

**Kidney Dialysis Foundation Limited**  
**(A Company Limited by Guarantee)**  
Registration Number: 199600830Z

Annual Report  
Year ended 31 March 2012

## **Directors' Report**

We are pleased to submit this annual report to the members of the Foundation together with the audited financial statements of the Foundation for the financial year ended 31 March 2012.

### **Directors**

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

Dr Gordon Ku  
Cheng Wai Keung  
Lee Ching Yen, Stephen  
Watson Ong  
Yeoh Oon Jin  
Peter Tan Sim Cheng  
Bernie Poh  
Wong Yew Meng  
Dr Lim Cheok Peng

### **Principal Activities**

The Foundation was incorporated on 1 February 1996 as a company limited by guarantee and is registered as a charity under the Charities Act, Chapter 37.

The principal activities of the Foundation during the financial year have been those relating to the provision of subsidised and/or free medical treatment and dialysis services for patients suffering from kidney and kidney related illnesses. These activities are funded by subsidies from the Government, administered by the Ministry of Health, and donations received from the general public. The Foundation generally does not accept private patients who are financially able to pay for dialysis treatment from private centres. There have been no significant changes in such activities during the financial year.

The Foundation embarked on its secondary strategic mission to identify and support research in the area for the prevention, treatment and cure of kidney and kidney related diseases. The Foundation has signed a memorandum of understanding in November 2007 with The National University of Singapore ("NUS") to collaborate in the area of research for the prevention, treatment and cure of kidney and kidney related diseases. This collaboration with NUS provides the infrastructure and discipline required for the selection, monitoring and reviewing process for research projects to achieve the Foundation's mission and vision.

### **Directors' Interests**

As the Foundation is a company 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, Chapter 50 does not apply.

Neither at the end of nor at any time during the financial year was the Foundation a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Foundation to acquire benefits by means of the subscription to or acquisition of debentures of the Foundation or any other body corporate.

Since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Foundation or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

### **Share Options**

As the Foundation is a company limited by guarantee and has no share capital, the statutory information required to be disclosed under Section 201 (12) of the Companies Act, Chapter 50 does not apply.

### **Auditors**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



**Dr Gordon Ku**  
*Director*



**Wong Yew Meng**  
*Director*

29 June 2012

## **Statement by Directors**

In our opinion:


- (a) the financial statements set out on pages FS1 to FS27 are drawn up so as to give a true and fair view of the state of affairs of the Foundation as at 31 March 2012 and the results and cash flows of the Foundation for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Charities Act, Chapter 37 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



**Dr Gordon Ku**  
*Director*



**Wong Yew Meng**  
*Director*

29 June 2012



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## **Independent Auditor's Report**

Members of the Foundation  
Kidney Dialysis Foundation Limited  
(A Company Limited by Guarantee)

### **Report on the financial statements**

We have audited the accompanying financial statements of Kidney Dialysis Foundation Limited (the "Foundation"), which comprise the statement of financial position as at 31 March 2012, the statement of comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS27.

#### *Management's responsibility 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 Singapore Companies Act, Chapter 50 (the Act), the Singapore Charities Act, Chapter 37 (the Charities Act) 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

#### *Auditor's 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 judgement, 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.



*Opinion*

In our opinion, the financial statements of the Foundation are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Foundation as at 31 March 2012 and the results and cash flows of the Foundation 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 Foundation have been properly kept in accordance with the provisions of the Act.

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

- (a) the Foundation 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 donation moneys was not used in accordance with the objectives of the Foundation as required under Regulation 16 of the Charities (Institutions of a Public Character) Regulations.

*Km Q w f*  
KPMG LLP  
*Public Accountants and*  
*Certified Public Accountants*

**Singapore**  
29 June 2012

**Statement of Financial Position**  
**As at 31 March 2012**

	Note	2012 \$	2011 \$
<b>Non-Current Assets</b>			
Plant and equipment	5	298,342	406,539
Intangible assets	6	12,518	22,782
Investments – Quoted bonds	7	1,496,902	1,997,945
<b>Total Non-Current Assets</b>		<b>1,807,762</b>	<b>2,427,266</b>
<b>Current Assets</b>			
Trade and other receivables	8	483,727	334,838
Cash and cash equivalents	10	18,992,346	17,150,982
<b>Total Current Assets</b>		<b>19,476,073</b>	<b>17,485,820</b>
<b>Total Assets</b>		<b>21,283,835</b>	<b>19,913,086</b>
<b>Non-Current Liability</b>			
Deferred capital grants	11	8,100	16,200
<b>Current Liability</b>			
Trade and other payables	12	1,227,931	820,521
<b>Total Liabilities</b>		<b>1,236,031</b>	<b>836,721</b>
<b>Net Assets</b>		<b>20,047,804</b>	<b>19,076,365</b>
<b>Funds of the Foundation:</b>			
<b>Unrestricted Funds</b>			
General Fund		16,986,131	15,610,697
Ghim Moh Fund (Designated)	13	3,028,492	3,388,470
<b>Restricted Fund</b>			
Research Fund	14	33,181	77,198
<b>Total Funds</b>		<b>20,047,804</b>	<b>19,076,365</b>
<b>Members' Guarantee</b>	4	300	300

