

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

Annual Report  
Year ended 31 March 2016

## **Directors' Statement**

We are pleased to submit this annual report to the members of the Kidney Dialysis Limited Foundation (the "Foundation") together with the audited financial statements of the Foundation for the financial year ended 31 March 2016.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS33 are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 March 2016 and the financial performance, changes in funds 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.

## **Directors**

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

Dr Gordon Ku  
Cheng Wai Keung  
Stephen Lee Ching Yen  
Watson Ong Choon Huat  
Yeoh Oon Jin  
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 donations received from the general public and subsidies from the Government (administered by the Ministry of Health). The Foundation generally does not accept patients who are financially able to pay for dialysis treatment at private centres. There have been no significant changes in such activities during the financial year.

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 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. In July 2011, the Foundation continued the collaboration with NUS with the signing of a 5-year gift agreement at an annual minimum pledge of \$350,000. During the year, the Foundation approved the funding of \$1,200,000 for another 3 years to continue the Foundation's collaboration with NUS. The 3-year gift agreement is expected to be signed in July 2016.

### **Directors' Interests**

Directors, who are also members of the Foundation, are Dr Gordon Ku, Mr Cheng Wai Keung and Mr Stephen Lee Ching Yen. The members do not have a personal interest in the Foundation.

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.

### **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*



**Yeoh Onn Jin**  
*Director*

21 June 2016



**KPMG LLP**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet [www.kpmg.com.sg](http://www.kpmg.com.sg)

## 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 2016, the statement of income and expenditure and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS31.

#### *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 financial statements 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 are properly drawn up in accordance with the provisions of the Act, the Rules and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Foundation as at 31 March 2016 and the financial performance, changes in funds 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.

*KPMG LLP*

**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
21 June 2016

**Statement of Financial Position**  
**As at 31 March 2016**

	Note	2016 \$	2015 \$
<b>Non-Current Assets</b>			
Plant and equipment	5	370,665	300,007
Intangible assets	6	51,293	49,838
<b>Total Non-Current Assets</b>		421,958	349,845
<b>Current Assets</b>			
Trade and other receivables	7	723,095	478,126
Cash and cash equivalents	8	27,868,181	25,421,398
<b>Total Current Assets</b>		28,591,276	25,899,524
<b>Total Assets</b>		29,013,234	26,249,369
<b>Non-Current Liabilities</b>			
Deferred capital grants	9	159,434	112,862
Grants received in advance	10	359,739	512,878
		519,173	625,740
<b>Current Liabilities</b>			
Deferred capital grants	9	177,524	180,075
Grants received in advance	10	1,082,107	340,689
Trade and other payables	11	1,242,331	1,577,086
		2,501,962	2,097,850
<b>Total Liabilities</b>		3,021,135	2,723,590
<b>Net Assets</b>		25,992,099	23,525,779
<b>Funds of the Foundation:</b>			
<i>Unrestricted Funds</i>			
General Fund		24,506,688	21,688,319
Ghim Moh Fund (Designated)	12	1,194,175	1,640,872
<i>Restricted Funds</i>			
Kwan Im Thong Hood Cho Temple Dialysis Assistance ("KTDA") Fund	13	116,171	140,031
Research Fund	14	175,065	56,557
<b>Total Funds</b>		25,992,099	23,525,779
<b>Members' Guarantee</b>	4	300	300

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

Statement of Income and Expenditure and Other Comprehensive Income  
Year ended 31 March 2016

		← Restricted →				
		Unrestricted Designated Ghim Moh Fund 2016 \$	KTDA Fund 2016 \$	Research Fund 2016 \$	CST Fund 2016 \$	Total 2016 \$
<b>Income/Incoming resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary income (donations)	16	2,899,910	118,288	69,408	—	3,087,606
Funds generating activities	16	894,904	—	55,218	—	950,122
Investment income	17	223,426	—	—	—	223,692
Others		59,643	—	—	—	60,510
		4,077,883	118,288	124,626	—	4,321,930
<b>Charitable activities</b>						
Charitable income (mainly dialysis and medication fees)	18	3,019,151	—	—	—	4,467,830
Less: subsidies to patients	18	(850,475)	(142,148)	—	—	(1,304,489)
Government subsidies	19	943,084	—	—	1,663,869	2,993,687
		3,111,760	(142,148)	—	1,663,869	6,157,028
<b>Total income/incoming resources</b>		7,189,643	(23,860)	124,626	1,663,869	10,478,958
<b>Expenditure/Resources expended</b>						
<i>Cost of generating funds</i>						
Cost of generating voluntary income	20	636,799	—	—	—	636,799
Cost of fund generating activities		145,234	—	6,118	—	151,352
		782,033	—	6,118	—	788,151
<i>Cost of charitable activities</i>						
Dialysis services and medication cost	21	2,776,431	—	—	1,663,869	6,411,677
Contribution to NUS Research Fund		—	—	450,000	—	450,000
Other charitable activities		27,094	—	—	—	27,094
		2,803,525	—	450,000	1,663,869	6,888,771
Governance costs	22	335,716	—	—	—	335,716
<b>Total expenditure/resources expended</b>		3,921,274	—	456,118	1,663,869	8,012,638
<b>Net surplus/(deficit) for the year, representing total comprehensive income for the year</b>	23	3,268,369	(23,860)	(331,492)	—	2,466,320

