



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

Annual Report
Year ended 31 March 2017

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 2017.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS31 are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 March 2017 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 - Chairman
Cheng Wai Keung
Stephen Lee Ching Yen
Watson Ong Choon Huat
Yeoh Oon Jin

Wong Yew Meng
Dr Lim Cheok Peng

Chan May Ping
Uantchern Loh -Treasurer
Chan Soo Sen

(Appointed on 22 June 2016)

(Appointed on 20 July 2016)

(Appointed on 10 October 2016)

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. In July 2016, the Foundation signed a gift agreement for the funding of \$1,200,000 for another 3 years to continue the Foundation's collaboration with NUS.

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.

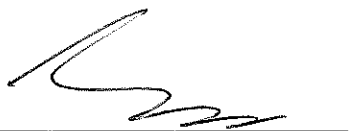
Share Options

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 Oon Jin
Director

23 June 2017



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Independent auditors' report

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kidney Dialysis Foundation Limited ('the Foundation'), which comprise the statement of financial position as at 31 March 2017, the statement of income and expenditure and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS31.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Companies Act'), the Charities Act, Chapter 37 and other relevant regulations ('the Charities Act and Regulations'), Singapore Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Foundation as at 31 March 2017 and the financial performance, changes in funds and cash flows of the Foundation for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have not obtained any other information prior to the date of this auditors' report except for the Directors' Statement. The remaining other information are expected to be made available to us after that date.



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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance comprises the directors. Their responsibilities include overseeing the Foundation's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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



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

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

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



Report on other legal and regulatory requirements

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

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

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

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
23 June 2017

Statement of Financial Position
As at 31 March 2017

	Note	2017 \$	2016 \$
Non-Current Assets			
Plant and equipment	5	397,841	370,665
Intangible assets	6	20,837	51,293
Total Non-Current Assets		<u>418,678</u>	<u>421,958</u>
Current Assets			
Trade and other receivables	7	669,746	723,095
Cash and cash equivalents	8	31,331,702	27,868,181
Total Current Assets		<u>32,001,448</u>	<u>28,591,276</u>
Total Assets		<u>32,420,126</u>	<u>29,013,234</u>
Non-Current Liabilities			
Deferred capital grants	9	139,652	159,434
Grants received in advance	10	636,862	359,739
		<u>776,514</u>	<u>519,173</u>
Current Liabilities			
Deferred capital grants	9	217,678	177,524
Grants received in advance	10	1,123,218	1,082,107
Trade and other payables	11	1,345,226	1,242,331
		<u>2,686,122</u>	<u>2,501,962</u>
Total Liabilities		<u>3,462,636</u>	<u>3,021,135</u>
Net Assets		<u>28,957,490</u>	<u>25,992,099</u>
Funds of the Foundation:			
<i>Unrestricted Funds</i>			
General Fund		28,195,103	24,506,688
Ghim Moh Fund (Designated)	12	609,500	1,194,175
<i>Restricted Funds</i>			
Patient Welfare Support ("PWS") Fund	13	152,887	—
Kwan Im Thong Hood Cho Temple Dialysis Assistance ("KTDA") Fund	14	—	116,171
Research Fund	15	—	175,065
Total Funds		<u>28,957,490</u>	<u>25,992,099</u>
Members' Guarantee	4	<u>300</u>	<u>300</u>

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

Statement of Income and Expenditure and Other Comprehensive Income
Year ended 31 March 2017