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

## Statement of Comprehensive Income Year ended 31 March 2012

Note	Unrestricted General Fund		Unrestricted Designated Ghim Moh Fund		Restricted Fund Research Fund		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income/Incoming resources</b>								
<i>Income/Incoming resources from generated funds</i>								
Voluntary income (mainly donations)	3,156,778	3,029,784	3,666	-	26,100	66,000	3,186,544	3,095,784
Funds generating activities	1,521,875	283,551	-	-	-	-	1,521,875	283,551
Investment income	109,699	110,585	12,117	16,186	30	129	121,846	126,900
Others	26,480	67,713	12	3	-	-	26,492	67,716
	4,814,832	3,491,633	15,795	16,189	26,130	66,129	4,856,757	3,573,951
<b>Charitable activities</b>								
Charitable income (mainly dialysis service fee)	3,234,500	3,304,014	859,953	867,897	-	-	4,094,453	4,171,911
Less: subsidies to patients	(1,311,878)	(1,301,188)	(278,207)	(329,933)	-	-	(1,590,085)	(1,631,121)
Government subsidies	313,108	355,260	88,357	80,210	-	-	401,465	435,470
	2,235,730	2,358,086	670,103	618,174	-	-	2,905,833	2,976,260
<b>Total income/incoming resources</b>	7,050,562	5,849,719	685,898	634,363	26,130	66,129	7,762,590	6,550,211
<b>Expenditure/Resources expended</b>								
<i>Cost of generating funds</i>								
Cost of generating voluntary income	597,322	494,195	-	-	-	-	597,322	494,195
Cost of fund generating activities	230,427	38,158	-	-	-	-	230,427	38,158
Investment management cost	1,043	2,029	-	-	-	-	1,043	2,029
	828,792	534,382	-	-	-	-	828,792	534,382
<b>Cost of charitable activities</b>								
Dialysis services and medication cost	4,233,268	4,349,946	1,045,876	1,165,217	-	-	5,279,144	5,515,163
Research expenses	-	-	-	-	350,090	52,520	350,090	52,520
Other charitable activities	19,985	75,875	-	-	-	-	19,985	75,875
	4,253,253	4,425,821	1,045,876	1,165,217	350,090	52,520	5,649,219	5,643,558
Governance cost	313,140	339,906	-	-	-	-	313,140	339,906
<b>Total expenditure/resources expended</b>	5,395,185	5,300,109	1,045,876	1,165,217	350,090	52,520	6,791,151	6,517,846
<b>Net income for the year/Total comprehensive income for the year/Net incoming resources</b>	1,655,377	549,610	(359,978)	(530,854)	(323,960)	13,609	971,439	32,365
<b>Cost transfer between funds</b>	(279,943)	(50,000)	-	-	279,943	50,000	-	-
<b>Net movement in funds</b>	1,375,434	499,610	(359,978)	(530,854)	(44,017)	63,609	971,439	32,365
<b>Reconciliation of funds</b>								
Total funds brought forward	15,610,697	15,111,087	3,388,470	3,919,324	77,198	13,589	19,076,365	19,044,000
Total funds carried forward	16,986,131	15,610,697	3,028,492	3,388,470	33,181	77,198	20,047,804	19,076,365

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



**Statement of Cash Flows**  
**Year ended 31 March 2012**

	← 2012 →		← 2011 →			
Note	Unrestricted General Fund \$	Unrestricted Designated Ghim Moh Fund Research Fund \$	Total \$	Unrestricted General Fund \$	Unrestricted Designated Ghim Moh Fund Research Fund \$	Total \$
<b>Cash flows from operating activities</b>						
Net income/(loss) for the year/Total comprehensive income/(loss) for the year/Net incoming/(outgoing) resources	1,375,434	(359,978)	971,439	499,610	(530,854)	32,365
<b>Adjustments for:</b>						
Amortisation of premium on bonds	1,043	-	1,043	2,029	-	2,029
Depreciation of plant and equipment	169,924	42,534	212,458	199,433	163,720	363,153
Amortisation of intangible assets	8,222	2,042	10,264	22,759	1,875	24,634
Plant and equipment – donation in kind	(42,000)	-	(42,000)	-	-	-
Gain on disposal of plant and equipment	(12,712)	(12)	(12,724)	-	-	-
Interest income	(109,699)	(12,117)	(121,816)	(110,585)	(16,186)	(126,900)
Operating profit/(loss) before working capital changes	1,390,212	(327,531)	1,018,634	613,246	(381,445)	295,281
<b>Changes in working capital:</b>						
Trade and other receivables	(159,400)	8,666	(150,734)	8,448	1,128	9,576
Trade and other payables	420,007	(12,597)	407,410	(63,816)	11,812	(302,004)
Deferred capital grant	(8,100)	-	(8,100)	16,200	-	16,200
Cash flows from/(used in) operating activities	1,642,719	(331,462)	1,267,210	574,078	(368,505)	19,053
<b>Cash flows from investing activities</b>						
Purchase of plant and equipment	(60,289)	(2,260)	(62,549)	(16,720)	(3,700)	(20,420)
Purchase of intangible assets	-	-	-	(18,383)	(6,127)	(24,510)
Proceeds from redemption of quoted bonds	500,000	-	500,000	-	-	-
Proceeds from disposal of plant and equipment	13,000	12	13,012	-	-	-
Interest received	111,285	12,368	123,691	109,376	16,233	125,778
Cash flows from/(used in) investing activities	563,996	10,120	574,154	74,273	6,406	80,848
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,206,715	(321,342)	1,841,364	648,351	(362,099)	99,901
Cash and cash equivalents at beginning of year	13,717,809	3,355,983	17,150,982	13,069,458	3,718,082	17,051,081
Cash and cash equivalents at end of year	15,924,524	3,034,641	18,992,346	13,717,809	3,355,983	17,150,982

**Non-cash transaction**

During the year ended 31 March 2012, plant and equipment with aggregate cost of \$42,000 was donated to the Foundation.

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

## **Notes to the Financial Statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 June 2012.

### **1 Domicile and Activities**

The Foundation was incorporated in the Republic of Singapore on 1 February 1996 as a company limited by guarantee and is registered as a charity under the Charities Act, Chapter 37. Its registered office is at Block 333 Kreta Ayer Road, #03-33 Singapore 080333.