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

Statement of Income and Expenditure and Other Comprehensive Income  
Year ended 31 March 2015

Note	Unrestricted General Fund 2015 \$	Unrestricted			Research Fund 2015 \$	CSI Fund 2015 \$	Total 2015 \$
		Designated Ghim Moh Fund 2015 \$	KIDA Fund 2015 \$	Restricted			
<b>Income/Incoming resources</b>							
<i>Income resources from generated funds</i>							
16	3,071,108	3,348	116,078	6,690	—	3,197,224	
16	745,271	—	—	35,268	—	780,539	
17	77,742	4,760	204	—	—	82,706	
	771	200	—	—	—	971	
	3,894,892	8,308	116,282	41,958	—	4,061,440	
<i>Charitable activities</i>							
18	3,236,324	1,553,819	—	—	—	4,790,143	
18	(1,208,172)	(421,651)	(111,099)	—	—	(1,740,922)	
19	869,192	367,061	—	—	1,823,034	3,059,287	
	2,897,344	1,499,229	(111,099)	—	1,823,034	6,108,508	
	6,792,236	1,507,537	5,183	41,958	1,823,034	10,169,948	
<b>Expenditure/Resources expended</b>							
<i>Cost of generating funds</i>							
20	538,360	—	—	—	—	538,360	
	129,220	—	—	10,632	—	139,852	
	667,580	—	—	10,632	—	678,212	
21	2,756,398	1,937,400	—	—	1,823,034	6,516,832	
	—	—	—	450,000	—	450,000	
	11,068	—	—	—	—	11,068	
22	2,767,466	1,937,400	—	450,000	1,823,034	6,977,900	
	377,519	—	—	—	—	377,519	
	3,812,565	1,937,400	—	460,632	1,823,034	8,033,631	
23	2,979,671	(429,863)	5,183	(418,674)	—	2,136,317	

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



Statement of Changes in Funds  
 Year ended 31 March 2016

	<----- Restricted ----->				
	Unrestricted General Fund \$	Unrestricted Designated Ghim Moh Fund \$	KTDA Fund \$	Research Fund \$	Total \$
At 1 April 2014	19,158,648	2,070,735	134,848	25,231	21,389,462
Gross transfer between funds	(450,000)	-	-	450,000	-
Net surplus/(deficit) for the year, representing total comprehensive income for the year	2,979,671	(429,863)	5,183	(418,674)	2,136,317
At 31 March 2015	21,688,319	1,640,872	140,031	56,557	23,525,779
Gross transfer between funds	(450,000)	-	-	450,000	-
Net surplus/(deficit) for the year, representing total comprehensive income for the year	3,268,369	(446,697)	(23,860)	(331,492)	2,466,320
At 31 March 2016	24,506,688	1,194,175	116,171	175,065	25,992,099

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

**Kidney Dialysis Foundation Limited**  
**(A Company Limited by Guarantee)**

Financial Statements  
Year ended 31 March 2016

**Statement of Cash Flows**  
**Year ended 31 March 2016**

		←----- Restricted ----->				
	Unrestricted General Fund 2016 S	Unrestricted Designated Ghim Moh Fund 2016 S	KTDA Fund 2016 S	Research Fund 2016 S	CST Fund 2016 S	Total 2016 S
Cash flows from operating activities						
Net surplus/(deficit) for the year	3,268,369	(446,697)	(23,860)	(331,492)	-	2,466,320
Adjustments for:						
Depreciation of plant and equipment	34,538	7,179	-	-	193,638	235,355
Gain on disposal of plant and equipment	-	(20,542)	-	-	-	(20,542)
Amortisation of intangible assets	15,659	4,946	-	-	16,992	37,597
Government grants and subsidies income	(943,084)	(386,734)	-	-	(1,663,869)	(2,993,687)
Investment income	(223,426)	(266)	-	-	-	(223,692)
Operating surplus/(deficit) before working capital changes	2,152,056	(842,114)	(23,860)	(331,492)	(1,453,239)	(498,649)
Changes in working capital:						
Trade and other receivables	(99,099)	(33,385)	113	506	-	(131,865)
Trade and other payables	(464,235)	129,480	-	-	-	(334,755)
Cash generated from operations	1,588,722	(746,019)	(23,747)	(330,986)	(1,453,239)	(965,269)
Government grants and subsidies received	947,200	392,334	-	-	2,286,453	3,625,987
Cash flows from/(used in) operating activities	2,535,922	(353,685)	(23,747)	(330,986)	833,214	2,660,718
Cash flows from investing activities						
Proceeds from disposal of plant and equipment	-	20,542	-	-	-	20,542
Purchase of plant and equipment	(21,710)	(45,747)	-	-	(238,556)	(306,013)
Purchase of intangible assets	(16,800)	(5,600)	-	-	(16,652)	(39,052)
Placement of fixed deposits with banks, net	(534,692)	1,104,865	23,543	-	(578,006)	15,710
Interest received	110,118	266	204	-	-	110,588
Cash flows (used in)/from investing activities	(463,084)	1,074,326	23,747	-	(833,214)	(198,225)
Net increase in cash and cash equivalents	2,072,838	720,641	-	(330,986)	-	2,462,493
Gross transfer between funds	(450,000)	-	-	450,000	-	-
Cash and cash equivalents at beginning of year	2,928,150	428,841	-	56,051	-	3,413,042
Cash and cash equivalents at end of year	4,550,988	1,149,482	-	175,065	-	5,875,535

