Basis of preparation

The financial statements of the Institution have been prepared in accordance with the provisions of the Societies Act 1966, the Charities Act 1994 and other relevant regulations and Financial Reporting Standards in Singapore ("FRSs") on a historical cost basis, except as disclosed in the accounting policies set out below.

The financial statements are presented in Singapore dollar ("S\$"), which is the Institution's functional currency.

The financial statements of the Institution have been prepared on the basis that it will continue to operate as a going concern.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Institution has adopted all the new and amended standards which are relevant to the Institution and are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial statements of the Institution.

2. Material accounting policy information (continued)

2.3 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Institution measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Institution's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Institution only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Institution may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Institution's right to receive payments is established. For investments in equity instruments which the Institution has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (and, where applicable, any cumulative gain or loss that has been recognised in other comprehensive income) is recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Financial instruments (continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Institution becomes a party to the contractual provisions of the financial instrument. The Institution determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Useful Lives</u>
Freehold properties	50 years
Leasehold properties	lease period of 3 years
Motor vehicle	5 years
Air-conditioners	3 years
Renovation and fixtures	3 years
Other assets	3 - 5 years

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

2. Material accounting policy information (continued)

2.4 Property, plant and equipment (continued)

Other assets comprise computers, diagnosis and office equipment, and furniture and fittings.

Freehold properties comprise freehold land and building erected thereon. Freehold land is not depreciated.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

The residual values, useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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 on derecognising of the asset is included in profit or loss in the financial year the asset is derecognised.

2.5 Impairment of non-financial assets

The Institution assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Institution makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. Material accounting policy information (continued)

2.6 Impairment of financial assets

The Institution recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Institution expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The Institution considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Institution may also consider a financial asset to be in default when internal or external information indicates that the Institution is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Institution. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks and fixed deposits placed with financial institutions which are subject to an insignificant risk of changes in value.

2.8 Inventories

Inventories comprise medical supplies which are stated at the lower of cost and net realisable value and goods for distribution to public which are stated at cost. Cost of medical supplies is determined primarily on a first-in-first-out basis and includes cost of purchase and all other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2. Material accounting policy information (continued)

2.9 Provisions

Provisions are recognised when the Institution has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.10 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.11 Employee benefits

(a) Defined contribution plans

The Institution makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) 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 if the Institution 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.

2.12 Leases

(a) As lessee

The Institution 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.

2. Material accounting policy information (continued)

2.12 Leases (continued)

(a) As lessee (continued)

The Institution applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Institution 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 Institution 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 Institution 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 2.5.

The Institution's right-of-use assets are presented within property, plant and equipment (Note 8).

Lease liabilities

At the commencement date of the lease, the Institution recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Institution and payments of penalties for terminating the lease, if the lease term reflects the Institution exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Material accounting policy information (continued)

2.12 Leases (continued)

(a) As lessee (continued)

Lease liabilities (continued)

In calculating the present value of lease payments, the Institution 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 (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Institution's lease liabilities are disclosed in Note 11.

Short-term leases and leases of low-value assets

The Institution applies the short-term lease recognition exemption to its short-term leases of machinery (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 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.

(b) As lessor

Leases in which the Institution does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Institution's freehold property is disclosed in Note 2.13.

2.13 Revenue

Revenue is measured based on the consideration to which the Institution expects to be entitled in exchange for transferring promised goods or services to a customer.

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

2. Material accounting policy information (continued)

2.13 Revenue (continued)

Rendering of healthcare services

Revenue from rendering of healthcare services, which include acupuncture, tuina therapy treatment and cupping, is recognised when the services are rendered.

Sale of healthcare products

Revenue from sale of healthcare products is recognised at a point in time when the products are delivered to the customer and all criteria for acceptance have been satisfied.

Donations

Donations are recognised when the right to receive is established.

Investment income

Investment income comprises interest income from fixed deposits and dividend income.

