

Growing With Our Community



Financial Report 2021

DIRECTORS' STATEMENT

Unique Entity Number: 200615440H
Incorporated in the Republic of Singapore and Limited by Guarantee

The directors present their statement to the members together with the audited financial statements of Healthserve Ltd. (the "Company") for the financial year ended 31 December 2021.

In the opinion of the directors,

- a. the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in funds and cash flows of the Company for the financial year covered by the financial statements; and
- b. at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Chan Chia Lin	Jeremy Lim Fung Yen
Chan Lai Gwen	Lien I-Hsien Gail
Chee May May Serene	Seow Soo Keng Eugene
Chong Peng Choon Calvin	Susan Kong Yim Pui
Choy Peng Wah	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

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

DIRECTORS' INTERESTS

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

AUDITORS

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

On behalf of the Board of Directors,

CHAN CHIA LIN
Director

Singapore

CHEE MAY MAY SERENE
Director

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

(INCORPORATED IN THE REPUBLIC OF SINGAPORE AND LIMITED BY GUARANTEE)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Healthserve Ltd. (the "Company") set out on pages 6 to 28, which comprise the statement of financial position (balance sheet) as at 31 December 2021, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in funds and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

Responsibilities of Management and the Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

- a. the Company has not used the donation moneys in accordance with its objectives as required under regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- b. the Company has not complied with the requirements of regulation 15 of the Charities (Institutions of a Public Character) Regulations.

LO HOCK LING & CO.

Public Accountants and Chartered Accountants Singapore

Singapore

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	2021			2020		
	UNRESTRICTED	RESTRICTED	TOTAL	UNRESTRICTED	RESTRICTED	TOTAL
	NOTES	FUND		FUNDS	FUND	
	\$	\$	\$	\$	\$	\$
INCOME						
Donations						
Amortisation of deferred capital donations	17	-	23,632	23,632	-	-
Donation in kind		669,033	-	669,033	82,409	-
General donations		1,550,033	-	1,550,033	3,511,618	-
Migrant assistance fund		-	29,314	29,314	5,748	1,284,864
Medical fund		-	494,531	494,531	6,000	97,046
Mental health fund		-	354,085	354,085	-	186,840
TOTAL DONATIONS		2,219,066	901,562	3,120,628	3,605,775	1,568,750
Grants	3	817,668	145,602	963,270	976,617	2,213
Clinic services and programme		99,148	-	99,148	50,968	-
Other income	4	150,943	-	150,943	362,855	-
TOTAL INCOME		3,286,825	1,047,164	4,333,989	4,996,215	1,570,963
EXPENDITURE						
Amortisation of intangible assets	8	22,628	219	22,847	6,008	-
Communication and publicity		7,838	24,799	32,637	96,459	-
Depreciation on property, plant and equipment	9	30,280	32,970	63,250	44,904	3,005
Depreciation on right-of-use assets	10	109,707	-	109,707	114,102	-
Employee benefits expense	5	1,092,471	679,151	1,771,622	1,443,842	2,213
Fund-raising expenses		36,974	-	36,974	34,281	147
General and administrative	6	95,774	63,389	159,163	50,033	402
Interest on lease liabilities	16	14,059	-	14,059	5,546	-
Migrant assistance programme		505,759	325,367	831,126	81,751	535,397
Medical programme		177,464	133,460	310,924	51,586	24,324
Mental health programme		2,230	26,079	28,309	8,559	-
Research and advocacy		-	32,100	32,100	68,050	-
TOTAL EXPENDITURE		2,095,184	1,317,534	3,412,718	2,005,121	565,488
Surplus/(deficit) for the year		1,191,641	(270,370)	921,271	2,991,094	1,005,475
Other Comprehensive Income						
Other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,191,641	(270,370)	921,271	2,991,094	1,005,475

STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	NOTES	2021	2020
		\$	\$
ASSETS			
Non-Current Assets			
Intangible assets	8	36,594	36,351
Property, plant and equipment	9	220,831	133,653
Right-of-use assets	10	314,750	54,013
		<u>572,175</u>	<u>224,017</u>
Current Assets			
Financial asset at fair value through profit or loss	11	1,903,431	-
Inventories	12	63,279	50,567
Other receivables	13	45,481	105,617
Fixed deposits with financial institutions	14	4,734,599	1,552,748
Cash and cash equivalents	15	2,576,662	6,390,959
		<u>9,323,452</u>	<u>8,099,891</u>
TOTAL ASSETS		9,895,627	8,323,908
LIABILITIES			
Non-Current Liability			
Lease liabilities	16	192,085	8,390
Deferred income	17	86,206	-
Provision for reinstatement cost		55,460	-
		<u>333,751</u>	<u>8,390</u>
Current Liabilities			
Lease liabilities	16	81,563	48,040
Deferred income	17	242,184	64,514
Other payables	18	266,003	152,109
		<u>589,750</u>	<u>264,663</u>
TOTAL LIABILITIES		923,501	273,053
NET ASSETS		8,972,126	8,050,855
Funds			
Unrestricted fund - General fund		8,258,421	7,045,380
Restricted funds	19	713,705	1,005,475
TOTAL FUNDS		8,972,126	8,050,855

STATEMENT OF CHANGES IN FUNDS

for the year ended 31 December 2021

	UNRESTRICTED FUND	RESTRICTED FUNDS (NOTE 19)	TOTAL FUNDS
	\$	\$	\$
Balance as at 1 January 2020	4,054,286	-	4,054,286
Total comprehensive income for the year	2,991,094	1,005,475	3,996,569
Balance as at 31 December 2020	7,045,380	1,005,475	8,050,855
Total comprehensive income/(loss) for the year	1,191,641	(270,370)	921,271
Transfer of funds	21,400	(21,400)	-
BALANCE AS AT 31 DECEMBER 2021	8,258,421	713,705	8,972,126

STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	NOTES	2021	2020
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus for the year		921,271	3,996,569
Adjustments for:			
Amortisation of intangible assets	8	22,847	6,008
Depreciation on property, plant and equipment	9	63,250	47,909
Depreciation on right-of-use assets	10	109,707	114,102
Interest expense on lease liabilities	16	14,059	5,546
Loss on disposal of property, plant and equipment	6	5,055	-
Property, plant and equipment written off	6	17,001	-
Fair value gain on financial assets at fair value through profit and loss	4	(3,048)	-
Fixed deposits interest income	4	(13,152)	(45,464)
Gain on termination of lease	4	(1,398)	-
Management fee rebate	4	(382)	-
		213,939	128,101
Operating surplus before working fund changes		1,135,210	4,124,670
Increase in inventories		(12,712)	(50,567)
Decrease/(increase) in receivables		67,971	(48,367)
Increase in payables		377,770	113,498
Changes in working capital		433,029	14,564
Net cash from operating activities		1,568,239	4,139,234
CASH FLOWS FROM INVESTING ACTIVITIES:			
Fixed deposits interest received		5,317	60,763
Proceeds from disposal of property, plant and equipment		472	-
Purchase of financial assets at fair value through profit and loss		(1,900,001)	-
Purchase of intangible assets	8	(14,658)	(42,359)
Purchase of property, plant and equipment	9	(181,388)	(81,171)
(Increase)/decrease in fixed deposits with maturities over 3 months		(3,181,851)	1,491,382
Net cash (used in)/from investing activities		(5,272,109)	1,428,615
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of principal portion of lease liabilities	16	(96,368)	(114,805)
Interest paid on lease liabilities	16	(14,059)	(5,546)
Net cash used in financing activities		(110,427)	(120,351)
Net (decrease)/increase in cash and cash equivalents		(3,814,297)	5,447,498
Cash and cash equivalents at beginning of the year		6,390,959	943,461
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	15	2,576,662	6,390,959

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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

1. CORPORATE INFORMATION

Healthserve Ltd. (the “Company”) is incorporated in Singapore as a public company, limited by guarantee. Its registered office is located at 1 Lorong 23 Geylang #01-07 Building 4, Singapore 388352.