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

Statement of Cash Flows  
Year ended 31 March 2015

	Note	Restricted					Total 2015 \$
		Unrestricted General Fund 2015 \$	Unrestricted Designated Ghim Moh Fund 2015 \$	KTDA Fund 2015 \$	Research Fund 2015 \$	CST Fund 2015 \$	
Cash flows from operating activities							
Net surplus/(deficit) for the year		2,979,671	(429,863)	5,183	(418,674)	-	2,136,317
Adjustments for:							
Depreciation of plant and equipment	5	34,322	6,965	-	-	171,737	213,024
Amortisation of intangible assets	23	8,298	2,675	-	-	11,434	22,407
Government grants and subsidies income		(869,192)	(367,061)	-	-	(1,823,034)	(3,059,287)
Investment income	17	(77,742)	(4,760)	(204)	-	-	(82,706)
Operating surplus/(deficit) before working capital changes		2,075,357	(792,044)	4,979	(418,674)	(1,639,863)	(770,245)
Changes in working capital:							
Trade and other receivables		135,809	131,228	192	(506)	25,993	292,716
Trade and other payables		266,436	(344,389)	-	-	-	(77,953)
Cash generated from operations		2,477,602	(1,005,205)	5,171	(419,180)	(1,613,870)	(555,482)
Government grants and subsidies received		893,298	367,061	-	-	1,540,625	2,800,984
Cash flows from/(used in) operating activities		3,370,900	(638,144)	5,171	(419,180)	(73,245)	2,245,502
Cash flows from investing activities							
Purchase of plant and equipment	5	(35,125)	-	-	-	-	(35,125)
Purchase of intangible assets	6	(23,764)	(7,100)	-	-	(5,600)	(36,464)
Proceeds from redemption of quoted bonds*		250,000	-	-	-	-	250,000
Placement of fixed deposits with banks, net interest received		(5,277,353)	630,752	(5,171)	-	78,845	(4,572,927)
Cash flows (used in)/from investing activities		(5,015,991)	623,652	(5,171)	-	73,245	(4,324,265)
Net (decrease)/increase in cash and cash equivalents		(1,645,091)	(14,492)	-	(419,180)	-	(2,078,763)
Gross transfer between funds		(450,000)	-	-	450,000	-	-
Cash and cash equivalents at beginning of year		5,023,241	443,333	-	25,231	-	5,491,805
Cash and cash equivalents at end of year	8	2,934,556	428,841	-	56,051	-	3,413,042

\*In 2015, quoted bonds of \$250,000 classified as held-to-maturity with fixed interest at rates ranging from 2.16% to 4.15% per annum were redeemed at maturity. The Foundation does not hold any quoted bonds at reporting date.

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 21 June 2016.

### **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 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 donations received from the general public and subsidies from the Government (administered by the Ministry of Health). The Foundation generally does not accept patients who are financially able to pay for dialysis treatment at 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. In July 2011, the Foundation continued the collaboration with NUS with the signing of a 5-year gift agreement at an annual minimum pledge of \$350,000. During the year, the Foundation approved the funding of \$1,200,000 for another 3 years to continue the Foundation's collaboration with NUS. The 3-year gift agreement is expected to be signed in July 2016.

### **2 Basis of Preparation**

#### **2.1 Statement of Compliance**

The financial statements have been prepared in accordance with the 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 Use of Estimates and Judgments

The preparation of financial statements in conformity with FRSs requires management to make judgments, 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.

There have been no critical judgments in applying accounting policies that would result in a significant effect on the amounts recognised in the financial statements or assumptions and estimation uncertainties that would have a significant risk of resulting in a material adjustment within the next financial year.

### 2.5 Changes in Accounting Policies

With effect from 1 April 2015, the Foundation adopted new and revised FRSs and interpretation to FRSs (INT FRSs) that are mandatory for application from that date. The adoption of these FRSs and INT FRSs has no material effect to the amounts reported for the current or prior years.

## 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.

Foreign currency differences arising on retranslation are recognised in the statement of income and expenditure.

## 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.

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

#### *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 at bank and trade and other receivables, except prepayments.

Cash consist of cash with banks or financial institutions, including fixed deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and are subjected to insignificant changes in value.

### *(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 expire.

The Foundation's non-derivative financial liabilities comprise trade and other payables and grants received in advance.

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.



### 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 an estimate of the cost of dismantling and removing the items and restoring the site on which they are located when the Foundation has an obligation to remove the asset or restore the site. 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 (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised net within other income or other expense in statement of income and expenditure 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 statement of income and expenditure 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 statement of income and expenditure on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

The estimated useful lives 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 at the end of each reporting period, and adjusted if appropriate.

Plant and equipment valued at less than \$1,000 are not capitalised and are expensed to statement of income and expenditure 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 statement of income and expenditure as incurred.

Amortisation is calculated over the cost of the asset, less its residual value. Amortisation is recognised in statement of income and expenditure 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 is as follows:

Software - 3 years

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*

A financial asset not carried at fair value through statement of income and expenditure 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(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets 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.

#### *Loans and receivables*

The Foundation considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables 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 judgment 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 statement of income and expenditure and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Foundation considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through statement of income and expenditure.