Interest income is recognised using the effective interest rate method.

Dividend income is recognised on the date that the right to receive payment is established.

Rental income

Rental income from operating lease (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the term of the lease.

2.14 Memorial endowment fund

This fund aims to support the charity mission of providing free Traditional Chinese Medicine consultation and treatment at the Institution, for hardship cases concerning needy families referred by the weekly Meet-The-People sessions to the Institution.

2.15 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

2. Material accounting policy information (continued)

2.15 Government grants (continued)

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Institution's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgements in applying accounting policies

Management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Institution based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Institution. Such changes are reflected in the assumptions when they occur.

Depreciation of property, plant and equipment

Management estimates the useful lives of property, plant and equipment to be between 3 years and 5 years, except for freehold properties whose useful life is expected to be 50 years. These are common life expectancies applied in the relevant industry. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets. Hence, future depreciation charges could be revised. The carrying amounts of the Institution's property, plant and equipment are disclosed in Note 8.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

4. Cash and bank balances

	2023 \$	2022 \$
Cash at banks	3,129,095	2,915,453
Cash on hand	47,581	69,802
Fixed deposits	32,770,850	29,731,001
Representing cash and cash equivalents as per statement of cash flows	35,947,526	32,716,256

Fixed deposits have maturity period of 3 to 12 (2022 : 12) months and earn interest at rates ranging from 3.3% to 4.0% (2022 : 3.5% to 4.2%) per annum at the reporting date.

Fixed deposits are considered as cash and cash equivalents because it can be withdrawn at any point in time without restrictions other than forfeiture of interest if withdrawn before maturity date.

5. Trade and other receivables

	2023 \$	2022 \$
Trade receivable - GST recoverable ⁽¹⁾	593,123	625,574
Other receivables		
- advance payments to supplier and contractor	-	102,892
- dividend receivable	20,850	20,850
- interest receivable	290,776	156,149
- rental receivable	-	59,980
- refundable deposits ⁽²⁾	56,614	58,656
- deposits for renovation and fixture works on building	1,234,309	-
- sundry debtor	58,983	1,986
- prepayments	119,655	10,164
	1,781,187	410,677
	2,374,310	1,036,251

⁽¹⁾ GST recoverable will be utilised to offset against future GST payable to IRAS.

⁽²⁾ Refundable deposits comprised rental and utilities deposit paid in respect of the institution's treatment centres.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

6. Investment securities

	2023	2022
	\$	\$
Current		
At fair value through profit or loss (FVPL)		
- quoted investment funds	2,028	2,019
- fixed income fund ⁽²⁾	2,500,000	2,500,000
	<u>2,502,028</u>	<u>2,502,019</u>
Non-current		
At fair value through other comprehensive income (FVOCI)		
- quoted equity securities ⁽¹⁾	<u>5,066,603</u>	<u>5,857,345</u>

The fair values of quoted investment funds and quoted equity securities are based on the quoted closing market prices on the last market day of the financial year.

(1) Investments in quoted equity securities are held for long-term strategic purposes. Accordingly, management had elected to designate these investments as at FVOCI as they are of the view that recognising short-term fluctuations in the fair value of these investments in profit or loss would not be consistent with the Institution's strategy of holding these investments for long-term purposes.

(2) Since year 2021, the Institution invested in Participating Shares in a fixed income fund with the following favourable key attributes:

- (i) If the aggregate Net Asset Value of all Participating Shares falls below the total Subscription Price attributable to the Participating Shares, the holding company of the Investment Manager, shall cause the sub-fund to issue new Participating Shares to the holders of the Participating Shares at the issue price, so as to cause the Net Asset Value attributable to all Participating Shares to be equal to the Participating Total Subscription Price. The issue price of the new Participating Shares shall be paid by the holding company of the Investment Manager.
- (ii) Dividends declared and accrued shall be guaranteed by the Investment Manager at 0.6% of the Participating Total Subscription Price every month.