The Company became an approved charity on 25 May 2011 and an Institution of Public Character (“IPC”) with effect from 15 July 2011. The renewed IPC status is valid for a period of three years with effect from 1 November 2021.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

These financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below, and comply with Charities Act 1994 and the Singapore Financial Reporting Standards (“FRS”), including related Interpretations promulgated by the Accounting Standards Council, as required by the Companies Act 1967.

In the current financial year, the Company has adopted all the new and amended FRSs which are relevant to the Company and are effective for financial periods beginning on or before 1 January 2021. The adoption of these standards did not have material effect on the financial performance or position of the Company.

2.2 Significant Accounting Estimates and Judgments

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

A. Key sources of estimation uncertainty

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

(i) Amortisation of Intangible Assets/Depreciation on Property, Plant and Equipment

The costs of intangible assets and property, plant and equipment are amortised/depreciated on a straight line basis over their estimated useful lives. Management’s estimates of the useful lives of these assets are disclosed in notes 2.7 and 2.8. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future amortisation/depreciation charges could be revised. The carrying amounts of these assets and the amortisation/depreciation charges for the year are disclosed in notes 8 and 9 to the financial statements.

(ii) Leases

Incremental Borrowing Rate

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

Estimation of Lease Term

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

B. Critical judgments made in applying accounting policies

In the process of applying the Company’s accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of Non-Financial Assets

The carrying amounts of the Company’s non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset’s recoverable amount is estimated based on the higher of the value in use and the asset’s fair value less cost of disposal. Estimating the value in use requires significant judgment on the part of the management to make an estimate of the expected future cash flows from the continuing use of the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

2.3 FRSs issued but not yet effective

The Company has not applied any new FRS that has been issued but is not yet effective. The directors plan to adopt these FRSs in the first financial year commencing on or after their respective effective dates.

The directors do not expect the adoption of the new FRSs that have been issued but are not yet effective to have material impact on the financial statements in the period of initial application.

2.4 Income Recognition

(i) Donation Income

Donations are recognised as income in the period when the Company’s entitlement to such income is established with no significant uncertainty and amount can be measured with sufficient reliability.

Donations (including donations-in-kind) for the purchase of specific depreciable assets are recognised as “deferred capital donations and grants” in the period of receipt or when there is certainty that the donations will be received, and subsequently recognised as income over the useful lives of the related assets to match the depreciation of those assets.

Other donations-in-kind are recognised as income at the amount equivalent to the estimated value of the items donated when the value can be reasonably and reliably estimated.

2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

2.4 Income Recognition (con't)

(ii) Interest Income

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

(iii) Service Income

Consultation fees are recognised as income when services are rendered and performance obligations have been fulfilled.

(iv) Government Grants

A grant is recognised as income when there is reasonable assurance that the conditions attached to the grant are met and that the grant will be received. Where uncertainty exists as to whether the Company can meet the conditions, the grants that are received are deferred as a liability until there is sufficient evidence that the conditions attached can be met.

Grants for the purchase of depreciable assets are recognised as “deferred capital donations and grants” in the period of receipt or when there is certainty that the grants will be received, and subsequently recognised as income over the useful lives of the related assets to match the depreciation of those assets.

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

2.5 Employee Benefits

(i) Defined Contribution Plans

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

(ii) Short-term Compensated Absences

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

2.6 Leases

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

As lessee

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

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial

direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured. The costs are included in the related right-of-use asset.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in note 2.13.

Lease liabilities

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

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

Short-term leases and leases of low-value assets

Where applicable, the Company applies the short-term leases and leases of low-value assets recognition exemption to its short-term leases of office space. Lease payments on short-term leases (i.e. leases with term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets are recognised as expense on a straight line basis over the lease term.

2.7 Intangible Assets

Intangible assets are initially recorded at cost. The cost of an item of intangible assets is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Intangible assets with finite useful life are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised over their expected useful lives of 3 years on a straight line basis.

The amortisation period and amortisation method of intangible assets are reviewed and adjusted as appropriate, at each financial year-end.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is included in profit or loss in the year the asset is derecognised.