The Foundation is a registered member of the Ministry of Health's General Fund. The Foundation has also been granted Institution of a Public Character ("IPC") status since February 1996.

The principal activities of the Foundation are those relating to the provision of subsidised and/or free medical treatment and dialysis services for patients suffering from kidney and related illnesses. These activities are funded by subsidies from the Government, administered by the Ministry of Health, and donations received from the general public. The Foundation generally does not accept private patients who are financially able to pay for dialysis treatment from private centres.

The Foundation's secondary strategic mission is to identify and support research in the area for the prevention, treatment and cure of kidney and kidney related diseases. The Foundation signed a memorandum of understanding in November 2007 with The National University of Singapore ("NUS") to collaborate in the area of research for the prevention, treatment and cure of kidney and kidney related diseases. To achieve this, a Research Fund is set up to solicit donations to support and fund research for the prevention, treatment and cure of kidney and kidney related diseases.

### **2 Basis of Preparation**

#### **2.1 Statement of compliance**

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

#### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value as described below.

#### **2.3 Functional and Presentation Currency**

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

## 2.4 Changes in Accounting Policies

### *Identification of related party relationships and related party disclosures*

From 1 April 2011, the Foundation has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Foundation and to determine the disclosures to be made on transactions and outstanding balances between the Foundation and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Foundation for the current and previous financial years. The adoption of FRS 24 (2010) has not resulted in additional parties being identified as related to the Foundation. Transactions and outstanding balances with related parties for the current and comparative years have been disclosed in note 25 to the financial statements.

## 2.5 Use of Estimates and Judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- Notes 8 & 9 – measurement of recoverable amounts of trade and other receivables

## 3 Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Foundation to all periods presented in these financial statements.

### 3.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of the Foundation at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

## 3.2 Financial Instruments

### *(i) Non-derivative financial assets*

The Foundation initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Foundation becomes a party to the contractual provisions of the instrument.

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Foundation is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Foundation has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Foundation classifies non-derivative financial assets into the following categories: loans and receivables and held-to-maturity investments.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, except prepayments.

Cash and cash equivalents comprise cash balances and fixed deposits with original maturities of 12 months or less.

#### *Held-to-maturity investments*

If the Foundation has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity investments comprise quoted bonds.

**(ii) *Non-derivative financial liabilities***

Financial liabilities are recognised initially on the trade date, which is the date that the Foundation becomes a party to the contractual provisions of the instrument.

The Foundation derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Foundation has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Foundation's non-derivative financial liabilities comprise trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

**3.3 Plant and Equipment**

***Recognition and measurement***

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs directly attributable to bringing the assets to a working condition for their intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and is recognised net within other income/other expenses in profit or loss on the date of disposal.

***Subsequent costs***

The cost of replacing a component of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Foundation, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

### ***Depreciation***

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis so as to write off items over the estimated useful lives of each part of an item of plant and equipment.

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

Air-conditioners	-	4 years
Computers	-	3 years
Furniture and fittings	-	3 years
Medical equipment	-	4 years
Office equipment	-	3 years
Renovations	-	3 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

Plant and equipment valued at less than \$1,000 are not capitalised and are expensed to profit or loss in the year of acquisition.

### **3.4 Intangible Assets**

Intangible assets that are acquired by the Foundation and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated over the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life for the current and comparative periods is as follows:

Software	-	3 years
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Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### 3.5 Impairment

#### *(i) Impairment of financial assets and held-to-maturity investments*

A financial asset not carried at fair value through profit or loss and is assessed at the end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Foundation on terms that the Foundation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of debtors, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

#### *Loans and receivables and held-to-maturity investment securities*

The Foundation considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investments based on similar risk characteristics.

In assessing collective impairment, the Foundation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *(ii) Impairment of non-financial assets*

The carrying amounts of the Foundation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units), and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.6 Employee Benefits

#### (i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an outgoing resource in profit or loss in the periods during which services are rendered by employees.

#### (ii) *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Foundation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3.7 Grants

Government grants and contributions are recognised initially as deferred income at their fair value where there is reasonable assurance that they will be received and all required conditions associated with the grants and contributions will be complied with.

These grants and contributions that compensate the Foundation for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.



Government grants and contributions from other organisations utilised for the purchase/construction of depreciable assets are taken to the deferred capital grants accounts. Deferred capital grants are recognised in profit or loss over the periods necessary to match the depreciation and impairment loss of the assets purchased, with the related grants. Upon the disposal of the plant and equipment, the balance of the related deferred capital grants is recognised in profit or loss to match the net book value of the assets written off.

#### *Jobs Credit Scheme*

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as incoming resources in profit or loss upon receipt.

### 3.8 Provisions

A provision is recognised if, as a result of a past event, the Foundation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### *Operating Leases*

When the Foundation has the use of assets under operating leases, payments made under the operating leases are recognised profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent lease payments are charged to profit or loss in the accounting period in which they are incurred. These leased assets are not recognised in the Foundation's statement of financial position.

### 3.9 Funds Structure

#### *(i) General fund*

The general fund is available for use at the discretion of the management in furtherance of the Foundation's general objectives and purposes. The fund is available to apply for general purposes of the Foundation as set out in its governing document.

Income generated from assets held and expenditure incurred in a general fund will be presented as unrestricted general income and expenses, respectively.

#### *(ii) Designated fund*

The designated fund is available for use at the discretion of the management within particular projects in furtherance of the Foundation's objectives that the management have identified and earmarked.