Fees and charges of the investment are summarised below:

- (a) A one-time sales charge of 1% of the subscription amount, which was subsequently waived by the Investment Manager
- (b) There are currently no subscription fees charged

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

6. Investment securities (continued)

- (c) There are currently no redemption fees charged
- (d) No management fees will be charged
- (e) The Investment Manager will be entitled to an incentive fee after payment of dividends

7. Inventories

	2023 \$	2022 \$
Medical supplies	181,731	259,933
Goods for distribution to public	157,953	-
	<u>339,684</u>	<u>259,933</u>
Cost of inventories recognised in statement of income and expenditure and included in cost of charitable activities	<u>1,511,401</u>	<u>1,308,912</u>

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

8. Property, plant and equipment

2023

Cost

Balance at beginning	21,693,817	525,339	178,566	56,112	3,523,611	983,231	26,960,676
Additions	53,900	414,102	298,000	27,670	1,116,759	469,928	2,380,359
Written off	-	(525,339)	-	-	-	(155,507)	(680,846)
Balance at end	21,747,717	414,102	476,566	83,782	4,640,370	1,297,652	28,660,189

Accumulated depreciation

Balance at beginning	391,995	430,140	119,050	55,739	2,716,719	858,352	4,571,995
Charge for the year	310,270	127,153	36,848	4,983	159,588	42,840	681,682
Written off	-	(525,339)	-	-	-	(155,507)	(680,846)
Balance at end	702,265	31,954	155,898	60,722	2,876,307	745,685	4,572,831

Carrying amount

Balance at 31 December 2023	21,045,452	382,148	320,668	23,060	1,764,063	551,967	24,087,358
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Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

8. Property, plant and equipment (continued)

2022

Cost	Freehold properties \$	Leasehold properties \$	Motor vehicles \$	Air conditioners \$	Renovation and fixtures \$	Other assets \$	Total \$
Balance at beginning	415,603	623,110	178,566	56,112	2,895,543	875,522	5,044,456
Additions	21,278,214	-	-	-	628,068	107,709	22,013,991
Lease modification	-	(20,138)	-	-	-	-	(20,138)
Written off	-	(77,633)	-	-	-	-	(77,633)
Balance at end	21,693,817	525,339	178,566	56,112	3,523,611	983,231	26,960,676
Accumulated depreciation							
Balance at beginning	232,737	371,832	102,070	54,481	2,571,800	820,062	4,152,982
Charge for the year	159,258	135,941	16,980	1,258	144,919	38,290	496,646
Written off	-	(77,633)	-	-	-	-	(77,633)
Balance at end	391,995	430,140	119,050	55,739	2,716,719	858,352	4,571,995
Carrying amount							
Balance at 31 December 2022	21,301,822	95,199	59,516	373	806,892	124,879	22,388,681

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

8. Property, plant and equipment (continued)

Other assets include computers, diagnosis and office equipment, and furniture and fittings.

Freehold properties with carrying amount of \$20,879,211 (2022 : \$21,127,268) located at 208 Geylang Road, Singapore 389269 are mortgaged to a bank as security for bank loans (Note 10).

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 11.

9. Trade and other payables

	2023 \$	2022 \$
Trade payables		
- third parties	90,695	641,673
Other payables		
- third parties	1,323,623	-
- rental deposit	-	44,000
- interest payable	2,096	84,334
- accrued operating expenses	85,816	104,564
	1,411,535	232,898
	1,502,230	874,571

Trade payables are non-interest bearing and are generally settled within 30 (2022 : 30) days.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

10. Bank loans

	2023 \$	2022 \$
Current		
Bank loans		
- repayable within one year	377,883	4,370,961
Non-current		
Bank loan		
- repayable between one to five years	1,583,362	1,554,361
- repayable after five years	1,484,970	1,891,853
	3,068,332	3,446,214
	3,446,215	7,817,175

Bank loans consist of the following:

- (i) A bank loan of \$4,000,000 which is repayable by 120 monthly instalments commencing from July 2022 and interest-bearing at the rate of 1.85% (2022 : 1.85%) per annum.
- (ii) A short term revolving loan of \$4,000,000 with interest charged at rates ranging from 4.78% to 5.79% (2022 : 3.67% to 4.78%) per annum which was fully repaid during the year.

