

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Treasurer's Report

The financial year ended 31 March 2022 recorded a total income of S\$21.44 million (2021: S\$17.72 million), total operating expenditure of S\$19.80 million (2021: S\$18.35 million) and net investment loss of S\$0.54 million (2021: investment surplus S\$0.72 million). This resulted in a surplus of S\$1.10 million for the year (2021: S\$0.09 million).

The government grants from MOH and other government agencies amounted to S\$15.20 million (2021: S\$12.40 million). This amount is equivalent to 70.9% (2021: 70.0%) of the total income. The increase was due mainly to S\$1.15 million of Community Care Salary Enhancement Grant and S\$0.40 million of Bicentennial Community Fund received in the year, as well as an additional S\$2.87 million received from Community Silver Trust (CST) Grant (2022: S\$4.40 million; 2021: S\$1.53 million). The increase was partially offset by a decline of S\$1.53m of grant for Job Support Scheme (2022: S\$0.24 million; 2021: S\$1.77 million). Funds received from donations and fund raising events contributed S\$5.69 million (2021: S\$4.55 million) to the income for the year.

The total operating expenditure amounted to S\$19.80 million, an increase of S\$1.45 million or 7.9% over previous year of S\$18.35 million. The total personnel cost was S\$15.32 million, representing an increase of S\$1.06 million over previous year of S\$14.26 million. The increase of total personnel cost was mainly due to salary increase funded by MOH in the form of Community Care Salary Enhancement Grant described above. The depreciation and premises costs have increased by \$0.70 million mainly due to opening our third day hospice at Oasis@Outram in the year (2022: S\$2.65 million; 2021: S\$1.95 million).

During the financial year, we appointed Lion Global Investors and Schroders Investment Management to manage our financial reserve. The investment mandates for the 2 portfolios managed by these professional asset managers are aligned with our investment objectives of capital preservation and steady growth. The portfolios are mainly invested in quoted equities, quoted debt securities and quoted unit trusts. During the financial year, global financial markets experienced heightened volatility and decline in asset valuation due to concerns of rising inflation and economic uncertainties posed by the Covid-19 situation and the ongoing war in Ukraine. As a result, the investment portfolios recorded a marked-to-market fair value loss of S\$0.54 million.

As at 31 March 2022, the total funds and reserves stood at S\$33.05 million (2021: S\$31.95 million), a slight increase of 0.34% from last year. The financial position of HCA remains healthy with cash & bank balances (2022: S\$16.24 million; 2021: S\$27.55 million) and investments (2022: S\$23.30 million; 2021: 12.48 million) totalling S\$39.54 million (2021: S\$40.02 million) at the end of the financial year. This strong financial position will enable HCA to continue to provide a high standard of care to our patients and to further our vision of being the centre of excellence for home palliative care in Singapore.

**HCA HOSPICE CARE
UEN: S89SS0106G**

**COUNCIL'S STATEMENT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2022

HCA HOSPICE CARE

COUNCIL'S STATEMENT AND FINANCIAL STATEMENTS

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HCA HOSPICE CARE

COUNCIL'S STATEMENT

The Council presents their statement to the members together with the audited financial statements of HCA Hospice Care (the "Organisation") for the financial year ended 31 March 2022.

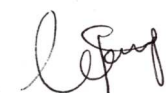
In the opinion of the Council,

- (a) the financial statements set out on pages 5 to 36 are drawn up in accordance with the provision of the Singapore Societies Act 1966 (the "Act"), the Singapore Charities Act 1994 and other relevant Regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of HCA Hospice Care (the "Organisation") as at 31 March 2022 and the results, changes in funds and reserves and cash flows of the Organisation for the financial year then ended;
- (b) at the date of this statement, there are reasonable grounds to believe that the Organisation will be able to pay its debts when they fall due;
- (c) the Organisation has complied with Regulation 6 (Fund-raising appeal) of the Societies Regulation held during the period from 1 April 2021 to 31 March 2022;
- (d) the Organisation has complied with Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations;
- (e) the use of donation moneys is in accordance with the objectives of the Organisation as required under Regulation 11 (Use of donations) of the Charities (Institutions of a Public Character) Regulations; and
- (f) the accounting and other records required by the Societies Act and Charities Act to be kept by the Organisation have been properly kept in accordance with the provisions of the Societies Act and Charities Act.

ON BEHALF OF THE COUNCIL



.....
Dr Caroline Lim Seow Ling
President



.....
Ms Pang Wai Yin
Treasurer

19 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

HCA HOSPICE CARE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCA Hospice Care (the "Organisation") which comprise the statement of financial position of the Organisation as at 31 March 2022, and the statement of income and expenditure and other comprehensive income, statement of changes in funds and reserves and statement of cash flows of the Organisation for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 36.

