

HEALTHSERVE LIMITED

(Incorporated in Singapore, UEN 200615440H)

DIRECTORS' REPORT

The directors present their report to the members together with the audited accounts of the Company for the year ended 31 December 2014.

DIRECTORS

The directors in office at the date of this report are :

Goh Wei Leong
Soh Ling Ling
Saw Seang Kuan
Chan Lai Gwen
Koh Jianyi, Calvin
Chan Kum Kit
Chan Chia Lin (Appointed on 1 August 2014)
Chong Peng Choon Calvin (Appointed on 1 August 2014)

DIRECTORS' INTERESTS

As the Company is limited by guarantee and has no share capital, the statutory information required to be disclosed by the directors under Section 201 (6)(g) and Section 201 (12) of the Companies Act, Cap 50 does not apply.

The Company is limited by guarantee, whereby each member of the Company undertakes to meet the debts and liabilities of the Company, in the event of its liquidation, to an amount not exceeding \$10 per member.

DIRECTORS' CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he or she is a member or with a company in which he or she has a substantial financial interest.

AUDITORS

The independent auditors, S H Ong LLP have expressed their willingness to accept re-appointment.

On Behalf of the Directors

Soh Ling Ling

Goh Wei Leong

HEALTHSERVE LIMITED

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying statements of financial position, financial activities, changes in funds and cash flows together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and of the results, changes in funds and cash flows of the Company for the year then ended. 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.

On Behalf of the Directors

Soh Ling Ling

Goh Wei Leong

Singapore, 2015

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
HEALTHSERVE LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of Healthserve Limited, which comprise the statement of financial position as at 31 December 2014, and the statements of financial activities, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), Charities Act, Cap. 37 and Singapore Financial Reporting Standards, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
HEALTHSERVE LIMITED**

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and of the results, changes in funds and cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

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 complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations; and
- b. The use of the donation monies was not in accordance with the objectives of the Company as required under Regulation 16 of the Charities (Institutions of a Public Character) Regulations.

S. H. ONG LLP
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

2015

HEALTHSERVE LIMITED**STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2014**

	Note	2014 \$	2013 \$
ASSETS			
NON-CURRENT ASSETS			
Plant & equipment	3	<u>54,097</u>	<u>40,838</u>
CURRENT ASSETS			
Other receivables	4	20,896	28,378
Cash & cash equivalents		<u>1,523,340</u>	<u>784,609</u>
		<u>1,544,236</u>	<u>812,987</u>
TOTAL ASSETS		<u><u>1,598,333</u></u>	<u><u>853,825</u></u>
FUNDS AND LIABILITIES			
Unrestricted Fund (General Fund)		1,400,928	661,560
Restricted Fund (Migrant Fund)	5	<u>118,664</u>	<u>159,655</u>
		<u>1,519,592</u>	<u>821,215</u>
NON-CURRENT LIABILITIES			
Deferred Donations	6	<u>46,471</u>	<u>12,768</u>
		<u>46,471</u>	<u>12,768</u>
CURRENT LIABILITIES			
Accruals and other creditors	7	<u>32,270</u>	<u>19,842</u>
		<u>32,270</u>	<u>19,842</u>
TOTAL FUNDS AND LIABILITIES		<u><u>1,598,333</u></u>	<u><u>853,825</u></u>