Note	Unrestricted General Fund 2016 \$	Unrestricted Designated Ghim Moh Fund 2016 \$	Restricted			Total 2016 \$
			KTDA Fund 2016 \$	Research Fund 2016 \$	CST Fund 2016 \$	
Income/Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income (donations)	17	2,899,910	118,288	69,408	—	3,087,606
Funds generating activities	17	894,904	—	55,218	—	950,122
Investment income	18	223,426	—	—	—	223,692
Others		59,643	867	—	—	60,510
		4,077,883	1,133	124,626	—	4,321,930
Charitable activities						
Charitable income (mainly dialysis and medication fees)	19	3,019,151	—	—	—	4,467,830
Less: subsidies to patients	19	(850,475)	(142,148)	—	—	(1,304,489)
Government subsidies	20	953,357	386,734	—	1,653,596	2,993,687
		3,122,033	1,523,547	—	1,653,596	6,157,028
Total income/incoming resources		7,199,916	1,524,680	124,626	1,653,596	10,478,958
Expenditure/Resources expended						
<i>Cost of generating funds</i>						
Cost of generating voluntary income	21	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	22	2,786,704	1,971,377	—	1,653,596	6,411,677
Contribution to NUS Research Fund		—	—	450,000	—	450,000
Other charitable activities		27,094	—	—	—	27,094
		2,813,798	1,971,377	450,000	1,653,596	6,888,771
Governance costs	23	335,716	—	—	—	335,716
Total expenditure/resources expended		3,931,547	1,971,377	456,118	1,653,596	8,012,638
Net surplus/(deficit) for the year, representing total comprehensive income for the year	24	3,268,369	(446,697)	(331,492)	—	2,466,320

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

Statement of Changes in Funds
Year ended 31 March 2017

	Unrestricted General Fund	Unrestricted Designated Ghim Moh Fund	PWS Fund	KTDA Fund	Research Fund	Total
	\$	\$	\$	\$	\$	\$
At 1 April 2015						
Gross transfer between funds	21,688,319	1,640,872	—	140,031	56,557	23,525,779
Net surplus/(deficit) for the year, representing total comprehensive income for the year	(450,000)	—	—	—	450,000	—
At 31 March 2016						
Gross transfer between funds	3,268,369	(446,697)	—	(23,860)	(331,492)	2,466,320
Net surplus/(deficit) for the year, representing total comprehensive income for the year	24,506,688	1,194,175	—	116,171	175,065	25,992,099
	(223,255)	—	—	—	223,255	—
At 31 March 2017						
	3,911,670	(584,675)	152,887	(116,171)	(398,320)	2,965,391
	28,195,103	609,500	152,887	—	—	28,957,490

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

Statement of Cash Flows
Year ended 31 March 2017

	Note	Restricted					
		Unrestricted General Fund 2017 \$	Unrestricted Designated Ghim Moh Fund 2017 \$	PWS Fund 2017 \$	KTDA Fund 2017 \$	Research Fund 2017 \$	CST Fund 2017 \$
Cash flows from operating activities							
Net surplus/(deficit) for the year		3,911,670	(584,675)	152,887	(116,171)	(398,320)	–
Adjustments for:							
Depreciation of plant and equipment	24	38,137	3,093	–	–	–	175,995
Gain on disposal of plant and equipment	24	(803)	(29,978)	–	–	–	–
Amortisation of intangible assets	24	13,896	6,163	–	–	–	10,397
Government grants and subsidies income		(639,259)	(290,657)	–	–	–	(1,977,549)
Investment income	18	(350,634)	(69)	–	–	–	–
Operating surplus/(deficit) before working capital changes		2,973,007	(896,123)	152,887	(116,171)	(398,320)	(1,791,157)
Changes in working capital:							
Trade and other receivables		134,066	(22,259)	–	–	–	–
Trade and other payables		82,053	20,842	–	–	–	–
Cash generated from operations		3,189,126	(897,540)	152,887	(116,171)	(398,320)	(1,791,157)
Government grants and subsidies received		626,556	286,424	–	–	–	2,333,091
Cash flows from/(used in) operating activities		3,815,682	(611,116)	152,887	(116,171)	(398,320)	541,934
Cash flows from investing activities							
Proceeds from disposal of plant and equipment		536	31,048	–	–	–	–
Purchase of plant and equipment	5	(16,984)	(4,520)	–	–	–	(223,700)
Placement of fixed deposits with banks, net		(6,820,202)	(268,789)	–	–	–	(318,234)
Interest received		292,176	69	–	–	–	–
Cash flows used in investing activities		(6,544,474)	(242,192)	–	–	–	(541,934)
Net (decrease)/increase in cash and cash equivalents		(2,728,792)	(853,308)	152,887	(116,171)	(398,320)	–
Gross transfer between funds	15	(223,255)	–	–	–	223,255	–
Cash and cash equivalents at beginning of year		4,434,817	1,149,482	–	116,171	175,065	–
Cash and cash equivalents at end of year	8	1,482,770	296,174	152,887	–	–	–
							1,931,831

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

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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 23 June 2017.