Designated funds are funds which are part of the unrestricted general fund, but earmarked for a particular project. The designation is made for administrative purposes only and does not contain any legal restrictions in relation to the Foundation's discretion to apply the fund. Management of the Foundation will pass a Director Resolution to approve the designation fund for purposes of a particular project earmarked by the Foundation.

Designated fund is accounted for as part of the Foundation's unrestricted designated funds. Income generated from assets and expenditure held in designated funds will be presented as designated general income and expenses, respectively.

**(iii) *Restricted fund***

Restricted fund is a fund subject to specific purpose, declared by the donor(s) or with their authority or created through a legal process, but still within the wider objectives of the Foundation. The restricted fund is available for use at the discretion of the management within specified projects in furtherance of the Foundations' objectives that have been identified by donors of the funds or communicated to donors when sourcing for the funds.

Restricted fund may be a restricted income fund, which is expendable at the discretion of the Foundation in furtherance of some particular aspect(s) of the objects of the Foundation, or may be a capital fund, where the assets are required to be invested or retained for actual use, rather than expended.

Restricted fund has to be separately accounted for. Income generated and expenditure incurred from assets held in a restricted fund will be legally subjected to the restrictions of the fund.

**(iv) *Transfer of funds***

Generally, transfers of funds within the Foundation involve the transfer of available funds in the unrestricted funds of the Foundation to the unrestricted designated fund at the discretion of management as and when it is deemed appropriate and in furtherance of the objectives and purposes of the designated funds. Approval of transfers is made through a Director Resolution passed by the management of the Foundation. Management's practice is that no fund transfers are made out of the restricted funds to other funds established by the Foundation. However, unrestricted funds may be spent and transferred to the restricted funds to meet any overspending or deficit in the restricted funds, as approved by management of the Foundation.

**3.10 Incoming Resources**

**(i) *Donations, voluntary income and funds generating activities***

Donations and voluntary income (including direct appeals, fundraising through newsletters and websites, outright donations, sponsorships, memberships and research) are recognised on an accruals basis (recognised when entitled/receivable). Incoming resources from the sale of goods from fund generating raising activities is recognised at the point of sale.

Donations-in-kind are recognised based on their estimated fair values.

Donated services are recognised based on their estimated fair values, with an equivalent amount recognised as an expenditure item or in the relevant asset category upon receipt.

Donated plant and equipment are recognised based on their estimated fair value, with an equivalent amount capitalised and reflected as plant and equipment in the Statement of Financial Position.

The gross incoming resources in relation to funds raised or collected for the Foundation by individuals not employed or contracted by the Foundation, are the proceeds remitted to the Foundation by the organisers of the event, after deducting their expenses.

Donations with restriction and/or conditions attached shall be recognised on an accruals basis if the restrictions and conditions are under the Foundation's purview and it is probable that these restrictions and conditions would be met.

**(ii) *Investment income***

Investment income comprises interest income on funds invested and is recognised on an accruals basis, using the effective interest method.

**(iii) *Charitable income - Dialysis services and medication***

Income from rendering dialysis services and medication is recognised when the services and medication are rendered.

**3.11 Resources Expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the respective categories of incoming resources. Cost comprises direct expenditure including direct staff costs attributable to the relevant category of incoming resources. Where costs cannot be wholly attributable to a category of incoming resources, they have been apportioned on a basis consistent with the use of resources. Such costs relate to support costs which comprise of staff costs of the head office and maintenance of the IT infrastructure.

**(i) *Allocation of support costs***

Support costs comprise staff costs of the head office relating to general management, human resource and administration, budgeting, accounting and finance functions, and maintenance of the IT infrastructure.

The costs have been specifically allocated to charitable activities and governance cost based on an 80:20 ratio, since the Foundation operates one head office that provides the overall governance for the Foundation and four dialysis centres that provide the dialysis services and medication.

No support costs were allocated to research activities.

**(ii) *Costs of generating funds***

The costs of generating funds are those costs attributable to generating income for the Foundation, other than from undertaking charitable activities.

**(iii) *Charitable activities***

Costs of charitable activities comprise all costs incurred in undertaking its work in the pursuit of the charitable objects of the Foundation. The total costs of charitable expenditure include an apportionment of support costs.

**(iv) *Governance costs***

Governance costs comprise all costs attributable to the general running of the Foundation, associated with the maintenance of the Foundation's 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.

#### **4 Members' Guarantee**

The Foundation is a company limited by guarantee whereby each member of the Foundation undertakes to meet the debts and liabilities of the Foundation, in the event of its liquidation, to an amount not exceeding \$100 per member.

As at 31 March 2012, the Foundation has 3 members (2011: 3).

**5 Plant and Equipment**

Cost	Air- conditioners \$	Computers \$	Furniture and fittings \$	Medical equipment \$	Office equipment \$	Renovations \$	Total \$
At 1 April 2010	86,517	128,254	246,797	2,042,847	71,232	778,632	3,354,279
Additions	4,450	6,870	-	9,100	-	-	20,420
Disposals	(8,055)	(8,380)	(1,626)	(35,346)	(3,781)	-	(57,188)
At 31 March 2011	82,912	126,744	245,171	2,016,601	67,451	778,632	3,317,511
Additions	1,450	16,448	1,318	42,000	6,360	36,973	104,549
Disposals	(767)	(28,139)	(320)	(109,681)	(7,375)	-	(146,282)
At 31 March 2012	83,595	115,053	246,169	1,948,920	66,436	815,605	3,275,778
<b>Accumulated depreciation</b>							
At 1 April 2010	57,398	117,098	232,787	1,387,190	62,862	747,672	2,605,007
Depreciation for the year	17,680	13,133	14,010	280,290	7,080	30,960	363,153
Disposals	(8,055)	(8,380)	(1,626)	(35,346)	(3,781)	-	(57,188)
At 31 March 2011	67,023	121,851	245,171	1,632,134	66,161	778,632	2,910,972
Depreciation for the year	10,540	4,653	146	188,942	2,093	6,084	212,458
Disposals	(479)	(28,139)	(320)	(109,681)	(7,375)	-	(145,994)
At 31 March 2012	77,084	98,365	244,997	1,711,395	60,879	784,716	2,977,436
<b>Carrying amounts</b>							
At 1 April 2010	29,119	11,156	14,010	655,657	8,370	30,960	749,272
At 31 March 2011	15,889	4,893	-	384,467	1,290	-	406,539
At 31 March 2012	6,511	16,688	1,172	237,525	5,557	30,889	298,342