See Accompanying Notes

HEALTHSERVE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2014

	Unrestricted Funds 2014 \$	Restricted Funds 2014 \$	Total 2014 \$	Unrestricted Funds 2013 \$	Restricted Funds 2013 \$	Total 2013 \$
INCOMING RESOURCES FROM GENERATED FUNDS						
<u>Voluntary income</u>						
Donations received	752,751	-	752,751	711,447	-	711,447
Migrant/Jubilee Fund	-	58,144	58,144	-	204,525	204,525
	<u>752,751</u>	<u>58,144</u>	<u>810,895</u>	<u>711,447</u>	<u>204,525</u>	<u>915,972</u>
<u>Income from fund-raising activities</u>						
JAHOC	-	-	-	28,717	-	28,717
Sing A Song	-	-	-	92,500	-	92,500
Concert	-	-	-	12,475	-	12,475
Gala & mini dinner	613,433	-	613,433	-	-	-
	<u>613,433</u>	<u>-</u>	<u>613,433</u>	<u>133,692</u>	<u>-</u>	<u>133,692</u>
<u>Income from Charitable activities</u>						
Clinic services	56,614	-	56,614	22,036	-	22,036
Food Project	54,629	-	54,629	72,380	-	72,380
Medic Student Programme	35,000	-	35,000	44,622	-	44,622
	<u>146,243</u>	<u>-</u>	<u>146,243</u>	<u>139,038</u>	<u>-</u>	<u>139,038</u>
<u>Other incoming resources</u>						
Other income	70,064	-	70,064	27,620	-	27,620
	<u>1,582,491</u>	<u>58,144</u>	<u>1,640,635</u>	<u>1,011,797</u>	<u>204,525</u>	<u>1,216,322</u>
TOTAL INCOMING RESOURCES						
RESOURCES EXPENDED						
<u>Cost of generating voluntary income and charitable activities</u>						
Counselling fees	8,571	-	8,571	89,406	-	89,406
Depreciation	42,899	-	42,899	23,291	-	23,291
Geylang Food Project	53,246	-	53,246	54,950	-	54,950
Hospitality	3,286	-	3,286	15,357	-	15,357
Insurance	1,062	-	1,062	1,062	-	1,062
License Fees & Registration	4,490	-	4,490	700	-	700
Medical Expenses-Clinic	11,952	-	11,952	9,341	-	9,341
Medic Student Select Programme	3,664	-	3,664	3,623	-	3,623
Overseas Community Programme	-	-	-	5,654	-	5,654
Promotion & Publicity	13,225	-	13,225	6,272	-	6,272
Rental of dormitories	33,174	-	33,174	38,170	-	38,170
SG Gives Fees	4,949	-	4,949	-	-	-
Social assistance	10,458	-	10,458	12,295	-	12,295
Staff costs	341,126	-	341,126	256,321	-	256,321
Telephone & Internet	5,258	-	5,258	4,522	-	4,522
Transport	1,292	-	1,292	2,718	-	2,718
Travel - overseas	14,710	-	14,710	11,856	-	11,856
Utilities	6,606	-	6,606	6,901	-	6,901
Vehicle Expenses	24,230	-	24,230	23,293	-	23,293
	<u>584,198</u>	<u>-</u>	<u>584,198</u>	<u>565,732</u>	<u>-</u>	<u>565,732</u>

HEALTHSERVE LIMITED**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2014**

	Unrestricted Funds 2014 \$	Restricted Funds 2014 \$	Total 2014 \$	Unrestricted Funds 2013 \$	Restricted Funds 2013 \$	Total 2013 \$
<u>Fund-raising expenses</u>						
Fund-raising expenses	53,856	-	53,856	37,982	-	37,982
<u>Other operating and Administrative expenses</u>						
Accounting Fees	-	-	-	6,000	-	6,000
Audit fee	3,100	-	3,100	3,000	-	3,000
Bank Charges	1,641	-	1,641	220	-	220
Director's fee	32,000	-	32,000	24,000	-	24,000
Donations	4,600	-	4,600	2,475	-	2,475
Equipment expenses	448	-	448	787	-	787
Income Tax expense	-	-	-	6,223	-	6,223
Loss on disposal of Vehicle	-	-	-	5,980	-	5,980
Maintenance & repairs	1,006	-	1,006	566	-	566
Misc. Expenses	106	-	106	231	-	231
Professional fees	38,233	-	38,233	1,006	-	1,006
Postage & Freight Charges	402	-	402	311	-	311
Printing & Stationery	2,023	-	2,023	6,660	-	6,660
Rental	7,896	-	7,896	7,084	-	7,084
Staff costs	103,383	-	103,383	46,495	-	46,495
Staff welfare	1,312	-	1,312	8,402	-	8,402
Subscription Fees	376	-	376	894	-	894
Telephone & Internet	1,564	-	1,564	1,322	-	1,322
Training/Seminar	5,529	-	5,529	12,386	-	12,386
Utilities	1,450	-	1,450	2,759	-	2,759
Migrant Expenses	-	99,135	99,135	-	56,818	56,818
	205,069	99,135	304,204	136,801	56,818	193,619
TOTAL RESOURCES EXPENDED	843,123	99,135	942,258	740,515	56,818	797,333
NET MOVEMENT IN FUNDS	739,367	(40,991)	698,377	271,282	147,707	418,989