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. In July 2016, the Foundation signed a gift agreement for the funding of \$1,200,000 for another 3 years to continue the Foundation's collaboration with NUS.

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 2016, 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 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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. 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 at amortised cost 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 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.

A financial liability is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise trade and other payables.

3.2 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 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 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 expended to statement of income and expenditure in the year of acquisition.

3.3 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 based on 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 for the current and comparative years 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.

3.4 Impairment

(i) *Impairment of financial assets*

A financial asset not carried at fair value through statement of income and expenditure 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.

3.5 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.

3.6 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.

3.7 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.

3.8 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.

3.9 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 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.

3.10 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.

3.11 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.

3.12 New standards and interpretations not yet effective/adopted

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 April 2016 and earlier application is permitted; however, the Foundation has not early applied the following new or amended standards in preparing these statements.

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 115 is effective for annual periods beginning on or after 1 April 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

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. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 April 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 April 2018.

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted if FRS 115 is also applied.

As FRS 115, FRS 109 and 116 when effective, will change the existing accounting applied by the Foundation in accounting for revenue, financial instruments and leases, these standards are expected to be relevant to the Foundation. The Foundation is currently assessing the impact upon adoption of these standards and 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

Cost	Air- conditioners \$	Computers \$	Furniture and fittings \$	Medical equipment \$	Office equipment \$	Renovations \$	Total \$
At 1 April 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
Additions	4,600	5,920	2,200	221,200	11,284	—	245,204
Disposals	(2,570)	(4,169)	—	(288,015)	(2,700)	(19,900)	(317,354)
At 31 March 2017	94,947	132,946	243,371	1,851,746	79,234	728,716	3,130,960

Accumulated depreciation

At 1 April 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
Depreciation for the year	7,519	19,350	1,946	168,562	6,042	13,806	217,225
Disposals	(1,767)	(4,169)	—	(288,015)	(2,700)	(19,900)	(316,551)
At 31 March 2017	76,550	112,404	240,561	1,526,897	70,158	706,549	2,733,119

Carrying amounts

At 1 April 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
At 31 March 2017	18,397	20,542	2,810	324,849	9,076	22,167	397,841

6 Intangible Assets

	Software \$
Cost	
At 1 April 2015	208,902
Additions	39,052
At 31 March 2016	247,954
Additions	—
At 31 March 2017	247,954
Accumulated amortisation	
At 1 April 2015	159,064
Amortisation for the year	37,597
At 31 March 2016	196,661
Amortisation for the year	30,456
At 31 March 2017	227,117
Carrying amounts	
At 1 April 2015	49,838
At 31 March 2016	51,293
At 31 March 2017	20,837

7 Trade and Other Receivables

	2017 \$	2016 \$
Trade receivables	329,033	432,819
Less: Allowance for doubtful trade receivables	(3,405)	(6,684)
	325,628	426,135
Interest receivable	200,958	142,500
Other receivables	6,211	16,470
Deposits	121,700	132,031
Loans and receivables	654,497	717,136
Prepayments	15,249	5,959
	669,746	723,095

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

	2017 \$	2016 \$
At 1 April	6,684	4,899
Allowance utilised	(867)	—
Net (reversal)/allowance made during the year	(2,412)	1,785
At 31 March	3,405	6,684