**(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 ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 CGU. 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 CGU.

Impairment losses are recognised in statement of income and expenditure. Impairment losses recognised in respect of CGU are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGU) 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 expenditure/resource expended in statement of income and expenditure in the periods during which services are rendered by employees.

(ii) *Short-term employee benefits*

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

A liability is recognised for the amount expected to be paid 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

An unconditional grant and contribution is recognised in statement of income and expenditure as other income when the grant becomes receivable.

Government grants and contributions are recognised initially as grants received in advance 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 by the Foundation.

These grants and contributions that compensate the Foundation for expenses incurred are recognised in statement of income and expenditure as government subsidies on a systematic basis in the same periods in which the expenses are recognised.

Grants and contributions utilised for the purchase/construction of depreciable assets are initially recorded as deferred capital grants on the statement of financial position. Deferred capital grants are then recognised in statement of income and expenditure over the periods necessary to match the depreciation of the assets purchased or constructed with the related grants and contributions. Upon disposal of the plant and equipment, the balance of the related deferred capital grants is recognised in statement of income and expenditure to match the net book value of the assets written off.

*Special Employment and Wage Credit Schemes*

Cash grants received from the government in relation to the Special Employment and Wage Credit Schemes are recognised as incoming resources in statement of income and expenditure 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. The unwinding of the discount is recognised as finance cost.

### 3.9 Operating Leases

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

### 3.10 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 and expenditure incurred in a general fund will be presented as unrestricted general income and expenditure, respectively.

#### *(ii) Designated funds*

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 Directors' 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 and expenditure held in designated funds will be presented as designated general income and expenditure, respectively.

#### *(iii) Restricted funds*

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 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 Directors' Resolution passed by the Board of Directors of the Foundation. The Foundation'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 Board of Directors of the Foundation.

3.11 Incoming Resources

*(i) Voluntary income (donations) and funds generating activities*

Voluntary income (comprising donations from direct appeals, fundraising through newsletters and websites, outright donations and sponsorships) are recognised as income in the period it is received or receivable when and only when all of the following conditions has been satisfied:

- the foundations obtains the right to receive the donation;
- it is probable that the economic benefits comprising the donations will flow to the entity; and
- the amount of donation can be measured reliably.

Incoming resources from the sale of goods from fund raising activities is recognised at the point of sale.

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

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 net 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 as income 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 accrual basis, using the effective interest method.

*(iii) Charitable income (mainly dialysis and medication fees)*

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



### 3.12 Resources Expended

All expenditure is accounted for on an accrual 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) Costs of 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 support costs.

### 3.13 New standards and interpretations not yet effective/adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, and have not been applied in preparing these financial statements. The Foundation is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Foundation.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Foundation on 1 April 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreement Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Foundation in accounting for revenue and financial instruments, these standards are expected to be relevant to the Foundation. The Foundation's finance team is assessing the potential impact on its financial statements and to implement the standards. The Foundation does not plan to adopt these standards early.

#### **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.

## 5 Plant and Equipment

	Air-conditioners \$	Computers \$	Furniture and fittings \$	Medical equipment \$	Office equipment \$	Renovations \$	Total \$
<b>Cost</b>							
At 1 April 2014	84,624	104,041	242,403	1,953,461	68,744	720,529	3,173,802
Additions	4,870	15,429	1,380	8,480	4,966	-	35,125
Disposals	(2,823)	(30,161)	(4,362)	(277)	(800)	-	(38,423)
At 31 March 2015	86,671	89,309	239,421	1,961,664	72,910	720,529	3,170,504
Additions	18,700	51,716	1,750	192,790	-	41,057	306,013
Disposals	(12,454)	(9,830)	-	(235,893)	(2,260)	(12,970)	(273,407)
At 31 March 2016	92,917	131,195	241,171	1,918,561	70,650	748,616	3,203,110
<b>Accumulated depreciation</b>							
At 1 April 2014	78,303	100,922	218,505	1,548,090	56,506	693,570	2,695,896
Depreciation for the year	3,273	6,230	15,926	159,093	7,637	20,865	213,024
Disposals	(2,823)	(30,161)	(4,362)	(277)	(800)	-	(38,423)
At 31 March 2015	78,753	76,991	230,069	1,706,906	63,343	714,435	2,870,497
Depreciation for the year	4,499	30,062	8,546	175,337	5,733	11,178	235,355
Disposals	(12,454)	(9,830)	-	(235,893)	(2,260)	(12,970)	(273,407)
At 31 March 2016	70,798	97,223	238,615	1,646,350	66,816	712,643	2,832,445
<b>Carrying amounts</b>							
At 1 April 2014	6,321	3,119	23,898	405,371	12,238	26,959	477,906
At 31 March 2015	7,918	12,318	9,352	254,758	9,567	6,094	300,007
At 31 March 2016	22,119	33,972	2,556	272,211	3,834	35,973	370,665

## 6 Intangible Assets

	Software \$
<b>Cost</b>	
At 1 April 2014	172,438
Additions	36,464
At 31 March 2015	208,902
Additions	39,052
At 31 March 2016	247,954
<b>Accumulated amortisation</b>	
At 1 April 2014	136,657
Amortisation for the year	22,407
At 31 March 2015	159,064
Amortisation for the year	37,597
At 31 March 2016	196,661
<b>Carrying amounts</b>	
At 1 April 2014	35,781
At 31 March 2015	49,838
At 31 March 2016	51,293