## 6 Intangible Assets

	Software \$
<b>Cost</b>	
At 1 April 2010	142,585
Additions	24,510
At 31 March 2011 and 31 March 2012	167,095
<b>Accumulated amortisation</b>	
At 1 April 2010	119,679
Amortisation for the year	24,634
At 31 March 2011	144,313
Amortisation for the year	10,264
At 31 March 2012	154,577
<b>Carrying amounts</b>	
At 1 April 2010	22,906
At 31 March 2011	22,782
At 31 March 2012	12,518

## 7 Investments - Quoted Bonds

	2012 \$	2011 \$
Carrying value at beginning of year	1,997,945	1,999,974
Less: Redemption at carrying value	(500,000)	-
Less: Amortisation of premium during the year	(1,043)	(2,029)
Carrying value at end of year	1,496,902	1,997,945
Market value	1,528,050	2,063,725

Quoted bonds classified as held-to-maturity, earns fixed interest at rates ranging from 2.16% to 4.15% per annum during the current and previous years, and mature in one to three years. They are held to provide an investment return to the Foundation.

All investments of the Foundation are originated in Singapore.

## 8 Trade and Other Receivables

	Note	2012 \$	2011 \$
Trade receivables	9	173,449	173,915
Interest receivable		34,834	38,560
Other receivables		166,470	61,133
Deposits		101,231	54,996
Loans and receivables		475,984	328,604
Prepayments		7,743	6,234
		483,727	334,838

## 9 Trade Receivables

	2012	2011
	\$	\$
Trade receivables	180,372	178,079
Less: Impairment loss in relation to trade receivables	(6,923)	(4,164)
	173,449	173,915

The change in impairment loss in respect of trade receivables during the year is as follows:

	2012	2011
	\$	\$
At 1 April	4,164	1,813
Allowance utilised	(3,735)	(573)
Net allowance made during the year	6,494	2,924
At 31 March	6,923	4,164

The ageing of loans and receivables at the reporting date is:

	←----- 2012 -----→		←----- 2011 -----→	
	Gross \$	Impairment losses \$	Gross \$	Impairment losses \$
Not past due	337,804	-	300,005	-
Past due 0 – 30 days	135,218	-	22,331	-
Past due 31 – 60 days	-	-	829	-
Past due 61 – 90 days	-	-	956	-
Past due more than 90 days	9,885	6,923	8,647	4,164
	482,907	6,923	332,768	4,164

The Foundation's primary exposure to credit risk arises through its trade and other receivables. As at 31 March 2012, concentration of credit risk mainly relates to amounts receivable from insurance providers which accounts for approximately 47% (2011: 64%) of loans and receivables. The Foundation's historical experience in the collection of loans and receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Foundation's receivables.

### *Source of estimation uncertainty*

The Foundation evaluates whether there is any objective evidence that loans and receivables are impaired, and determines the amount of impairment loss as a result of the inability of debtors to make required payments. The Foundation determines the collectability of amounts receivables by reviewing the ageing of receivables, credit-worthiness of debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

## 10 Cash and Cash Equivalents

	2012	2011
	\$	\$
Fixed deposits	17,872,142	16,215,293
Cash at bank and in hand	1,120,204	935,689
Cash and cash equivalents	18,992,346	17,150,982

The effective interest rates per annum relating to fixed deposits at the reporting date range from 0.05% to 0.51% (2011: 0.1% to 0.47%) per annum. Interest rates reprice upon maturity of the fixed deposits, which are rolled-over at intervals of one to twelve months.

## 11 Deferred Capital Grants

	2012	2011
	\$	\$
At 1 April	16,200	-
Additions during the year	-	77,707
Accretion during the year	(8,100)	(61,507)
At 31 March	8,100	16,200

## 12 Trade and Other Payables

	2012	2011
	\$	\$
Trade payables	352,425	364,044
Other payables	252,183	275,403
Output GST	7,964	5,088
Accrued operating expenses	222,136	126,360
Deposit received from a supplier	382,590	38,563
Unutilised annual leave	10,633	11,063
	1,227,931	820,521

The expected contractual undiscounted cash outflows of trade and other payables are expected to occur within one year and are equivalent to their carrying amounts.



### **13 Unrestricted Ghim Moh Fund (Designated)**

The Ghim Moh Fund was set up in August 2006 with a donation received from the Khoo Foundation for the development of a new haemodialysis centre in Ghim Moh ("GMDC"). The donation received of \$5,000,000 has been allocated by the directors as follows: \$1,300,000 for the development of GMDC and the balance of \$3,700,000 for the operations of the GMDC. The fund also consists of income generated mainly through the provision of dialysis services at established centre and receipt of government subsidies. The fund is currently used to meet the operating costs of the GMDC.