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

	<----- 2017 ----->		<----- 2016 ----->	
	Gross	Allowance	Gross	Allowance
	\$	\$	\$	\$
Not past due	636,947	—	575,476	—
Past due 0 – 30 days	10,135	—	131,996	—
Past due 31 – 60 days	1,110	—	5	—
Past due 61 – 90 days	—	—	4,875	—
Past due more than 90 days	9,710	3,405	11,468	6,684
	<u>657,902</u>	<u>3,405</u>	<u>723,820</u>	<u>6,684</u>

The Foundation's primary exposure to credit risk arises from its trade receivables. As at 31 March 2017, concentration of credit risk mainly relates to amounts receivable from insurance providers which accounts for 40.6% (2016: 54.9%) 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 these amounts provided for necessary.

8 Cash and Cash Equivalents

	2017	2016
	\$	\$
Fixed deposits	30,134,466	22,726,875
Cash held with bank	1,197,236	5,141,306
Cash and cash equivalents	<u>31,331,702</u>	<u>27,868,181</u>
Less:		
Fixed deposits with maturity more than 90 days	(29,399,871)	(21,992,646)
Cash and cash equivalents in the cash flow statement	<u>1,931,831</u>	<u>5,875,535</u>

The effective interest rates per annum relating to fixed deposits at the reporting date range from 0.05% to 1.7% (2016: 0.05% to 1.85%) per annum. The fixed deposits mature at intervals of one to twelve months (2016: one to twelve months).

9 Deferred Capital Grants

	Note	2017	2016
		\$	\$
Balance at the beginning of the year		336,958	292,937
Add:			
Capital grants received during the year		—	22,400
Grants received for capital expenditure transferred from grants received in advance	10	<u>223,700</u>	<u>255,208</u>
		560,658	570,545
Less:			
Amortisation during the year		(203,328)	(233,587)
Balance at the end of the year		<u>357,330</u>	<u>336,958</u>

	2017 \$	2016 \$
Classified as:		
Non-current	139,652	159,434
Current	217,678	177,524
	357,330	336,958

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 received 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 are first accounted for as grants received in advance and the utilisation of these advances are set out below:

	Note	2017 \$	2016 \$
Balance at the beginning of the year		1,441,846	853,567
Add: Grants received during the year			
- Community Silver Trust – Matching Grant		2,333,091	2,286,453
		3,774,937	3,140,020
Less: Transferred to deferred capital grant for capital expenditure			
- Purchase of plant and equipment	9	(223,700)	(255,208)
Less: Charged to statement of comprehensive income for operating expenditure			
- Maintenance of IT equipment		–	(4,556)
- Manpower cost for nurse clinicians		(45,580)	(73,076)
- Transport subsidies for needy patients		(24,738)	–
- Honorarium paid to consulting doctors		(100,800)	(94,400)
- Service providers		(1,620,039)	(1,270,934)
	20	(1,791,157)	(1,442,966)
Balance at the end of the year		1,760,080	1,441,846
Classified as:			
Non-current		636,862	359,739
Current		1,123,218	1,082,107
		1,760,080	1,441,846

11 Trade and Other Payables

	2017	2016
	\$	\$
Trade payables	650,612	515,836
Other payables	91,454	123,968
Output goods and service tax, net	47,699	28,688
Accrued operating expenses	140,735	171,453
Security deposits received from a service provider	392,400	382,590
Unutilised annual leave	22,326	19,796
	<u>1,345,226</u>	<u>1,242,331</u>

12 Unrestricted Ghim Moh Fund (Designated)

The Ghim Moh Fund was set up in August 2006 for the development of a new haemodialysis centre in Ghim Moh (“GMDC”). The fund consists of income generated by GMDC 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 Patient Welfare Support Fund

The Patient Welfare Support Fund (“PWS”) was set up in June 2016 to fund the Adopt-A-Patient Scheme (“APS”). This fund is used strictly for the direct benefit of patients only. In addition to providing secondary funding for patients unable to cope with their out-of-pocket payment for dialysis treatment, the PWS Fund includes providing transportation subsidies, meal vouchers and other needs as approved by the Patient Programme Selection and Review (“PPSR”) Committee. Patient eligibility is based on individual financial circumstances and determined by the Foundation’s social workers and approved by the PPSR Committee.