## 7 Trade and Other Receivables

	2016 \$	2015 \$
Trade receivables	432,819	274,490
Less: Allowance for doubtful trade receivables	(6,684)	(4,899)
	426,135	269,591
Interest receivable	142,500	29,396
Other receivables	16,470	70,307
Deposits	132,031	80,021
Loans and receivables	717,136	449,315
Prepayments	5,959	28,811
	723,095	478,126

The change in allowance for doubtful trade receivables during the year is as follows:

	2016 \$	2015 \$
At 1 April	4,899	7,176
Allowance utilised	–	(9,213)
Net allowance made during the year	1,785	6,936
At 31 March	6,684	4,899

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

	<----- 2016 ----->		<----- 2015 ----->	
	Gross	Allowance	Gross	Allowance
	\$	\$	\$	\$
Not past due	575,476	-	419,681	-
Past due 0 – 30 days	131,996	-	22,439	-
Past due 31 – 60 days	5	-	2,577	-
Past due 61 – 90 days	4,875	-	-	-
Past due more than 90 days	11,468	6,684	9,517	4,899
	<u>723,820</u>	<u>6,684</u>	<u>454,214</u>	<u>4,899</u>

The Foundation's primary exposure to credit risk arises from its trade receivables. As at 31 March 2016, concentration of credit risk mainly relates to amounts receivable from insurance providers which accounts for approximately 61.9% (2015: 58.5%) of loans and receivables. The Foundation's historical experience in the collection of loans and receivables falls within the recorded allowances. As such, management believes that no additional allowance for impairment losses beyond the amounts provided for necessary.

## 8 Cash and Cash Equivalents

	2016	2015
	\$	\$
Fixed deposits	22,726,875	23,096,485
Cash held with bank	5,141,306	2,324,913
Cash and cash equivalents	<u>27,868,181</u>	<u>25,421,398</u>
Less:		
Fixed deposits with maturity more than 90 days	<u>(21,992,646)</u>	<u>(22,008,356)</u>
Cash and cash equivalents in the cash flow statement	<u>5,875,535</u>	<u>3,413,042</u>

The effective interest rates per annum relating to fixed deposits at the reporting date range from 0.05% to 1.85% (2015: 0.05% to 0.78%) per annum. The fixed deposits mature at intervals of one to twelve months.

## 9 Deferred Capital Grants

	Note	2016	2015
		\$	\$
Balance at the beginning of the year		292,937	452,808
Add:			
Capital grants received during the year		22,400	28,400
Grants received for capital expenditure transferred from grants received in advance	10	<u>255,208</u>	<u>5,600</u>
		570,545	486,808
Less:			
Amortisation during the year		<u>(233,587)</u>	<u>(193,871)</u>
Balance at the end of the year		<u>336,958</u>	<u>292,937</u>

	2016	2015
	\$	\$
Classified as:		
Non-current	159,434	112,862
Current	177,524	180,075
	336,958	292,937

## 10 Grants Received in Advance – Restricted Community Silver Trust Funds

The Community Silver Trust Fund was set up in November 2012 for government grants received from the Trustees of the Community Silver Trust. The Community Silver Trust is managed by the Ministry of Health on behalf of the Trustees. The grant from the fund is used to improve the capability and enhancement of existing KDF services to achieve higher quality care and affordable step down care.

The government grants received for the CST fund is represented by grants received in advance as set out below:

	Note	2016	2015
		\$	\$
Balance at the beginning of the year		853,567	951,999
Add: Grants received during the year			
- Community Silver Trust – Matching Grant		2,286,453	1,540,625
		3,140,020	2,492,624
Less: Transferred to deferred capital grant for capital expenditure			
- Purchase of plant and equipment	9	(255,208)	(5,600)
Less: Charged to statement of comprehensive income for operating expenditure			
- Maintenance of IT equipment		(4,556)	–
- Manpower cost for nurse clinicians		(73,076)	(67,674)
- Staff training expenses		–	(6,280)
- Consulting doctors		(94,400)	(39,200)
- Service providers		(1,270,934)	(1,520,303)
		(1,442,966)	(1,633,457)
Balance at the end of the year		1,441,846	853,567
		2016	2015
		\$	\$
Classified as:			
Non-current		359,739	512,878
Current		1,082,107	340,689
		1,441,846	853,567



**11 Trade and Other Payables**

	2016	2015
	\$	\$
Trade payables	515,836	527,430
Other payables	123,968	42,170
Output goods and service tax, net	28,688	11,503
Accrued operating expenses	171,453	361,908
Security deposits received from a service provider	382,590	622,206
Unutilised annual leave	19,796	11,869
	1,242,331	1,577,086

**12 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 Board of Directors as follows: \$1,300,000 for the development of GMDC and the balance of \$3,700,000 for the operations of GMDC. The fund also consists of income generated mainly through the provision of dialysis services at the established centre and receipt of government subsidies. The fund is currently used to meet the operating costs of GMDC.

**13 Restricted Kwan Im Thong Hood Cho Temple Dialysis Assistance Fund**

The Kwan Im Thong Hood Cho Temple Dialysis Assistance Fund was set up in May 2012 to subsidise patients' dialysis treatment fees. The funding from Kwan Im Thong Hood Cho Temple has ceased on 10 March 2016 and management expects to fully utilise the balance of the fund in the next financial year.