### **14 Restricted Fund Research Fund**

The Research Fund consist of donations solicited and received by the Foundation for the purpose of supporting and funding research in the area for the prevention, treatment and cure of kidney and kidney related diseases. In the memorandum of understanding with The National University of Singapore, the Foundation had identified research projects which will be funded from donations from the Research Fund. Donations from the Research Fund will be channelled to the KDF-NUS Research Fund. A gift agreement was signed in July 2011 with a pledge of \$1,750,000 towards the KDF-NUS Research Fund over a period of five years commencing from the financial year ended 31 March 2012. An amount of \$350,000 was paid in the current financial year. The payment for the pledge of \$350,000 each year is conditional upon the Foundation receiving from NUS, the recommendation by the selection and review committee, to support the research projects. Either party may terminate the gift agreement by giving the other party written notice of at least twelve months of its intention to terminate.

During the current financial year, the Foundation transferred an amount of \$279,943 (2011: \$50,000) from the Unrestricted General Fund to the Restricted Fund Research Fund in order to meet shortfalls on grant payments made during the year. The transfer had been approved at the Annual General Meeting held on 13 July 2011.

### **15 Restriction on Distribution of Reserves**

The Foundation's Memorandum of Association provides that no portion of the income and property of the Foundation shall be paid by way of dividend, bonus or otherwise to the members of the Foundation.

### **16 Incoming Resources from Generated Funds**

Included in voluntary income, income from fund generating activities and charitable income are donations for which tax-exempt receipts have been issued amounting to \$4,378,695 (2011: \$3,283,120).

Included in the voluntary income are donations amounting to \$355,587 (2011: \$443,648) designated specifically for the purpose of supporting dialysis services.

***Donated services***

The Foundation receives professional services from doctors and lawyers on a voluntary basis. Honorarium of \$101,200 (2011: \$97,200) for 13 (2011: 13) volunteer doctors was paid directly to the restricted hospitals and volunteer doctors for the services rendered.

***Donated plant and equipment***

During the current financial year, the Foundation received donated medical equipment amounting to \$42,000.

**17 Investment Income**

	2012	2011
	\$	\$
Interest income:		
- cash and cash equivalents	56,328	55,665
- quoted bonds	65,518	71,235
	121,846	126,900

**18 Charitable Income**

	2012	2011
	\$	\$
Donations	46,856	71,342
Dialysis services and medication	4,047,597	4,100,569
Less: Subsidies to patients	(1,590,085)	(1,631,121)
	2,504,368	2,540,790

**19 Government Subsidies**

The Foundation receives government subsidies on dialysis services provided to patients who meet the Ministry of Health's criteria for subsidised haemodialysis and peritoneal dialysis. The government subsidies received for peritoneal dialysis are remitted to the peritoneal dialysis solution provider.

Amounts received for haemodialysis subsidies are recognised in profit or loss in the same period as the related expenditure.

**20 Costs of Generating Voluntary Income**

	2012	2011
	\$	\$
Direct mail materials	299,512	279,068
Staff costs	243,840	180,927
Admin and operating expenses	53,970	34,200
	597,322	494,195

**21 Costs of Charitable Activities – Dialysis services and medication cost**

	2012	2011
	\$	\$
Dialysis and medication fees	4,190,962	4,277,884
Honorarium	101,200	97,200
Staff costs	356,460	408,203
Depreciation of plant and equipment	203,109	324,756
Amortisation of intangible assets	8,253	8,612
Rental and utilities	199,045	178,716
Non-claimable GST input tax	137,898	144,927
Repair and maintenance expense	20,854	31,299
Patient welfare expenses	15,254	90
Admin and operating expenses	46,109	43,476
	<u>5,279,144</u>	<u>5,515,163</u>

**22 Governance Cost**

	2012	2011
	\$	\$
Staff costs	117,249	109,305
Depreciation of plant and equipment	9,349	38,397
Amortisation of intangible assets	2,011	16,022
Rental and utilities	25,627	22,590
Non-claimable GST input tax	23,593	20,945
Repair and maintenance expense	27,016	27,563
Admin and operating expenses	108,295	105,084
	<u>313,140</u>	<u>339,906</u>

## 23 Net income/(loss) for the year/Net incoming/(outgoing) resources

Net income/(loss) for the year/Net incoming/(outgoing) resources includes the following:

	Note	2012 \$	2011 \$
<b>Staff costs</b>			
Wages and salaries		787,796	744,843
Reimbursements by dialysis service providers		(258,600)	(214,725)
		529,196	530,118
Contributions to Central Provident Fund		102,979	89,574
Staff bonus		67,988	62,943
		<u>700,163</u>	<u>682,635</u>
Amortisation of premium on bonds		1,043	2,029
External audit fees		27,000	27,000
Internal audit fees		16,000	8,000
Bad debt recovered		(860)	-
Bad debts written off		4,018	1,201
Depreciation of plant and equipment	5		
- General fund		169,924	199,433
- Ghim Moh fund		42,534	163,720
Amortisation of intangible assets	6		
- General fund		8,222	22,759
- Ghim Moh fund		2,042	1,875
Gain on disposal of plant and equipment		(12,724)	-
Net impairment loss allowance in relation to doubtful receivables	9	6,494	2,924
Operating lease expense		34,394	34,390
Other government grants	11	(8,100)	(61,507)
Job Credit Scheme		-	(4,471)

The Foundation employs experienced dialysis and patient services staff to oversee and monitor the services of the dialysis provider and staff costs relating to these staff will be reimbursed by the Foundation's dialysis service providers in accordance with the terms of their supply agreements with the Foundation.

## 24 Taxation

The Foundation is registered as a charity under the Charities Act, Chapter 37. With effect from YA2008, all registered charities are not required to file income tax returns and will enjoy automatic income tax exemption without having the need to meet the 80% spending rule. No provision for taxation has been made in the Foundation's financial statements.