14 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 fund balance of \$116,171 was fully utilised in the current year.

15 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.

In 2016, 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 was signed on 26th July 2016.

In the current year, the Foundation transferred \$223,255 (2016: \$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 1 July 2016 (2016: 10 July 2015). As at 31 March 2017, cumulative to date, the Foundation has donated \$2,350,000 (31 March 2016: \$1,950,000) towards the KDF-NUS Research Fund.

16 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.

17 Incoming Resources from Generated Funds

Donations received during the year are included as follows:

	2017 \$	2016 \$
Voluntary income (donations)	3,040,351	3,087,606
Income from fund generating activities	1,051,455	950,122
	<u>4,091,806</u>	<u>4,037,728</u>

These donations comprise:

	Dialysis \$	Research \$	Total \$
2017			
Tax-deductible donations	3,768,514	1,680	3,770,194
Non tax-deductible donations	321,612	—	321,612
	<u>4,090,126</u>	<u>1,680</u>	<u>4,091,806</u>

	Dialysis \$	Research \$	Total \$
2016			
Tax-deductible donations	3,572,669	100,204	3,672,873
Non tax-deductible donations	340,433	24,422	364,855
	<u>3,913,102</u>	<u>124,626</u>	<u>4,037,728</u>

18 Investment Income

	2017 \$	2016 \$
Interest income:		
- cash at bank	<u>350,703</u>	<u>223,692</u>

19 Charitable Income

	2017 \$	2016 \$
Dialysis services and medication	4,331,513	4,467,830
Less: Subsidies provided by KDF grant	(864,568)	(1,304,489)
	<u>3,466,945</u>	<u>3,163,341</u>

20 Government Subsidies

Government subsidies received are recognised in the statement of income and expenditure and other comprehensive income in the same period as the related expenditure.

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.

The Foundation also receives grants from the Community Silver Trust ("CST"). The CST provides a dollar-for-dollar matching grant administered by the Ministry of Health. The grant is used to improve the capability and enhancement of existing KDF services to achieve higher quality care and affordable step down care.

The related expenditures charged to the statement of income and expenditure and other comprehensive income that were funded through CST grants are set out below:

	Note	2017 \$	2016 \$
Operating expenditures	10	1,791,157	1,442,966
Depreciation of plant and equipment	24	175,995	193,638
Amortisation of intangible assets	24	10,397	16,992
		<u>1,977,549</u>	<u>1,653,596</u>

21 Costs of Generating Voluntary Income

	2017	2016
	\$	\$
Direct mailing materials and services	340,582	315,382
Staff costs	289,710	277,666
Admin and operating expenses	49,092	43,751
	<u>679,384</u>	<u>636,799</u>

22 Costs of Charitable Activities – Dialysis services and medication cost

	2017	2016
	\$	\$
Expenditure paid to dialysis service providers and medication expenditure	5,048,824	5,084,288
Honorarium paid to visiting doctors	100,800	94,400
Staff costs	584,695	562,096
Depreciation of plant and equipment	195,093	213,671
Amortisation of intangible assets	26,754	31,365
Rental and utilities	86,826	150,596
Non-claimable GST input tax	194,124	212,587
Repair and maintenance expense	16,048	33,063
Admin and operating expenses	31,833	29,611
	<u>6,284,997</u>	<u>6,411,677</u>

Donated services

The Foundation receives professional services from doctors and lawyers on a voluntary basis. Honorarium totalling \$100,800 (2016: \$94,400) for 19 (2016: 13) volunteer doctors was paid directly to the restructured hospitals and volunteer doctors for the services rendered.