**14 Restricted Research Fund**

The Research Fund consists 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 November 2007, a memorandum of understanding was signed with The National University of Singapore, whereby identified research projects will be funded. Donations from the Research Fund will be channelled to the KDF-NUS Research Fund. To continue the collaboration established in 2007, a gift agreement was signed in July 2011. A minimum amount of \$1,750,000 was pledged towards the KDF-NUS Research Fund over a period of five years commencing from the financial year ended 31 March 2012. The minimum pledge of \$350,000 each year is paid conditionally upon the Foundation receiving the recommendation by the NUSH-KDF Review Committee, to continue the Foundation's support for 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 \$450,000 (2015: \$450,000) from the Unrestricted General Fund to the Restricted Research Fund in order to meet the research contribution for the year. The transfer had been approved during the Annual General Meeting held on 10 July 2015 (2015: 26 June 2014). As at 31 March 2016, the Foundation has donated \$1,950,000 (31 March 2015: \$1,500,000) towards the KDF-NUS Research Fund.

During the year, to continue its collaboration with NUS in the area of research for the prevention, treatment and cure of kidney and kidney related diseases, the Foundation approved the funding of \$1,200,000 for another 3 years after the expiration of the existing 5-year gift agreement in July 2016. The 3-year gift agreement is expected to be signed in July 2016. Accordingly, the Foundation expects to incur an additional \$1,200,000 for the Research Fund, which is approved but not contracted nor provided for.

## 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

Donations received during the year are included as follows:

	Note	2016 \$	2015 \$
Voluntary income (donations)		3,087,606	3,197,224
Income from fund generating activities		950,122	780,539
Charitable activities	18	–	20,119
		4,037,728	3,997,882

These donations comprises:

	Dialysis \$	Research \$	Total \$
<b>2016</b>			
Tax-deductible donations	3,572,669	100,204	3,672,873
Non tax-deductible donations	340,433	24,422	364,855
	3,913,102	124,626	4,037,728
<b>2015</b>			
Tax-deductible donations	3,699,895	33,729	3,733,624
Non tax-deductible donations	256,029	8,229	264,258
	3,955,924	41,958	3,997,882

**17 Investment Income**

	2016	2015
	\$	\$
Interest income:		
- cash at bank	223,692	78,700
- quoted bonds	–	4,006
	223,692	82,706
	223,692	82,706

**18 Charitable Income**

	Note	2016	2015
		\$	\$
Donations	16	–	20,119
Dialysis services and medication		4,467,830	4,770,024
		4,467,830	4,790,143
Less: Subsidies to patients		(1,304,489)	(1,740,922)
		3,163,341	3,049,221
		3,163,341	3,049,221

**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 the statement of comprehensive income in the same period as the related expenditure.

**20 Costs of Generating Voluntary Income**

	2016	2015
	\$	\$
Direct mailing materials and services	315,382	230,234
Staff costs	277,666	264,857
Admin and operating expenses	43,751	43,269
	636,799	538,360
	636,799	538,360

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

	2016	2015
	\$	\$
Expenditure paid to dialysis service providers and medication expenditure	5,084,288	5,208,027
Honorarium paid to visiting doctors	94,400	95,600
Staff costs	562,096	503,844
Depreciation of plant and equipment	213,671	205,011
Amortisation of intangible assets	31,365	17,700
Rental and utilities	150,596	196,060
Non-claimable GST input tax	212,587	208,665
Repair and maintenance expense	33,063	28,531
Patient welfare expenses	–	12,555
Admin and operating expenses	29,611	40,839
	6,411,677	6,516,832

*Donated services*

The Foundation receives professional services from doctors and lawyers on a voluntary basis. Honorarium totalling \$94,400 (2015: \$95,600) for 13 (2015: 13) volunteer doctors was paid directly to the restructured hospitals and volunteer doctors for the services rendered.

**22 Governance Costs**

	2016	2015
	\$	\$
Staff costs	122,232	162,881
Depreciation of plant and equipment	21,684	8,013
Amortisation of intangible assets	6,232	4,707
Rental and utilities	21,806	22,139
Non-claimable GST input tax	37,370	18,682
Repair and maintenance expense	32,080	29,580
Admin and operating expenses	94,312	131,517
	335,716	377,519

## 23 Net surplus/(deficit) for the year/Net incoming/(outgoing) resources

Net surplus/(deficit) for the year/Net incoming/(outgoing) resources includes the following:

	2016	2015
	\$	\$
<b>Staff costs</b>		
Wages and salaries	1,027,582	980,589
Contributions to Central Provident Fund	152,588	140,824
Other welfare expenses	23,276	38,361
	1,203,446	1,159,774
Reimbursements by dialysis service providers	(241,452)	(228,192)
	<u>961,994</u>	<u>931,582</u>

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

	Note	2016	2015
		\$	\$
External audit fees		27,700	27,700
Internal audit fees		15,000	19,500
Bad debt recovered		(667)	(309)
Bad debts written off		1,822	9,213
Depreciation of plant and equipment	5		
- General fund		34,538	34,322
- Ghim Moh fund		7,179	6,965
- Community Silver Trust fund		193,638	171,737
Amortisation of intangible assets	6		
- General fund		15,659	8,298
- Ghim Moh fund		4,946	2,675
- Community Silver Trust fund		16,992	11,434
Gain on disposal of plant and equipment		20,542	-
Net allowance for doubtful receivables	7	1,785	6,936
Operating lease expense		34,645	34,645
Amortisation of deferred capital grants	9	(233,587)	(193,871)
Other government grants		(1,521,448)	(1,751,049)
Special Employment & Wage Credit Scheme		(69,540)	(34,059)

## 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

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 compensation*

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 Board of Directors and the General Manager are considered as key management personnel of the Foundation. The Board of Directors of the Foundation render their services on a voluntary basis and do not receive any remuneration. However, the General Manager received remuneration that is approved by the Board of Directors.