Bank loans are secured by a first legal mortgage over the Institution freehold properties (Note 8) and assignment of rental proceeds, if any, in respect of the properties.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

11. Leases - as lessee

The Institution has lease contracts for leasehold properties. The Institution's obligations under these leases are secured by lessors' title to the leased assets.

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment

	Leasehold properties \$
At 1 January 2023	95,199
Addition	414,103
Depreciation	(127,154)
At 31 December 2023	382,148
At 1 January 2022	251,278
Lease modification	(20,138)
Depreciation	(135,941)
At 31 December 2022	95,199

(b) Lease liabilities

	2023 \$	2022 \$
Current	129,814	102,816
Non-current	255,597	-
	385,411	102,816

The movements of lease liabilities during the financial year are disclosed in Note 11(e) below and the maturity analysis is disclosed in Note 25(c).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

11. Leases - as lessee

(c) Amounts recognised in profit or loss

	2023	2022
	\$	\$
Depreciation of right-of-use assets	127,154	135,941
Interest expense on lease liabilities (Note 21)	7,885	11,092
Expense relating to short-term leases (Note 21)	105,508	114,164
	<u>240,547</u>	<u>261,197</u>
Total amount recognised in profit or loss	<u>240,547</u>	<u>261,197</u>

(d) Total cash outflow

The Institution had total cash outflows for leases of \$244,901 (2022 : \$265,148) comprising payments of principal portion of lease liabilities of \$131,508 (2022 : \$139,892), lease expense of short-term leases of \$105,508 (2022 : \$114,164) and interest expense of \$7,885 (2022 : \$11,092).

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

11. Leases - as lessee (continued)

(e) A reconciliation of liabilities arising from financing activities is as follows:

	1 January \$	← Additions \$	← Cash flows \$	← Addition/ Lease modification \$	← Non-cash changes \$	31 December \$
					Accretion of interests \$	Others \$
2023						
Bank loans	7,817,175	-	(4,477,208)	-	106,248	-
Lease liabilities						3,446,215
- current	102,816	-	(139,393)	414,103	7,885	(255,597)
- non-current	-	-	-	-	-	255,597
	7,919,991	-	(4,616,601)	414,103	114,133	-
						3,831,626
2022						
Bank loans	-	8,000,000	(231,697)	-	133,206	(84,334)
Lease liabilities						7,817,175
- current	136,389	-	(150,983)	(20,138)	11,092	126,456
- non-current	126,456	-	-	-	-	(126,456)
	262,845	8,000,000	(382,680)	(20,138)	144,298	(84,334)
						7,919,991

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

12. Capital fund

The capital fund represents compensation received from the government in relation to the compulsory acquisition of the Institution's previous premises located at 124A Bencoolen Street in 1978. This fund is unrestricted.

13. Unrestricted fund

(i) Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of equity securities at fair value through other comprehensive income until they are disposed of or impaired.

(ii) General fund

The income and expenditure relating to the main activities of the Institution are accounted for in this fund.

14. Restricted fund

Memorial endowment fund

This fund comprises the To' Puan Dr. Tsao Sui Lan Memorial Endowment Fund which was established on 21 May 2018 with an initial donation of \$2,000,000 received from Dato' Dr. Tan Hian-Tsin and subsequent donations from public for the purpose of providing assistance to the hardship and welfare cases referred by the Grassroots Advisers during their weekly Meet-The-People Sessions as well as individuals requiring support and assistance from the community.