## 25 Related Party Transactions

### *Key management compensation*

For the purpose of these financial statements, parties are considered to be related to the Foundation if the Foundation has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Foundation and party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel, who are the trustees/office bearers, of the Foundation are those persons having the authority and responsibility for planning, directing and controlling the activities of the Foundation. The directors, the Chief Executive Officer and the General Manager are considered as key management personnel of the Foundation. The directors of the Foundation render their services on a voluntary basis and do not receive any remuneration. However, the Chief Executive Officer and the General Manager received remuneration that is approved by the Board of Directors.

	Salaries \$	AWS and variable bonus \$	Contributions to Central Provident Fund \$	Other benefits \$	Total \$
<b>31 March 2012</b>					
Chief Executive Officer	88,200	8,850	4,205	1,920	103,175
General Manager	66,000	7,000	7,630	-	80,630
	<u>154,200</u>	<u>15,850</u>	<u>11,835</u>	<u>1,920</u>	<u>183,805</u>
<b>31 March 2011</b>					
Chief Executive Officer	88,200	7,350	4,826	1,920	102,296
General Manager	62,400	6,200	6,540	-	75,140
	<u>150,600</u>	<u>13,550</u>	<u>11,366</u>	<u>1,920</u>	<u>177,436</u>

During the financial year, no key management personnel received any reimbursement of expenses, allowances or any other forms of payments, except as described in the above paragraph.

### *Other related party transactions*

The aggregate value of transactions and outstanding balances with key management personnel and entities over which they have control or significant influence were as follows:

Type of services rendered	Transaction value for the year ended 31 March		Balance outstanding as at 31 March	
	2012 \$	2011 \$	2012 \$	2011 \$
Internal audit services	16,000	8,000	-	3,000

A director of the Foundation is also on the board of directors of the internal audit firm, Shared Services for Charities Limited. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

## Loans

### Due from related party

Name of related party	Relationship to charity	Loan amount	Amount repaid	Amount owing as at 31 March	
		\$	\$	2012 \$	2011 \$
Lee Mee Lin	staff	2,500	2,300	200	Nil

During the financial year, the Foundation granted a loan to the staff for a bridging course on Graduate Diploma on Social Work Programme. The Human Resource Committee approved the loan in August 2011. The loan is interest free and is repayable within one year.

Other than the above, there are no other related party transactions during the year.

## 26 Financial Risk Management

### *Overview*

The Foundation has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Foundation's exposure to the above risks, the Foundation's objectives, policies and processes for measuring and managing risk, and the Foundation's management of capital.

### *Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's risk management framework. The Board has established the Audit Committee, which is responsible for developing and monitoring the Foundation's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Foundation's risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Foundation's Audit Committee oversees how management monitors compliance with the Foundation's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Foundation. The Foundation's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### *Credit risk*

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Foundation's quoted bonds, cash and cash equivalents and trade and other receivables.

At the reporting date, there is no significant concentration of credit risk, apart from all of fixed deposits which are placed with a single financial institution. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Management regularly monitors the recoverability of its financial assets and believes that it has adequately provided for any exposure to potential losses.

### *Investments*

In a bid to manage its credit risk, the Foundation only invests in government bonds or bonds of organisations with a minimum credit rating of "AAA" (Standard and Poor) or equivalent. Given that the Foundation only has invested in securities with high credit ratings and placed fixed deposits with reputable financial institutions, management does not expect any counterparty to fail to meet its obligations.

### *Trade and other receivables*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Foundation establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Foundation held cash and cash equivalents of \$18,992,346 at 31 March 2012 (2011: \$17,150,982), which represents its maximum credit exposure on these assets. Cash and fixed deposits are placed with banks and financial institutions in Singapore which are regulated. At the balance sheet date, 100% (2011:100%) of the cash and cash equivalents are placed with financial institutions with credit-rating of A-1+ (2011: A-1+).

### *Liquidity risk*

The Foundation has minimal exposure to liquidity risk as its operations are funded by government grants and subsidies, as well as donations from corporations and individuals. The Foundation has ensured sufficient liquidity through the holding of highly liquid assets in the form of cash and cash equivalents at all times to meet its financial obligations when they fall due.

Fixed deposits are placed with reputable financial institutions, which yield better returns than cash at bank. The fixed deposits generally have short-term maturities so as to provide the Foundation with the flexibility to meet working capital needs. All fixed deposits mature within one year.

***Market risk***

Market risk is the risk that changes in market prices, such as interest rate and equity prices will affect the Foundation's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

The Foundation's exposure to market risk for changes in interest rates relates primarily to the Foundation's investment portfolio. The Foundation does not account for any fixed rate financial assets at fair value through profit or loss, and the Foundation does not enter into any hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect the Foundation's profit or loss.

***Profile***

At the reporting date, the interest rate profile of the Foundation's interest-bearing financial instruments was as follows:

	Carrying amount 2012 \$	Carrying amount 2011 \$
<b>Fixed rate instruments</b>		
Fixed deposits	17,872,142	16,215,293
Investments – Quoted Bonds	1,496,902	1,997,945
	19,369,044	18,213,238

***Foreign currency risk***

The financial assets and liabilities of the Foundation are primarily denominated in Singapore dollars. The Foundation has no significant exposure to foreign currency risk.

***Capital management***

The Foundation defines "capital" to be the unrestricted funds and restricted funds. The primary objective of the Foundation is to ensure that it maintains a healthy capital position through donations and government grants to sustain its operations.

There are no changes in the Foundation's approach to capital management during the year. The Foundation is not subject to any externally imposed capital requirements.

***Determination of fair values***

***Investments***

The fair value of quoted bonds classified as held to maturity is determined by reference to the quoted bid prices at the reporting date and are for disclosure purposes only (Level 1).

***Estimating the fair values***

The fair values of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of their short period to maturity.