2.8 Property, Plant and Equipment

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

2.8 Property, Plant and Equipment (con't)

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

Renovation	3 years or duration of lease agreements, whichever is longer
Computers and equipment	3 years
Furniture and fittings	3 years
Motor vehicle	5 years or remaining period of COE, whichever is shorter

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

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

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

In accordance with the capitalisation policy of the Company, all purchases that are individually determined to be below \$1,000 are to be expensed off to the statement of comprehensive income in the period incurred.

2.9 Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2.10 Financial Assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows for the assets have ceased or expired.

A. Classification

The Company's financial assets are classified at amortised cost and fair value through profit or loss.

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

B. At initial recognition

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

C. At subsequent measurement

(i) Financial assets at amortised cost

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

(ii) Financial assets at fair value through profit or loss

The Company's financial assets at fair value through profit or loss comprise of investment in cash fund. The investment is measured at fair value subsequent to initial recognition with movements in its fair value recognised in profit or loss in the period in which the changes arise. On disposal of the investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss.

D. Impairment of Financial Assets

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

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

2.11 Receivables

Receivables that do not have a significant financing component are measured at their transaction price at initial recognition, and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses, as explained in note 2.10 D. Receivables with a short duration are not discounted.

2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and bank deposits with maturities within 3 months, which are subject to insignificant risks of changes in value. Cash equivalents are stated at amounts at which they are convertible into cash.

2.13 Impairment of Non-Financial Assets

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

An impairment loss on non-revalued asset is recognised in profit and loss. An impairment loss on a revalued asset is recognised in the other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

2.14 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 of directors.

Restricted funds

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

2.15 Financial Liabilities

Financial liabilities include other payables for operating expenditure.

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

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

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

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

2.16 Provisions

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

The Company recognises a liability and capitalise an expense in right-of-use assets if the Company has a present legal or constructive obligation to reinstate the leased premises to their original state upon expiry of the lease. The provision is made based on supplier's quotation obtained or management's best estimate of the expected costs to be incurred to reinstate the leased premises to their original state. The capitalised provision for reinstatement costs in right-of-use assets is depreciated over the period of the lease. These amounts have not been discounted for the purpose of measuring the provision for reinstatement costs because the effect is considered not significant.

2.17 Related Parties

A related party is defined as follows:

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

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

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

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary Company and fellow subsidiary Company are related to each other).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

3. GRANTS

	2021	2020
	\$	\$
Unrestricted fund		
- Bicentennial Community Fund	400,000	-
- Care and share matching grant	286,942	919,984
- Community Integration Fund	124,306	-
- SG Totalisator Board	-	50,000
- VCF Consultancy grant	6,420	5,564
- Other grants	-	1,069
	817,668	976,617
Restricted funds		
- Migrant Worker Mental Health Funding	104,540	-
- Volunteer manager funding scheme	41,062	2,213
	145,602	2,213
	963,270	978,830

4. OTHER INCOME

	2021	2020
	\$	\$
Fair value gain in financial assets at fair value through profit and loss	3,048	-
Fixed deposits interest income	13,152	45,464
Foreign worker levy rebate	-	2,250
Jobs Support Scheme	43,804	183,469
Jobs Growth Incentive	33,735	-
Management fee rebate	382	-
Rental relief	11,358	22,947
Service income	-	80,000
SkillsFuture Enterprise Credit	209	-
Special employment credit	3,695	4,595
Training income	27,965	6,920
Wage Credit Scheme	13,276	16,809
Sundry income	319	401
	150,943	362,855

5. EMPLOYEE BENEFITS EXPENSE

	<u>2021</u>	<u>2020</u>
	\$	\$
Salaries, allowances and bonus	1,280,355	1,205,634
Secondment fees	270,082	49,720
Employer's contribution to Central Provident Fund	147,860	136,784
Staff benefits:		
- Insurance	22,073	17,135
- Training	4,979	10,081
- Others	26,898	15,433
	53,950	42,649
Other staff costs	19,375	11,268
	<u>1,771,622</u>	<u>1,446,055</u>