In our opinion, the accompanying financial statements of the Organisation are properly drawn up in accordance with the provisions of the Societies Act 1966 (the "Societies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Organisation as at 31 March 2022 and the results, changes in funds and reserves and cash flows of the Organisation for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organisation 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Council's Statement set out in page 1.

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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

HCA HOSPICE CARE

Responsibilities of Management and Council for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the Organisation'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 Organisation or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities include overseeing the Organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HCA HOSPICE CARE

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

In our opinion:

- (a) the accounting and other records required to be kept by the Organisation have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act and the Charities Act and Regulations; and
- (b) the fund-raising appeal held during the period 1 April 2021 to 31 March 2022 has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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

- (a) The Organisation 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 Organisation has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

A handwritten signature in black ink that reads "Deloitte & Touche LLP." The signature is written in a cursive, flowing style.

Public Accountants and
Chartered Accountants
Singapore

19 July 2022

HCA HOSPICE CARE**STATEMENT OF FINANCIAL POSITION
31 March 2022**

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		\$	\$
<u>ASSETS</u>			
Current assets			
Cash and bank balances	6	16,243,651	27,545,147
Receivables	7	2,243,252	3,429,152
Financial assets under fund management	10	23,297,842	12,484,043
Total current assets		<u>41,784,745</u>	<u>43,458,342</u>
Non-current assets			
Property, plant and equipment	8	4,545,004	3,257,069
Right-of-use assets	9	4,176,257	2,255,464
Total non-current assets		<u>8,721,261</u>	<u>5,512,533</u>
Total assets		<u>50,506,006</u>	<u>48,970,875</u>
<u>LIABILITIES, FUNDS AND RESERVES</u>			
Current liabilities			
Payables and accruals	11	3,493,485	3,536,401
Lease liabilities	12	960,312	939,870
Deferred grants	13	2,483,722	4,212,397
Total current liabilities		<u>6,937,519</u>	<u>8,688,668</u>
Non-current liabilities			
Deferred grants	13	7,259,444	6,967,983
Lease liabilities	12	3,256,278	1,362,519
Total non-current liabilities		<u>10,515,722</u>	<u>8,330,502</u>
Funds and reserves			
Unrestricted funds	14	30,634,945	28,655,679
Restricted funds	15	2,417,820	3,296,026
Total funds and reserves		<u>33,052,765</u>	<u>31,951,705</u>
Total liabilities, funds and reserves		<u>50,506,006</u>	<u>48,970,875</u>

See accompanying notes to financial statements.

HCA HOSPICE CARE

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME Year ended 31 March 2022

	Home hospice programme	Day hospice programme	Fund raising, investments and others	Total
	\$	\$	\$	\$
2022				
INCOME				
From MOH ⁽¹⁾ :				
MOH subvention	6,684,546	384,806	-	7,069,352
Reimbursement of rental expenses	303,521	475,814	-	779,335
MOH other grants	187,917	119,583	-	307,500
Total	7,175,984	980,203	-	8,156,187
From CST, AIC and Others:				
CST ⁽²⁾	3,191,331	1,191,029	20,910	4,403,270
AIC ⁽³⁾	160,439	14,534	26,420	201,393
Grant for Job Support Scheme	185,266	54,249	-	239,515
NVPC ⁽⁴⁾ Bicentennial Community Fund	309,402	90,598	-	400,000
Community Care Salary Enhancement Grant	887,545	259,888	-	1,147,433
Others	397,669	196,207	62,794	656,670
Total	5,131,652	1,806,505	110,124	7,048,281
Government grants	12,307,636	2,786,708	110,124	15,204,468
From donations and fund raising:				
Restricted donations	-	-	121,551	121,551
Unsolicited donations	478,992	312,379	2,217,799	3,009,170
Mailers	-	-	155,286	155,286
Other fund raising	297,046	184,084	1,918,074	2,399,204
Total	776,038	496,463	4,412,710	5,685,211
From others:				
Programme fees	1,570	-	-	1,570
Membership fees	-	-	560	560
Insurance claim	362,964	106,282	-	469,246
Miscellaneous income	48,314	27,731	-	76,045
Total	412,848	134,013	560	547,421
TOTAL INCOME	13,496,522	3,417,184	4,523,394	21,437,100
OPERATING EXPENDITURE				
Personnel costs:				
Salaries and other benefits	9,945,677	2,059,802	468,958	12,474,437
Central Provident Fund	1,252,808	240,060	76,032	1,568,900
Professional fees and services	786,940	110,594	-	897,534
Staff training and related expenses	175,755	45,162	1,104	222,021
Recruitment expenses	112,608	33,165	56	145,829
Volunteer development and recognition	8,800	2,577	-	11,377
Total	12,282,588	2,491,360	546,150	15,320,098