	2023	2022
	\$	\$
Balance at beginning	6,928,773	8,818,058
Transferred from investment income (Note 17)	237,754	144,277
Transferred from other income (Note 18)	8,957	27,771
Transferred from/(to) General fund	2,000,000	(2,000,000)
Adjustment of investment income over transferred in 2021	-	(61,333)
Balance at end	<u>9,175,484</u>	<u>6,928,773</u>

Sian Chay Medical Institution

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

15. Voluntary income

	2023	2022
	\$	\$
Unrestricted		
Tax deductible donations	18,209,528	13,363,429
Government grants	232,569	785,660
Other donations	2,962,423	2,505,042
	<u>21,404,520</u>	<u>16,654,131</u>

The Institution enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deduction for the donations made to the Institution.

16. Charitable income

	2023	2022
	\$	\$
Acupuncture treatment fees	434,867	426,445
Cupping treatment fees	49,652	54,987
Tuina therapy fees	467,889	550,203
Prescription fees	869,460	915,234
Sale of healthcare products	340,013	610,684
Others	85,441	78,651
	<u>2,247,322</u>	<u>2,636,204</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

17. Investment income

	2023 \$	2022 \$
Dividend income		
- Unrestricted	227,604	692,590
- Restricted	125,100	125,100
Interest income		
- Unrestricted	1,062,901	207,989
- Restricted	112,654	19,177
	<u>1,528,259</u>	<u>1,044,856</u>

Restricted dividend income and restricted interest income amounting to \$237,754 (2022 : \$144,277) in aggregate are included in Memorial endowment fund (Note 14).

18. Other income

	2023 \$	2022 \$
CPF transition offset	7,298	-
Enabling employment credit	2,637	4,681
Employment grant	190,000	-
Fair value gain on financial assets at FVPL	62	1,294
Job growth incentive	31,603	126,174
Rental income		
- Unrestricted	35,831	111,083
- Restricted	8,957	27,771
Senior Employment Credit	43,961	44,889
Wage credit scheme	61,706	57,180
Others	7,729	7,385
	<u>389,784</u>	<u>380,457</u>

Sian Chay Medical Institution

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

19. Cost of generating voluntary income

	2023	2022
	\$	\$
Fund raising expenses	2,505,219	1,384,815

Pursuant to Regulation 15 of the Charities (Institution of Public Character) Regulations, total fund raising expenses for the financial year shall not exceed 30% of total gross receipts from donations. The institution's total fundraising expenses represent approximately 11.7% (2022 : 8.32%) of the total gross receipts from fundraising for the financial year.

20. Cost of charitable activities

	2023	2022
	\$	\$
Medicine and medical supplies		
- Unrestricted	1,511,401	1,308,912

Sian Chay Medical Institution

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

21. Other expenses

	2023 \$	2022 \$
<i>Unrestricted</i>		
Bad rental receivable written off	53,149	-
Bank charges	199,192	99,906
Community events	413,861	160,473
Community relation	561,448	257,600
Community welfare and services	1,967,180	391,966
Depreciation of property, plant and equipment (Note 8)	681,682	496,646
Food cost	1,232	-
General expenses	690,308	189,893
Goods and Services Tax (GST) not claimable ⁽¹⁾	417,799	199,401
Insurance	23,060	47,680
Interest expense on bank loans (Note 11)	106,248	133,206
Interest expense on lease liabilities (Note 11)	7,885	11,092
Information technology maintenance	8,813	38,012
Lease expense (Note 11)	105,508	114,164
Legal and professional fee	111,652	115,257
License fee	3,505	4,185
Maintenance charges	89,641	133,465
Marketing communication expenses	623,346	155,788
Medical records, receipts, stationery	8,685	6,757
Momentoes for donors	116,390	74,621
Office supplies	254,169	156,955
Other equipment expensed off	-	17,778
Photo frames for photo gallery	546	2,568
Photography/Video services	4,425	7,360
Printing charges	76,759	62,939
Project expenses	41,280	10,722
Property tax	60,712	32,848
Property, plant and equipment expensed off	10,193	15,146
Recruitment costs	58,009	27,311
Carried forward	6,696,677	2,963,739