The Company's paid staff who received remuneration exceeding \$100,000 during the year is classified by remuneration band as follows:

	Number of staff	
	<u>2021</u>	<u>2020</u>
Annual remuneration		
\$100,001 to \$200,000	3	3

6. GENERAL AND ADMINISTRATIVE EXPENSES

Included in the general and administrative expenses are the following items:

	<u>2021</u>	<u>2020</u>
	\$	\$
Loss on disposal of property, plant and equipment	5,055	-
Property, plant and equipment written off	17,001	-

7. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	<u>2021</u>	<u>2020</u>
	\$	\$
Key management personnel compensation		
- Salaries, allowances and bonus	244,372	349,972
- Secondment fees	46,324	-
- Employer's contributions to Central Provident Fund	28,116	44,612
	<u>318,812</u>	<u>394,584</u>

8. INTANGIBLE ASSETS

	<u>COMPUTER SOFTWARE</u>
	\$
COST	
At 1 January 2020	-
Additions	42,359
At 31 December 2020 and 1 January 2021	42,359
Transfer from property, plant and equipment	17,856
Additions	14,658
At 31 December 2021	<u>74,873</u>
ACCUMULATED AMORTISATION	
At 1 January 2020	-
Amortisation for the year	6,008
At 31 December 2020 and 1 January 2021	6,008
Transfer from property, plant and equipment	9,424
Amortisation for the year	22,847
At 31 December 2021	<u>38,279</u>
CARRYING AMOUNT	
At 31 December 2021	<u>36,594</u>
At 31 December 2020	<u>36,351</u>

The costs relating to computer software acquired are not an integral part of the related hardware.

9. PROPERTY, PLANT AND EQUIPMENT

	RENOVATION	COMPUTERS AND EQUIPMENT	FURNITURE AND FITTINGS	MOTOR VEHICLES	TOTAL
	\$	\$	\$	\$	\$
COST					
At 1 January 2020	82,611	311,432	32,812	76,000	502,855
Additions	26,668	40,064	14,439	-	81,171
Disposals/written off	-	(58,711)	-	-	(58,711)
At 31 December 2020 and 1 January 2021	109,279	292,785	47,251	76,000	525,315
Transfer to intangible assets	-	(17,856)	-	-	(17,856)
Additions	141,535	20,644	19,209	-	181,388
Disposals/written off	(34,436)	(76,464)	(16,594)	-	(127,494)
AT 31 DECEMBER 2021	216,378	219,109	49,866	76,000	561,353
ACCUMULATED DEPRECIATION					
At 1 January 2020	70,387	287,439	31,721	12,917	402,464
Charge for the year	7,222	20,729	2,475	17,483	47,909
Disposals/written off	-	(58,711)	-	-	(58,711)
At 31 December 2020 and 1 January 2021	77,609	249,457	34,196	30,400	391,662
Transfer to intangible assets	-	(9,424)	-	-	(9,424)
Charge for the year	30,005	12,655	7,923	12,667	63,250
Disposals/written off	(30,127)	(59,941)	(14,898)	-	(104,966)
AT 31 DECEMBER 2021	77,487	192,747	27,221	43,067	340,522
CARRYING AMOUNT					
AT 31 DECEMBER 2021	138,891	26,362	22,645	32,933	220,831
AT 31 DECEMBER 2020	31,670	43,328	13,055	45,600	133,653

10. RIGHT-OF-USE ASSETS

	LEASED PROPERTIES
	\$
COST	
At 1 January 2020	232,270
Additions	16,995
At 31 December 2020 and 1 January 2021	249,265
Additions	393,887
Written off due to termination of leases	(249,265)
AT 31 DECEMBER 2021	393,887
ACCUMULATED DEPRECIATION	
At 1 January 2020	81,150
Charge for the year	114,102
At 31 December 2020 and 1 January 2021	195,252
Charge for the year	109,707
Written off due to termination of leases	(225,822)
AT 31 DECEMBER 2021	79,137
CARRYING AMOUNT	
AT 31 DECEMBER 2021	314,750
At 31 December 2020	54,013

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	\$	\$
Quoted investments		
- Investment in cash fund	1,903,431	-

12. INVENTORIES

Inventories mainly include medical supplies, stored value cards and personal protective equipment. The cost of inventories charged to expenditure are \$91,796 (2020: \$57,062).