(1) Ministry of Health ("MOH")

(2) Community Silver Trust Fund ("CST")

(3) Agency for Integrated Care ("AIC")

(4) National Volunteer & Philanthropy Centre ("NVPC")

HCA HOSPICE CARE

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME (cont'd) Year ended 31 March 2022

	Home hospice programme	Day hospice programme	Fund raising, investments and others	Total
	\$	\$	\$	\$
2022				
Premises costs:				
Rental expense of premises	13,787	149,332	-	163,119
Repairs and maintenance	154,715	92,628	-	247,343
Utilities	56,051	26,803	-	82,854
Insurance	21,575	19,501	-	41,076
Total	246,128	288,264	-	534,392
Other operating expenses:				
Caregiver support	6,912	1,813	-	8,725
Depreciation	894,121	1,214,054	-	2,108,175
Loss on write-off of property, plant and equipment	509	150	-	659
Transport	378,146	102,547	1,678	482,371
Postage, telephone and Internet	92,241	21,937	903	115,081
Repairs and maintenance	1,186	347	-	1,533
IT equipment and expenses	316,435	118,148	-	434,583
Patient care and medication	166,695	42,169	19	208,883
Supplies and materials	68,893	48,580	1,497	118,970
Public education expenses	35,205	7,588	23,051	65,844
Publicity	23,770	7,125	-	30,895
Interest expense on lease liabilities	39,845	21,565	-	61,410
Miscellaneous expenses	127,346	123,449	4,423	255,218
Total	2,151,304	1,709,472	31,571	3,892,347
Fund raising expenses:				
Mailers	-	-	6,654	6,654
Other fund raising	-	-	43,912	43,912
Total	-	-	50,566	50,566
TOTAL OPERATING EXPENDITURE	14,680,020	4,489,096	628,287	19,797,403
Investment income:				
Interest from fixed income instruments	-	-	60,901	60,901
Dividends from investments	-	-	11,489	11,489
Total	-	-	72,390	72,390
Investment cost:				
Investment fee and other charges	-	-	52,555	52,555
Fair value loss on investments	-	-	542,248	542,248
Loss on disposal of investments	-	-	8,322	8,322
Loss on foreign exchange hedge	-	-	7,902	7,902
Total	-	-	611,027	611,027
NET INVESTMENT LOSS	-	-	(538,637)	(538,637)
(DEFICIT) SURPLUS FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	(1,183,498)	(1,071,912)	3,356,470	1,101,060

HCA HOSPICE CARE

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME (cont'd) Year ended 31 March 2022

	Home hospice programme	Day hospice programme	Fund raising, investments and others	Total
	\$	\$	\$	\$
2021				
INCOME				
From MOH ⁽¹⁾ :				
MOH subvention	7,106,793	631,894	-	7,738,687
Reimbursement of rental expenses	332,399	311,153	-	643,552
MOH other grants	203,513	39,429	-	242,942
Total	7,642,705	982,476	-	8,625,181
From CST, AIC and Others:				
CST ⁽²⁾	1,171,217	362,588	600	1,534,405
AIC ⁽³⁾	25,159	4,632	21,964	51,755
NCSS ⁽⁴⁾ SingTel sponsorship scheme	600	-	-	600
Grant for Job Support Scheme	1,486,416	287,977	-	1,774,393
Others	342,520	68,020	-	410,540
Total	3,025,912	723,217	22,564	3,771,693
Government grants	10,668,617	1,705,693	22,564	12,396,874
From donations and fund raising:				
Restricted donations	-	35,000	201,898	236,898
Unsolicited donations	318,240	118,904	1,667,151	2,104,295
Mailers	300	-	182,196	182,496
Other fund raising	521,408	240,050	1,268,991	2,030,449
Total	839,948	393,954	3,320,236	4,554,138
From others:				
Programme fees	1,530	-	-	1,530
Membership fees	-	-	600	600
Insurance claim	637,286	123,467	-	760,753
Miscellaneous income	5,438	1,053	-	6,491
Total	644,254	124,520	600	769,374
TOTAL INCOME	12,152,819	2,224,167	3,343,400	17,720,386
OPERATING EXPENDITURE				
Personnel costs:				
Salaries and other benefits	9,656,276	1,656,744	484,641	11,797,661
Central Provident Fund	1,304,512	221,840	77,968	1,604,320
Professional fees and services	656,011	46,708	-	702,719
Staff training and related expenses	86,760	10,320	-	97,080
Recruitment expenses	38,675	7,931	-	46,606
Volunteer development and recognition	6,418	1,243	-	7,661
Total	11,748,652	1,944,786	562,609	14,256,047

(1) Ministry of Health ("MOH")

(2) Community Silver Trust Fund ("CST")

(3) Agency for Integrated Care ("AIC")