23 Governance Costs

	2017	2016
	\$	\$
Staff costs	173,910	122,232
Depreciation of plant and equipment	22,132	21,684
Amortisation of intangible assets	3,702	6,232
Rental and utilities	16,793	21,806
Non-claimable GST input tax	35,827	37,370
Repair and maintenance expense	70,404	32,080
Admin and operating expenses	87,069	94,312
	<u>409,837</u>	<u>335,716</u>

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

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

	2017 \$	2016 \$
Staff costs		
Wages and salaries	1,112,232	1,027,582
Contributions to Central Provident Fund	166,453	152,588
Other welfare expenses	36,482	23,276
	1,315,167	1,203,446
Reimbursements by dialysis service providers	(266,852)	(241,452)
	<u>1,048,315</u>	<u>961,994</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	2017 \$	2016 \$
External audit fees		27,700	27,700
Internal audit fees		—	15,000
Bad debt recovered		(429)	(667)
Bad debts written off		1,327	1,822
Depreciation of plant and equipment	5		
- General fund		38,137	34,538
- Ghim Moh fund		3,093	7,179
- Community Silver Trust fund	20	175,995	193,638
Amortisation of intangible assets	6		
- General fund		13,896	15,659
- Ghim Moh fund		6,163	4,946
- Community Silver Trust fund	20	10,397	16,992
Gain on disposal of plant and equipment		30,781	20,542
Net (reversal)/allowance for doubtful receivables	7	(2,412)	1,785
Operating lease expense		34,645	34,645
Amortisation of deferred capital grants	9	(203,328)	(233,587)
Other government grants		(1,995,082)	(1,825,175)
Special Employment & Wage Credit Scheme		<u>(49,181)</u>	<u>(69,540)</u>

25 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. No provision for taxation has been made in the Foundation's financial statements.

26 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
	\$	\$	\$	\$
31 March 2017				
General Manager	86,520	9,210	10,558	106,288
31 March 2016				
General Manager	86,520	14,420	9,544	110,484

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	
	2017	2016	2017	2016
	\$	\$	\$	\$
Type of services rendered				
Internal audit services	—	15,000	—	—

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.

27 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 \$31,331,702 at 31 March 2017 (2016: \$27,868,181), 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% (2016: 100%) of the cash and fixed deposits are placed with financial institutions with credit-rating ranging from A3 to Aa1 (2016: A3 to 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:

		Cash flows		
	Carrying amount S\$	Contractual cash flows S\$	Within 1 year S\$	Between 1 to 5 years S\$
2017				
Non-derivative financial liabilities				
Trade and other payables	1,345,226	(1,345,226)	(1,345,226)	—
Grants received in advance	1,760,080	(1,760,080)	(1,123,218)	(636,862)
	<u>3,105,306</u>	<u>(3,105,306)</u>	<u>(2,468,444)</u>	<u>(636,862)</u>
2016				
Non-derivative financial liabilities				
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>

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:

	2017	2016
	\$	\$
Fixed rate instruments		
Fixed deposits	30,134,466	22,726,875

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 \$
31 March 2017					
Cash and cash equivalents	8	31,331,702	–	31,331,702	31,331,702
Trade and other receivables (excluding prepayments)	7	654,497	–	654,497	654,497
		<u>31,986,199</u>	<u>–</u>	<u>31,986,199</u>	<u>31,986,199</u>
Trade and other payables	11	–	(1,345,226)	(1,345,226)	(1,345,226)
Grants received in advance	10	–	(1,760,080)	(1,760,080)	(1,760,080)
		<u>–</u>	<u>(3,105,306)</u>	<u>(3,105,306)</u>	<u>(3,105,306)</u>
31 March 2016					
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>