*Fair value versus carrying amounts*

The fair values of recognised financial assets and liabilities together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Held-to-maturity \$	Loans and receivables \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
<b>31 March 2012</b>						
Cash and cash equivalents	10	–	18,992,346	–	18,992,346	18,992,346
Loans and other receivables (excluding prepayments)	8	–	475,984	–	475,984	475,984
Investments – Quoted bonds	7	1,496,902	–	–	1,496,902	1,528,050
		<u>1,496,902</u>	<u>19,468,330</u>	<u>–</u>	<u>20,965,232</u>	<u>20,996,380</u>
Trade and other payables	12	–	–	(1,227,931)	(1,227,931)	(1,227,931)
<b>31 March 2011</b>						
Cash and cash equivalents	10	–	17,150,982	–	17,150,982	17,150,982
Trade and other receivables (excluding prepayments)	8	–	328,604	–	328,604	328,604
Investments – Quoted bonds	7	1,997,945	–	–	1,997,945	2,063,725
		<u>1,997,945</u>	<u>17,479,586</u>	<u>–</u>	<u>19,477,531</u>	<u>19,543,311</u>
Trade and other payables	12	–	–	(820,521)	(820,521)	(820,521)

## Supplementary Information – Balance Sheet

	Unrestricted			Total
	Unrestricted General Fund \$	Designated Ghim Moh Fund \$	Restricted Research Fund \$	
<b>2012</b>				
<b>Non-current assets</b>				
Plant and equipment	285,357	12,985	-	298,342
Intangible assets	9,389	3,129	-	12,518
Investment - Quoted bonds	1,496,902	-	-	1,496,902
<b>Total non-current assets</b>	<u>1,791,648</u>	<u>16,114</u>	<u>-</u>	<u>1,807,762</u>
<b>Current assets</b>				
Trade and other receivables	439,261	44,466	-	483,727
Cash and cash equivalents	15,924,494	3,034,671	33,181	18,992,346
<b>Total current assets</b>	<u>16,363,755</u>	<u>3,079,137</u>	<u>33,181</u>	<u>19,476,073</u>
<b>Total assets</b>	<u>18,155,403</u>	<u>3,095,251</u>	<u>33,181</u>	<u>21,283,835</u>
<b>Non-current liabilities</b>				
Deferred capital grants	8,100	-	-	8,100
<b>Current liabilities</b>				
Trade and other payables	1,161,172	66,759	-	1,227,931
<b>Total liabilities</b>	<u>1,169,272</u>	<u>66,759</u>	<u>-</u>	<u>1,236,031</u>
<b>Net assets</b>	<u>16,986,131</u>	<u>3,028,492</u>	<u>33,181</u>	<u>20,047,804</u>
<b>2011</b>				
<b>Non-current assets</b>				
Plant and equipment	353,280	53,259	-	406,539
Intangible assets	17,610	5,172	-	22,782
Investments – Quoted bonds	1,997,945	-	-	1,997,945
<b>Total non-current assets</b>	<u>2,368,835</u>	<u>58,431</u>	<u>-</u>	<u>2,427,266</u>
<b>Current assets</b>				
Trade and other receivables	281,418	53,412	8	334,838
Bank and cash balances	13,717,809	3,355,983	77,190	17,150,982
<b>Total current assets</b>	<u>13,999,227</u>	<u>3,409,395</u>	<u>77,198</u>	<u>17,485,820</u>
<b>Total assets</b>	<u>16,368,062</u>	<u>3,467,826</u>	<u>77,198</u>	<u>19,913,086</u>
<b>Non-current liabilities</b>				
Deferred capital grants	16,200	-	-	16,200
<b>Current liabilities</b>				
Trade and other payables	741,165	79,356	-	820,521
<b>Total liabilities</b>	<u>757,365</u>	<u>79,356</u>	<u>-</u>	<u>836,721</u>
<b>Net assets</b>	<u>15,610,697</u>	<u>3388,470</u>	<u>77,198</u>	<u>19,076,365</u>

FS28 to FS29 do not form part of the Foundation's financial statements.

## Supplementary Information – Income Generating Activities and Related Costs

### Voluntary Income and Cost of Generating Voluntary Income

<u>Activity</u>	Income		Expenses*	
	2012	2011	2012	2011
	\$	\$	\$	\$
Direct appeal	1,169,332	1,319,764	(256,831)	(236,426)
Communications, such as newsletters and website	760,091	670,247	(184,361)	(145,895)
Outright and sponsorships	1,025,928	783,175	(72,744)	(51,639)
Research	26,100	66,000	(11,912)	(8,605)
Others	205,093	256,598	(71,474)	(51,630)
<b>Total</b>	<b>3,186,544</b>	<b>3,095,784</b>	<b>(597,322)</b>	<b>(494,195)</b>

\* Expenses pertaining to staff costs and administrative and operating expenses of resource development and communication department are apportioned and allocated to the individual activities based on duration of the activities.

### Funds Generating Activities and Cost of Funds Generating Activities

<u>Activity</u>	Income		Expenses	
	2012	2011	2012	2011
	\$	\$	\$	\$
Lunar 7 <sup>th</sup> month	238,869	150,494	(35,414)	(28,401)
Flag day	75,644	35,246	(5,312)	(6,862)
Amazing kidney race/feats	66,070	215	(14,245)	(45)
Donation boxes/Pledge cards	21,833	32,256	(2,105)	(2,177)
Celebration 85	668,920	-	(129,049)	-
Others	450,539	65,340	(44,302)	(673)
<b>Total</b>	<b>1,521,875</b>	<b>283,551</b>	<b>(230,427)</b>	<b>(38,158)</b>

FS28 to FS29 do not form part of the Foundation's financial statements.

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