HEALTHSERVE LIMITED

**STATEMENT OF CHANGES IN FUND FOR
THE YEAR ENDED 31 DECEMBER 2014**

	2014	2013
GENERAL FUND	\$	\$
Balance as at beginning of year	661,560	390,280
Surplus for the year	<u>739,368</u>	<u>271,280</u>
Balance as at end of year	<u><u>1,400,928</u></u>	<u><u>661,560</u></u>
 MIGRANT FUND		
Balance as at beginning of year	159,655	11,948
Surplus/(Deficit) for the year	<u>(40,991)</u>	<u>147,707</u>
Balance as at end of year	<u><u>118,664</u></u>	<u><u>159,655</u></u>

See Accompanying Notes

HEALTHSERVE LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014	2013
	\$	\$
Cash flows from Operating Activities		
Surplus for the year before tax	698,377	425,211
Adjustment for :		
Depreciation	42,899	23,291
Amortisation of deferred capital donations	(19,402)	(4,256)
Loss on disposal of vehicle	-	5,980
Operating cash flows before working fund changes	<u>721,874</u>	<u>450,226</u>
Add/(Less) changes in working funds:		
Other receivables	7,481	(18,533)
Other payables	12,428	1,255
Cash from Operating Activities	<u>741,783</u>	<u>432,948</u>
Tax paid	<u>-</u>	<u>(6,223)</u>
Net cash from Operating Activities	<u>741,783</u>	<u>426,725</u>
 Cash flows from Investing Activities:		
Purchase of plant & equipment	(56,157)	(43,292)
Capital donations received	53,105	-
Net cash used in Investing Activities	<u>(3,052)</u>	<u>(43,292)</u>
 Cash flows from Financing Activities:		
Repayments of loans & borrowings	<u>-</u>	<u>(13,000)</u>
Net cash used in Financing Activities:	<u>-</u>	<u>(13,000)</u>
 Cash and cash equivalents:		
Net change	738,731	370,433
At beginning of year	<u>784,609</u>	<u>414,176</u>
At end of year (*)	<u>1,523,340</u>	<u>784,609</u>

(*) Cash and cash equivalents comprise of cash and bank balances

See Accompanying Notes

HEALTHSERVE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2014

These notes form an integral part of the accounts.

1. GENERAL

The Company is incorporated in Singapore as a public company limited by guarantee. Its registered office is at 1 Lorong 23 Geylang #01-07 Building 4, Singapore 388352.

The Company became an approved charity on 25 May 2011 and an Institution of Public Character (IPC000733) with effect from 15 July 2011. Its present IPC status expires on 14 July 2015.

The principal activity of the Company is to educate, promote and organise healthcare services for the alleviation of ill-health ignorance and suffering.

The financial statements were authorised for issue by the board of directors on the date of the directors' report.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements, expressed in Singapore Dollars, which is also its functional currency, are prepared in accordance with the Singapore Financial Reporting Standards (FRS) as required by the Companies Act, Cap. 50 and under the historical cost convention, except as modified by the accounting policies below.

The Company adopted all the new and revised FRS that are applicable and relevant to its operations and effective for this financial year. The Company is of the view that the adoption of FRS which have been issued but not yet effective until future periods will have no material impact on the financial statements.

(b) Accounting estimates

The preparation of financial statements in conformity with FRS requires management's best ability and knowledge to make judgement, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Such judgement, estimates and assumptions are assessed on an on going basis and are based on current events, historical experience and other apparent factors under the circumstances. Actual results may differ from those estimates and assumptions which the Company makes concerning the future.

HEALTHSERVE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated on the straight-line method to write off the cost of the assets over their estimated useful lives as follows :

Computers	3 years
Renovation	5 years
Furniture & fittings	3years
Motor vehicle	2-5 years

The carrying amount is reviewed annually to assess whether it needs to be written down to its recoverable amount. Fully depreciated assets are retained in the accounts until they are no longer in use. The useful lives and depreciation method are reviewed annually to ensure that these are consistent with the pattern of economic benefits provided by the assets.

(d) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. They are included in current assets unless the maturity is more than 12 months, in which case, they are classified as non-current assets.

(e) Impairment of financial assets

The Company at each reporting date assesses whether there is objective evidence that a financial asset is impaired. Whenever there is an indication that an asset is impaired, as adjudged or estimated by the management based on currently available information, the difference between the carrying amount and the estimated recoverable amount is recognised in the statement of financial activities.

(f) Payables and provisions

Financial liabilities include other payables and accruals. They are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as expenses in “finance cost” in the income statement. Financial liabilities are derecognised if the Company’s obligations in the contract expire or are discharged or cancelled.