	Salaries \$	AWS and variable bonus \$	Contributions to Central Provident Fund \$	Total \$
<b>31 March 2016</b>				
General Manager	86,520	14,420	9,544	110,484
<b>31 March 2015</b>				
General Manager	84,000	9,000	9,960	102,960

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:

	Transaction value for the year ended 31 March		Balance outstanding as at 31 March	
	2016 \$	2015 \$	2016 \$	2015 \$
<b>Type of services rendered</b>				
Internal audit services	15,000	19,500	-	-

A Board Director of the Foundation is also on the Board of Directors of a non-profit organisation, Shared Services for Charities Limited. The selection of internal audit services was based on the Foundation's tender and procurement process, which takes into consideration the price, professional competency and objectivity, robustness and meticulousness of the proposed internal audit approach as important selection criteria.

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 Audit 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 cash and cash equivalents and trade and other receivables.

At the reporting date, there is no significant concentration of credit risk, apart from fixed deposits which are placed with two financial institutions. 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*

To manage its credit risk, the Foundation placed fixed deposits with reputable financial institutions which are regulated, management does not expect any counterparty to fail to meet its obligations.

The Foundation held cash and fixed deposits of \$27,868,181 at 31 March 2016 (2015: \$25,421,398), which represents its maximum credit exposure on these assets. These cash and fixed deposits are placed with banks and financial institutions in Singapore which are regulated. At the balance sheet date, 100% (2015: 100%) of the cash and fixed deposits are placed with financial institutions with credit-rating ranging from A3 to Aa1 (2015: Aa1).

*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. Based on historical payment behaviour and analysis of its debtors' credit risks, the Foundation believes that the outstanding amounts are collectible in full.

*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.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount S\$	Cash flows		
		Contractual cash flows S\$	Within 1 year S\$	Between 1 to 5 years S\$
<b>2016</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables	1,242,331	(1,242,331)	(1,242,331)	–
Grants received in advance	1,441,846	(1,441,846)	(1,082,107)	(359,739)
	<u>2,684,177</u>	<u>(2,684,177)</u>	<u>(2,324,438)</u>	<u>(359,739)</u>

	Carrying amount S\$	Cash flows		
		Contractual cash flows S\$	Within 1 year S\$	Between 1 to 5 years S\$
<b>2015</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables	1,577,086	(1,577,086)	(1,577,086)	–
Grants received in advance	853,567	(853,567)	(340,689)	(512,878)
	<u>2,430,653</u>	<u>(2,430,653)</u>	<u>(1,917,775)</u>	<u>(512,878)</u>

*Market risk*

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates 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 statement of income and expenditure, and the Foundation does not enter into any hedging instruments under a fair value hedge accounting model. Therefore, changes in interest rates at the reporting date would not affect the Foundation's statement of income and expenditure.

*Profile*

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

	2016 \$	2015 \$
<b>Fixed rate instruments</b>		
Fixed deposits	<u>22,726,875</u>	<u>23,096,485</u>

*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.

*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	Loans and receivables \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
<b>31 March 2016</b>					
Cash and cash equivalents	8	27,868,181	–	27,868,181	27,868,181
Trade and other receivables (excluding prepayments)	7	717,136	–	717,136	717,136
		<u>28,585,317</u>	<u>–</u>	<u>28,585,317</u>	<u>28,585,317</u>
Trade and other payables	11	–	(1,242,331)	(1,242,331)	(1,242,331)
Grants received in advance	10	–	(1,441,846)	(1,441,846)	(1,441,846)
		<u>–</u>	<u>(2,684,177)</u>	<u>(2,684,177)</u>	<u>(2,684,177)</u>
<b>31 March 2015</b>					
Cash and cash equivalents	8	25,421,398	–	25,421,398	25,421,398
Trade and other receivables (excluding prepayments)	7	449,315	–	449,315	449,315
		<u>25,870,713</u>	<u>–</u>	<u>25,870,713</u>	<u>25,870,713</u>
Trade and other payables	11	–	(1,577,086)	(1,577,086)	(1,577,086)
Grants received in advance	10	–	(853,567)	(853,567)	(853,567)
		<u>–</u>	<u>(2,430,653)</u>	<u>(2,430,653)</u>	<u>(2,430,653)</u>