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

21. Other expenses (continued)

	2023	2022
	\$	\$
<i>Unrestricted (continued)</i>		
Brought forward	6,696,677	2,963,739
Signages for outlets	2,414	101,944
Staff bonding/interaction	12,522	7,103
Staff training	64,281	81,268
Start-up costs of new outlets	31,340	38,821
Telephone and internet charges	45,190	40,509
Transport charges	181,029	54,846
Utilities expense	171,478	131,156
Website hosting and social media	321,283	226,469
	<u>7,526,214</u>	<u>3,645,855</u>
Employee benefits expense		
- salaries, bonuses and related costs ⁽²⁾	3,828,244	3,247,154
- employer's contribution to Central Provident Fund	417,335	434,868
	<u>4,245,579</u>	<u>3,682,022</u>
	<u>11,771,793</u>	<u>7,327,877</u>

⁽¹⁾ Under the Goods and Services Tax Act (the "Act"), the Institution is eligible to claim input tax incurred on expenses relating to its business activities. Input taxes incurred on non-business activities as defined in the Act are expensed directly in the statement of income and expenditure and other comprehensive income.

⁽²⁾ None of the staff individually receives more than \$100,000 in annual remuneration.

22. Income tax

As a registered charity under the Charities Act 1994, the Institution is exempted from income tax under Section 13 of the Income Tax Act 1947.

23. Compensation of key management personnel

Members of the Management Committee are volunteers who do not receive any compensation from the Institution.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

24. Fair value of assets and liabilities

(a) Fair value hierarchy

The Institution categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the reporting date:

	2023	2022
	\$	\$
	Quoted prices in active markets for identical instruments	
	Level 1	Level 1
Financial assets		
<u>Investment securities</u>		
At fair value through profit or loss		
- quoted investment funds (Note 6)	2,028	2,019
- fixed income fund (Note 6)	2,500,000	2,500,000
At fair value through other comprehensive income		
- quoted equity securities (Note 6)	5,066,603	5,857,345
Balance as at 31 December	<u>7,568,631</u>	<u>8,359,364</u>

24. Fair value of assets and liabilities (continued)

(c) Assets and liabilities not measured at fair value

Cash and bank balances and other receivables and payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

Bank loans and leases liabilities

The carrying amounts of these balances approximate their fair values as they are subject to interest rates close to market rates of interest for similar arrangements with financial institutions.

25. Financial risk management

The Institution's overall risk management strategy seeks to minimise potential adverse effects of these risks on the financial performance of the Institution. These risks include credit risk, market risk (including interest rate risk and equity price risk) and liquidity risk.

Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Institution's activities.

(a) 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 Institution, as and when they fall due.

At the reporting date, the Institution's maximum exposure to credit risk is represented by the carrying amount of each financial asset recognised in the statement of financial position.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Cash and bank balances are held with reputable financial institutions and are subject to immaterial credit loss.

The Institution does not have any significant credit risk exposure to any single counterparty.

25. Financial risk management (continued)

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Institution's income or the value of its holding 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.

(i) Interest rate risk

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

The Institution is exposed to interest rate risk through the impact of changes on interest rate of its fixed deposits placed with financial institutions.

Sensitivity analysis

At the reporting date, an increase/decrease of 25 basis points in interest rates of fixed deposits would increase/decrease surplus for the financial year by \$81,927 (2022 : \$74,328).

(ii) Equity price risk

The Institution is exposed to equity price risk arising from quoted equity securities held by the Institution which are classified as financial assets at FVPL and financial assets at FVOCI.

Sensitivity analysis

At the reporting date, if prices of quoted equity securities increase/decrease by 10% with all other variables being held constant, the increase/decrease in surplus for the year and other comprehensive income would be \$203 (2022 : \$202) and \$506,660 (2022 : \$585,735) respectively.