13. OTHER RECEIVABLES

	2021	2020
	\$	\$
Interest receivables from fixed deposits	11,171	3,336
Jobs Support Scheme receivable	-	23,452
Grant receivable	-	40,000
Prepayments	7,242	7,421
Refundable deposits	23,394	27,883
Other receivables	3,674	3,525
	45,481	105,617

14. FIXED DEPOSITS WITH FINANCIAL INSTITUTIONS

The fixed deposits have original maturities of more than 3 months but not more than one year and earn interest at rates ranging from 0.30 to 0.68% (2020: 0.24% to 0.5%) per annum.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash in hand and bank balances.

16. LEASE LIABILITIES

	2021		2020	
	MINIMUM LEASE LIABILITIES	PRESENT VALUE OF LEASE LIABILITIES	MINIMUM LEASE LIABILITIES	PRESENT VALUE OF LEASE LIABILITIES
	\$	\$	\$	\$
Lease liabilities payable:				
- within 1 year	93,576	81,563	49,300	48,040
- after 1 year but less than 5 years	202,749	192,085	8,426	8,390
	296,325	273,648	57,726	56,430
Less: Amounts representing interest	22,677	-	1,296	-
	273,648	273,648	56,430	56,430

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

There are no externally imposed covenants on the lease arrangements.

Reconciliation of changes in liabilities arising from financing activities

Movements in lease liabilities arising from financing cash flows during the year are as follows:

	2021	2020
	\$	\$
Lease liabilities as at 1 January	56,430	154,240
Additional lease liabilities during the year	338,427	16,995
Lease liabilities written off during the year	(24,841)	-
	370,016	171,235
Non-cash movement		
Add: Accretion of interest	14,059	5,546
Cash movements		
Less: Payments of lease liabilities during the year		
- Principal portion	96,368	114,805
- Interest	14,059	5,546
	110,427	120,351
LEASE LIABILITIES AT 31 DECEMBER	273,648	56,430

17. DEFERRED INCOME

	2021	2020
	\$	\$
Deferred donation income	200,000	-
a. Deferred grant income	-	64,514
b. Deferred capital donations and grants	128,390	-
	328,390	64,514

a. Deferred grant income comprises grants received which will be recognised as income over the period where the related expenses are incurred subsequent to the financial year-end.

b. Deferred capital donations and grants comprise donations and grants received in relation to depreciable assets procured by the Company during the year.

Deferred income is presented as:

	2021	2020
	\$	\$
Current liabilities	242,184	64,514
Non-current liabilities	86,206	-
	328,390	64,514

18. OTHER PAYABLES

	2021	2020
	\$	\$
ACCRUED OPERATING EXPENSES	266,003	152,109

Other payables are unsecured, non-interest bearing and are normally settled within 90 days (2020: 90 days) or on demand.

19. RESTRICTED FUNDS

2021	2021			NET SURPLUS/ (DEFICIT) FOR THE YEAR	TRANSFER BETWEEN FUNDS	AT 31 DECEMBER
	AT 1 JANUARY	INCOME	EXPENDITURE			
	\$	\$	\$	\$	\$	\$
Medical fund (a)	72,722	494,531	(153,540)	340,991	1,256	414,969
Migrant assistance fund (b)	745,913	29,314	(735,349)	(706,035)	(22,656)	17,222
Mental health fund (c)	186,840	354,085	(259,411)	94,674	-	281,514
Restricted grant (d)	-	145,602	(145,602)	-	-	-
Renovation (e)	-	23,632	(23,632)	-	-	-
	1,005,475	1,047,164	(1,317,534)	(270,370)	(21,400)	713,705
2020	AT 1 JANUARY	INCOME	EXPENDITURE	NET SURPLUS FOR THE YEAR	TRANSFER BETWEEN FUNDS	AT 31 DECEMBER
	\$	\$	\$	\$	\$	\$
Medical fund (a)	-	97,046	(24,324)	72,722	-	72,722
Migrant assistance fund (b)	-	1,284,864	(538,951)	745,913	-	745,913
Mental health fund (c)	-	186,840	-	186,840	-	186,840
Restricted grant (d)	-	2,213	(2,213)	-	-	-
	-	1,570,963	(565,488)	1,005,475	-	1,005,475