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Past events are reviewed to ascertain whether provisions are required and to recognise such obligations in the financial statements if these can be estimated reliably.

HEALTHSERVE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Government grants

Grants from the government to meet the Company's operating expenses are recognised as income to match the related operating expenditure.

Grants from the government received by the Company to construct, furnish and equip the Company and to purchase depreciable assets are taken to the deferred capital grants account.

Deferred capital grants are recognised in the statement of financial position over the periods necessary to match the depreciation of the assets purchased or donated, with the related grants.

Both operating and capital grants are accounted for on an accrual basis.

(h) Income recognition

Income is included in the statement of financial activities when the following three criteria are met:

- the Company becomes entitled to the income;
- when it is virtually certain that the Company will receive the income; and
- the monetary value of the income can be measured with sufficient reliability.

Cash donations and fund raising income are recognised upon receipt of the monies.

Donations in kind are recognised as income when they are of substantial value and can be reliably and reasonably quantified. The donations in kind are included in the statement of financial activities at their estimated gross value which is the current value that the Company estimates it would have to pay in the open market for an equivalent item.

Rental income is recognised on a straight line basis over the period of the lease.

Interest income is recognised on the accrual basis.

HEALTHSERVE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Resources expended

All expenditure are accounted for on an accrual basis and has been classified under headings that aggregate all costs related to that activity.

Cost of generating funds

The cost of generating funds are those costs attributable to generating income for the Company other than those costs incurred in undertaking charitable activities.

Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the Company. Such costs include the direct costs of the charitable activities of the Company together with any support costs incurred that enable these activities to be undertaken.

Governance costs

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

(j) Operating leases

Rent paid for operating leases is included in the statement of financial activities on a straight line basis over the period of the lease.

(k) Employee benefits

Contributions to defined contribution pension plan (Central Provident Fund) are recognised as an expense in the same period as the employment that gives rise to the contribution. Obligations for future employee benefits, if material, are recognised as current expenses in the accounts. No provision is made for employees' unconsumed annual leave as the Company in principle, does not allow unconsumed annual leave to be carried forward for future claims or monetary compensation.

(l) Cash and cash equivalents

These comprise cash and bank balances excluding any pledged bank deposit utilised for bank overdraft and financing activities.

(m) 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.

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.

HEALTHSERVE LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 2014**

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Deferred capital donations

Deferred capital donations are recognised in the statement of financial activities as deferred capital donations amortised over the periods necessary to match the depreciation or amortisation of the related donated assets. Upon disposal of the assets, the balance of the related Deferred capital donations is recognised in income and expenditure to match the net book value of the assets written off.

3. PLANT AND EQUIPMENT

2014	Renovation \$	Computer & equipment \$	Furniture & fittings \$	Motor vehicles \$	Total \$
Cost					
At beginning of year	25,225	17,585	8,096	52,500	103,406
Additions	-	-	3,450	52,707	56,157
At end of year	25,225	17,585	11,546	105,207	159,563
Accumulated Depreciation					
At beginning of year	23,965	11,821	5,274	21,508	62,568
Charge for the year	630	2,887	2,696	36,685	42,898
At end of year	24,595	14,708	7,970	58,193	105,466
Net Book Value					
At end of year	630	2,877	3,576	47,014	54,097
2013	Renovation \$	Computer & equipment \$	Furniture & fittings \$	Motor vehicles \$	Total \$
Cost					
At beginning of year	23,335	8,933	4,896	41,800	78,964
Additions	1,890	8,652	3,200	30,500	44,242
Disposals	-	-	-	(19,800)	(19,800)
At end of year	25,225	17,585	8,096	52,500	103,406
Accumulated Depreciation					
At beginning of year	23,335	8,933	3,599	16,280	52,147
Charge for the year	630	2,888	1,675	18,098	23,291
Disposals	-	-	-	(12,870)	(12,870)
At end of year	23,965	11,821	5,274	21,508	62,568
Net Book Value					
At end of year	1,260	5,764	2,822	30,992	40,838

HEALTHSERVE LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 2014**

4. OTHER RECEIVABLES

	2014	2013
	\$	\$
Refundable deposits	5,723	8,553
Prepayments	4,973	1,152
Other receivables	10,200	18,673
	<u>20,896</u>	<u>28,378</u>

5. 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.