## Supplementary Information – Statement of Financial Position

	Unrestricted General Fund \$	Unrestricted Designated Ghim Moh Fund \$	←-----Restricted-----→			Total \$
			KTDA Fund \$	Research Fund \$	CST Fund \$	
<b>2016</b>						
<b>Non-current assets</b>						
Plant and equipment	71,656	11,976	–	–	287,033	370,665
Intangible assets	25,461	8,031	–	–	17,801	51,293
<b>Total non-current assets</b>	<b>97,117</b>	<b>20,007</b>	<b>–</b>	<b>–</b>	<b>304,834</b>	<b>421,958</b>
<b>Current assets</b>						
Trade and other receivables	598,124	124,971	–	–	–	723,095
Cash and cash equivalents	24,938,397	1,196,702	116,171	175,065	1,441,846	27,868,181
<b>Total current assets</b>	<b>25,536,521</b>	<b>1,321,673</b>	<b>116,171</b>	<b>175,065</b>	<b>1,441,846</b>	<b>28,591,276</b>
<b>Total assets</b>	<b>25,633,638</b>	<b>1,347,972</b>	<b>116,171</b>	<b>175,065</b>	<b>1,746,680</b>	<b>29,019,526</b>
<b>Non-current liabilities</b>						
Deferred capital grants	11,392	3,797	–	–	144,245	159,434
Grants received in advance	–	–	–	–	359,739	359,739
	<b>11,392</b>	<b>3,797</b>	<b>–</b>	<b>–</b>	<b>503,984</b>	<b>519,173</b>
<b>Current liabilities</b>						
Trade and other payables	1,105,540	136,791	–	–	–	1,242,331
Deferred capital grants	12,702	4,233	–	–	160,589	177,524
Grants received in advance	–	–	–	–	1,082,107	1,082,107
	<b>1,118,242</b>	<b>141,024</b>	<b>–</b>	<b>–</b>	<b>1,242,696</b>	<b>2,501,962</b>
<b>Total liabilities</b>	<b>1,129,634</b>	<b>144,821</b>	<b>–</b>	<b>–</b>	<b>1,746,680</b>	<b>3,021,135</b>
<b>Net assets</b>	<b>24,506,688</b>	<b>1,194,175</b>	<b>116,171</b>	<b>175,065</b>	<b>–</b>	<b>25,992,099</b>
<b>2015</b>						
<b>Non-current assets</b>						
Plant and equipment	44,302	10,414	–	–	245,291	300,007
Intangible assets	24,321	7,376	–	–	18,141	49,838
<b>Total non-current assets</b>	<b>68,623</b>	<b>17,790</b>	<b>–</b>	<b>–</b>	<b>263,432</b>	<b>349,845</b>
<b>Current assets</b>						
Trade and other receivables	385,921	91,586	113	506	–	478,126
Cash and cash equivalents	22,833,055	1,538,807	139,918	56,051	853,567	25,421,398
<b>Total current assets</b>	<b>23,218,976</b>	<b>1,630,393</b>	<b>140,031</b>	<b>56,557</b>	<b>853,567</b>	<b>25,899,524</b>
<b>Total assets</b>	<b>23,287,599</b>	<b>1,648,183</b>	<b>140,031</b>	<b>56,557</b>	<b>1,116,999</b>	<b>26,249,369</b>
<b>Non-current liabilities</b>						
Deferred capital grants	16,567	–	–	–	96,295	112,862
Grants received in advance	–	–	–	–	512,878	512,878
	<b>16,567</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>609,173</b>	<b>625,740</b>
<b>Current liabilities</b>						
Trade and other payables	1,569,775	7,311	–	–	–	1,577,086
Deferred capital grants	12,938	–	–	–	167,137	180,075
Grants received in advance	–	–	–	–	340,689	340,689
	<b>1,582,713</b>	<b>7,311</b>	<b>–</b>	<b>–</b>	<b>507,826</b>	<b>2,097,850</b>
<b>Total liabilities</b>	<b>1,599,280</b>	<b>7,311</b>	<b>–</b>	<b>–</b>	<b>1,116,999</b>	<b>2,723,590</b>
<b>Net assets</b>	<b>21,688,319</b>	<b>1,640,872</b>	<b>140,031</b>	<b>56,557</b>	<b>–</b>	<b>23,525,779</b>

## Supplementary Information – Income Generating Activities and Related Costs

### Voluntary Income and Cost of Generating Voluntary Income

<u>Activity</u>	Income		Expenses*	
	2016 \$	2015 \$	2016 \$	2015 \$
Direct appeal	1,416,410	1,229,367	(347,746)	(229,121)
Communications, such as newsletters and website	992,976	1,084,015	(215,695)	(223,410)
Outright and sponsorships	532,071	662,875	(58,086)	(64,534)
Research	69,409	6,690	(7,225)	(645)
Others	76,740	214,277	(8,047)	(20,650)
<b>Total</b>	<b>3,807,606</b>	<b>3,197,224</b>	<b>(636,799)</b>	<b>(538,360)</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 proportion of voluntary income earned.

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

<u>Activity</u>	Income		Expenses	
	2016 \$	2015 \$	2016 \$	2015 \$
Lunar 7 <sup>th</sup> month	329,568	306,664	(55,113)	(51,675)
Flag day	10,720	28,578	(1,603)	(4,446)
Donation boxes/Pledge cards	18,016	21,385	(642)	(3,115)
Millennium Ride	424,831	313,208	(54,804)	(42,582)
Others	166,987	110,704	(39,190)	(38,034)
<b>Total</b>	<b>950,122</b>	<b>780,539</b>	<b>(151,352)</b>	<b>(139,852)</b>