(iii) Foreign currency risk

The Institution transacts mainly in Singapore dollars and is therefore not exposed to any significant foreign currency risk.

(c) Liquidity risk

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

The Institution monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash flows.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

25. Financial risk management (continued)**(c) Liquidity risk (continued)**

The table below summarises the maturity profile of the Institution's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	1 year or less \$	1 to 5 years \$	After 5 years \$	Total \$
2023				
Financial assets				
Cash and bank balances	35,947,526	-	-	35,947,526
Trade and other receivables	427,223	-	-	427,223
Total undiscounted financial assets	36,374,749	-	-	36,374,749
Financial liabilities				
Trade and other payables	1,502,230	-	-	1,502,230
Bank loans	438,444	1,753,776	1,534,713	3,726,933
Lease liabilities	149,421	270,211	-	419,632
Total undiscounted financial liabilities	2,090,095	2,023,987	1,534,713	5,648,795
Total net undiscounted financial assets/ (liabilities)	34,284,654	(2,023,987)	(1,534,713)	30,725,954

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

25. Financial risk management (continued)

(c) Liquidity risk (continued)

	1 year or less \$	1 to 5 years \$	After 5 years \$	Total \$
2022				
Financial assets				
Cash and bank balances	32,716,256	-	-	32,716,256
Trade and other receivables	297,621	-	-	297,621
Total undiscounted financial assets	33,013,877	-	-	33,013,877
Financial liabilities				
Trade and other payables	874,571	-	-	874,571
Bank loans	4,449,418	1,753,776	1,973,157	8,176,351
Lease liabilities	105,181	-	-	105,181
Total undiscounted financial liabilities	5,429,170	1,753,776	1,973,157	9,156,103
Total net undiscounted financial assets/ (liabilities)	27,584,707	(1,753,776)	(1,973,157)	23,857,774

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

26. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities of amortised cost were as follows:

	2023 \$	2022 \$
Financial assets measured at amortised cost		
Cash and bank balances (Note 4)	35,947,526	32,716,256
Trade and other receivables excluding GST recoverable, advance payment to supplier and contractor, non-refundable deposits and prepayments (Note 5)	427,223	297,621
Total financial assets measured at amortised cost	<u>36,374,749</u>	<u>33,013,877</u>
Financial liabilities measured at amortised cost		
Trade and other payables excluding GST payable (Note 9)	1,502,230	874,571
Bank loans (Note 10)	3,446,215	7,817,175
Lease liabilities (Note 11)	385,411	102,816
Total financial liabilities measured at amortised cost	<u>5,333,856</u>	<u>8,794,562</u>

27. Fund management

The fund structure of the Institution comprises restricted and unrestricted fund as at the reporting date. The Institution regards its unrestricted fund as its reserves. The Institution's fund management policies require it to maintain sufficient reserves to ensure long term financial sustainability and continuity for the purpose of providing free consultation and subsidised traditional Chinese medication to the community.

The Institution aims to achieve its reserves at a level equal to about 3 times of its total annual expenditure so that its operational activities can continue in times of unforeseen difficulty. The Institution is not subject to any externally imposed reserve requirements.

The institution reviews its fund structure at least annually to ensure that the Institution will be able to continue as a going concern. The institutions overall strategy remains unchanged during the financial years ended 31 December 2023 and 2022.

The institution is in compliance with externally imposed capital requirements for the financial years ended 31 December 2023 and 2022.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2023

28. Capital commitments

The Institution had commitments of \$706,010 (2022 : \$761,426) contracted but not provided for in the financial statements relating to renovation of TCM clinics and the freehold properties acquired during the financial year.

29. Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to FRS 116 <i>Leases</i> : Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to FRS1 <i>Presentation of Financial Statements</i> : Non-current Liabilities with Covenants	1 January 2024
Amendments to FRS 7 <i>Statement of Cash Flows and FRS 107 Financial Instruments: Disclosures</i> : Supplier Finance Arrangements	1 January 2024

Management Committee expect that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.