Supplementary Information – Statement of Financial Position

			← Restricted →				
	Unrestricted General Fund \$	Unrestricted Designated Ghim Moh Fund \$	PWS Fund \$	KTDA Fund \$	Research Fund \$	CST Fund \$	Total \$
2017							
Non-current assets							
Plant and equipment	50,770	12,333	–	–	–	334,738	397,841
Intangible assets	11,565	1,868	–	–	–	7,404	20,837
Total non-current assets	<u>62,335</u>	<u>14,201</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>342,142</u>	<u>418,678</u>
Current assets							
Trade and other receivables	522,516	147,230	–	–	–	–	669,746
Cash and cash equivalents	28,809,236	609,499	152,887	–	–	1,760,080	31,331,702
Total current assets	<u>29,331,752</u>	<u>756,729</u>	<u>152,887</u>	<u>–</u>	<u>–</u>	<u>1,760,080</u>	<u>32,001,448</u>
Total assets	<u>29,394,087</u>	<u>770,930</u>	<u>152,887</u>	<u>–</u>	<u>–</u>	<u>2,102,222</u>	<u>32,420,126</u>
Non-current liabilities							
Deferred capital grants	11,391	3,797	–	–	–	124,464	139,652
Grants received in advance	–	–	–	–	–	636,862	636,862
	<u>11,391</u>	<u>3,797</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>761,326</u>	<u>776,514</u>
Current liabilities							
Trade and other payables	1,187,593	157,633	–	–	–	–	1,345,226
Deferred capital grants	–	–	–	–	–	217,678	217,678
Grants received in advance	–	–	–	–	–	1,123,218	1,123,218
	<u>1,187,593</u>	<u>157,633</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,340,896</u>	<u>2,686,122</u>
Total liabilities	<u>1,198,984</u>	<u>161,430</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,102,222</u>	<u>3,462,636</u>
Net assets	<u>28,195,103</u>	<u>609,500</u>	<u>152,887</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>28,957,490</u>
2016							
Non-current assets							
Plant and equipment	71,656	11,976	–	–	–	287,033	370,665
Intangible assets	25,461	8,031	–	–	–	17,801	51,293
Total non-current assets	<u>97,117</u>	<u>20,007</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>304,834</u>	<u>421,958</u>
Current assets							
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
Total current assets	<u>25,536,521</u>	<u>1,321,673</u>	<u>–</u>	<u>116,171</u>	<u>175,065</u>	<u>1,441,846</u>	<u>28,591,276</u>
Total assets	<u>25,633,638</u>	<u>1,341,680</u>	<u>–</u>	<u>116,171</u>	<u>175,065</u>	<u>1,746,680</u>	<u>29,013,234</u>
Non-current liabilities							
Deferred capital grants	11,392	3,797	–	–	–	144,245	159,434
Grants received in advance	–	–	–	–	–	359,739	359,739
	<u>11,392</u>	<u>3,797</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>503,984</u>	<u>519,173</u>
Current liabilities							
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
	<u>1,118,242</u>	<u>141,024</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,242,696</u>	<u>2,501,962</u>
Total liabilities	<u>1,129,634</u>	<u>144,821</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,746,680</u>	<u>3,021,135</u>
Net assets	<u>24,504,004</u>	<u>1,196,859</u>	<u>–</u>	<u>116,171</u>	<u>175,065</u>	<u>–</u>	<u>25,992,099</u>

Supplementary Information – Income Generating Activities and Related Costs

Voluntary Income and Cost of Generating Voluntary Income

Activity	Income		Expenses*	
	2017	2016	2017	2016
	\$	\$	\$	\$
Direct appeal	1,217,541	1,416,410	(272,066)	(347,746)
Communications, such as newsletters and website	1,174,829	992,976	(262,522)	(215,695)
Outright and sponsorships	575,456	532,071	(128,589)	(58,086)
Research	1,680	69,409	(376)	(7,225)
Others	70,845	76,740	(15,831)	(8,047)
Total	3,040,351	3,087,606	(679,384)	(636,799)

* 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

Activity	Income		Expenses	
	2017	2016	2017	2016
	\$	\$	\$	\$
Lunar 7 th month	344,307	329,568	(53,782)	(55,113)
Flag day	52,195	10,720	(8,745)	(1,603)
Donation boxes/Pledge cards	13,154	18,016	(2,034)	(642)
Millennium Ride	411,207	424,831	(67,256)	(54,804)
Others	230,592	166,987	(27,251)	(39,190)
Total	1,051,455	950,122	(159,068)	(151,352)