	2014	2013
	\$	\$
Balance at beginning of the year	159,655	11,948
Donations	58,144	204,525
	<u>217,799</u>	<u>216,473</u>
Less: Expenses		
Migrant Expenses - Emergency	28,539	19,610
Migrant Expenses - Events	16,659	17,751
Migrant Expenses - MRT	11,314	6,382
Migrant Expenses - Beds/Room	23,288	8,362
Migrant Expenses - Others	7,572	4,713
Migrant - Jubilee expenses	11,763	-
	<u>99,135</u>	<u>56,818</u>
Balance at end of year	<u>118,664</u>	<u>159,655</u>

6. DEFERRED CAPITAL DONATIONS

	2014	2013
	\$	\$
Balance at beginning of year	12,768	17,024
Capital donations received	53,707	-
Amortisation of deferred capital donations	(21,004)	(4,256)
	<u>46,471</u>	<u>12,768</u>

Capital donations received refer to donations for the purchase of a vehicle.

HEALTHSERVE LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 2014****7. ACCRUALS & OTHER CREDITORS**

This comprise mainly of accrued operating expenses.

8. OTHER INCOME

The following were income excluding Migrant Fund contributions :

	2014	2013
	\$	\$
Amortisation of deferred donation	19,402	4,256
Book Sales	20,228	6,287
Donations – Vehicle fund	4,952	5,000
NCSS/VCF	19,028	12,077
Wage credit scheme	6,454	-
	<u>70,064</u>	<u>27,620</u>
Value of sponsored fixed assets	52,707	-

During the financial year, the Company issued tax-exempt receipts for general donations and donations to Migrant Fund totalling \$1,232,209 (2013 : \$850,420).

9. FUND RAISING ACTIVITIES

The fund-raising efficiency ratio (total fund-raising expenses/total fund-raising income) for the year was 8% (2013: 28%). The Company met the 30/70 fund-raising rule under the Charities (Registration of Charities) Regulations 2007 issued by the Commissioner of Charities in both financial years.

10. REMUNERATION OF EMPLOYEES

		2013
	\$	\$
Staff Salaries	309,722	226,264
Bonus	48,410	28,900
CPF	56,305	38,782
	<u>414,437</u>	<u>293,946</u>

The average number of staff employed by the Company was 11 (2013:8).

HEALTHSERVE LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 2014****11. 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 and fellow subsidiary is related to the others).
 - (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 the 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).

The highest decision making authority is the Board of Directors. All Directors are volunteers and received no monetary remuneration for their contributions and services rendered during the year.

Key Management compensation:

	2013
	\$
Salaries and other short-term employee benefits	24,000
	<u>32,000</u>

The above amounts are included under remuneration of employees.

Number of key management in remuneration bands:

	2013
\$0 to \$50,000	1
	<u>1</u>

HEALTHSERVE LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 2014**

12. OPERATING LEASE COMMITMENTS

Lease commitments under non-cancellable operating leases where the Company is the lessee:

	2014	2013
	\$	\$
Payable within 1 year	53,042	34,503
Payable more than 1 year but not later than 2 years	56,520	5,242
	<u>109,562</u>	<u>39,745</u>

Lease payments recognised as an expense for the financial year ended 31 December 2014 amounted to \$41,071 (2013 : \$45,255).

13. TAXATION

The Company (UEN 200615440H) was registered under the Charities Act Cap. 37 on 25 May 2011 and its income is exempt from income tax (IPC No. 000733).

During the financial year, the Company issued tax-exempt receipts for donations collected from voluntary income and income from fund-raising activities amounting to \$1,232,209 (2013 : \$850,420).

14. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to minimal financial risks. The Directors have oversight to the overall risk management of the Company. The policies for managing these risks are briefly as follows:

Liquidity risk

The Company is primarily exposed to liquidity risk. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows.

Credit risk

Credit risk is the loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company does not have any significant concentration of credit risk except for bank balances which are placed with reputable financial institutions. The maximum exposure to credit risk is represented by the carrying value of each class of financial asset recognised in the statement of financial position.

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NOTES TO THE ACCOUNTS - 31 DECEMBER 2014

15. FAIR VALUES

The fair values of the current financial assets and current financial liabilities in the Statement of Financial Position approximate their carrying values due to their short-term nature.

16. COMPARATIVE FIGURES

With effect from this financial year, the Charity Accounting Standards of Statement of Financial Activities has been adopted and the accounts are activity-based.

Certain comparative figures have been reclassified to conform with the current year's presentation.

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