19. RESTRICTED FUNDS (CON'T)

- (a) The medical programme was set up to offer subsidised medical services to migrant workers to ensure that they have access to affordable healthcare. The fund is used to pay for medication, medical supplies, laboratory tests, clinic/dental set ups and clinic manpower costs.
- (b) The migrant assistance programme was set up to help unemployed migrant workers, workers involved in employment disputes or workers who are not paid or taken care of by irresponsible employers or employers facing business challenges. The goal is to ensure that the workers continue to have access to basic necessities. The funds are used to provide various supports such as free meals, subsidised transport, other basic necessities and emergency funds.
- (c) The mental health programme was set up to support the mental well-being of the migrant workers. The programme includes various initiatives such as counselling, mental wellness education, peer support training as well as the 24/7 crisis helpline.
- (d) Restricted grant relates to volunteer manager funding scheme which was used for the hiring of a volunteer management executive during the year.
- (e) The renovation fund was set up for the renovation of HealthServe office in Geylang.

The transfer of funds during the year were approved by the related fund providers.

20. TAXATION

The Company is registered under the Charities Act 1994 and its income is exempt from income tax.

During the financial year, the Company issued tax-exempt receipts for donations collection amounting to \$2,158,424 (2020: \$4,019,962).

21. FINANCIAL RISK MANAGEMENT

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

(i) Credit risk

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

Risk Management

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

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

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

(ii) Liquidity risk

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

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

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

<u>2021</u>	<u>WITHIN 1 YEAR</u>	<u>AFTER 1 YEAR BUT LESS THAN 5 YEARS</u>	<u>TOTAL</u>
	\$	\$	\$
Lease liabilities	93,576	202,749	296,325
Other payables	266,003	-	266,003
	<u>359,579</u>	<u>202,749</u>	<u>562,328</u>
<u>2020</u>			
Lease liabilities	49,300	8,426	57,726
Other payables	152,109	-	152,109
	<u>201,409</u>	<u>8,426</u>	<u>209,835</u>

(iii) Interest rate risk

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

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

The interest rates and terms of maturity of financial assets of the Company are disclosed in note 14.

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

(iv) Market price risk

At the balance sheet date, the Company held quoted investments as financial assets at fair value through profit or loss.

Sensitivity analysis

A 10% increase in the underlying quoted investment prices at the reporting date would increase funds and surplus by \$190,343 (2020: nil) as a result of higher fair value gains on the basis that all other variables remain constant.

A 10% decrease in the underlying quoted investment prices would have had the equal but opposite effects on funds and surplus, on the basis that all other variables remain constant.

The Company is exposed to the risk of impairment in the value of investments held. The Company manages the risk of impairment by evaluating investment opportunities, continuously monitoring the performance of investments held and assessing market risk relevant to which the investments operate.

22. FUND MANAGEMENT

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

23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments which are carried at fair value are classified based on a three-level fair value measurement hierarchy defined as follows:

23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CON'T)

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

The fair values of the Company's financial assets at fair value through profit or loss are based on quoted market prices as at the balance sheet date and are classified under level 1 of the fair value hierarchy.

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

The carrying amounts of lease liabilities are reasonable approximation of their fair values as they are measured at the present value of lease payments based on the incremental borrowing rate.

20. FINANCIAL INSTRUMENTS BY CATEGORY

The aggregate carrying amounts of financial instruments by category are as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Financial assets at fair value through profit or loss	1,903,431	-
Financial assets at amortised cost	7,349,500	8,041,903
Financial liabilities at amortised cost	539,651	208,539

21. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2021 were authorised for issue in accordance with a directors' resolution dated 9 June 2022.



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