(4) National Council of Social Service ("NCSS")

HCA HOSPICE CARE

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME (cont'd) Year ended 31 March 2022

	Home hospice programme	Day hospice programme	Fund raising, investments and others	Total
	\$	\$	\$	\$
2021				
Premises costs:				
Rental expense of premises	11,892	6,144	-	18,036
Repairs and maintenance	203,555	43,808	-	247,363
Utilities	40,075	13,537	-	53,612
Insurance	26,440	11,822	-	38,262
Total	281,962	75,311	-	357,273
Other operating expenses:				
Caregiver support	1,919	345	-	2,264
Depreciation	975,484	613,008	-	1,588,492
Loss on write-off of property, plant and equipment	436,337	80,048	-	516,385
Transport	304,441	95,801	387	400,629
Postage, telephone and Internet	106,044	20,659	555	127,258
Repairs and maintenance	114,850	42,121	-	156,971
IT equipment and expenses	325,014	63,056	-	388,070
Patient care and medication	130,936	17,476	-	148,412
Supplies and materials	64,602	21,406	1,045	87,053
Public education expenses	10,535	-	1,780	12,315
Publicity	40,760	7,897	-	48,657
Interest expense on lease liabilities	19,944	11,954	-	31,898
Miscellaneous expenses	125,089	44,723	1,862	171,674
Total	2,655,955	1,018,494	5,629	3,680,078
Fund raising expenses:				
Mailers	-	-	5,781	5,781
Other fund raising	-	-	53,470	53,470
Total	-	-	59,251	59,251
TOTAL OPERATING EXPENDITURE	14,686,569	3,038,591	627,489	18,352,649
Investment income:				
Interest from fixed income instruments	-	-	389,009	389,009
Dividends from investments	-	-	32,636	32,636
Gain on disposal of investments	-	-	104,127	104,127
Gain on foreign exchange hedge	-	-	418,218	418,218
Total	-	-	943,990	943,990
Investment cost:				
Investment fee and other charges	-	-	94,390	94,390
Fair value loss on investments	-	-	127,381	127,381
Total	-	-	221,771	221,771
NET INVESTMENT INCOME	-	-	722,219	722,219
(DEFICIT) SURPLUS FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	(2,533,750)	(814,424)	3,438,130	89,956

See accompanying notes to financial statements.

HCA HOSPICE CARE**STATEMENT OF CHANGES IN FUNDS AND RESERVES**
Year ended 31 March 2022

	Unrestricted funds	Restricted funds	Total
	\$	\$	\$
Balance at 1 April 2020	27,788,876	4,072,873	31,861,749
Transferred from restricted funds to unrestricted funds (Note 16)	776,847	(776,847)	-
Total comprehensive income for the year:			
Surplus for the year	89,956	-	89,956
Balance at 31 March 2021	28,655,679	3,296,026	31,951,705
Transferred from restricted funds to unrestricted funds (Note 16)	878,206	(878,206)	-
Total comprehensive income for the year:			
Surplus for the year	1,101,060	-	1,101,060
Balance at 31 March 2022	30,634,945	2,417,820	33,052,765

See accompanying notes to financial statements.

HCA HOSPICE CARE

STATEMENT OF CASH FLOWS Year ended 31 March 2022

	2022	2021
	\$	\$
Operating activities		
Surplus for the year	1,101,060	89,956
Adjustments for:		
Depreciation	2,108,175	1,588,492
Interest from fixed income instruments	(60,901)	(389,009)
Dividends from investments	(11,489)	(32,636)
Government grants	(15,204,468)	(12,396,874)
Loss on write-off of property, plant and equipment	659	516,385
Loss (Gain) on disposal of investments	8,322	(104,127)
Interest expense on lease liabilities	61,410	31,898
Fair value loss on financial derivative	-	106,576
Fair value loss on investments	542,248	127,381
Operating deficit before movements in working capital	(11,454,984)	(10,461,958)
Receivables	359,514	(593,679)
Payables and accruals	209,769	1,812,117
Deferred grants	(268)	(427,056)
Cash used in operations, representing net cash used in operating activities	(10,885,969)	(9,670,576)
Investing activities		
Purchase of investments	(24,000,000)	(9,679,376)
Proceeds from sale of investments	12,635,632	10,174,517
Interest received from fixed income instruments	60,901	389,009
Dividends received from investments	11,489	32,636
Additions to property, plant and equipment (Note A)	(2,689,913)	(1,257,017)
Net cash used in investing activities	(13,981,891)	(340,231)
Financing activities		
Government grants received	14,593,908	15,838,586
Pledged fixed deposit	(8)	(287)
Interest paid on lease liabilities	(61,410)	(31,898)
Repayment on lease liabilities	(966,134)	(804,575)
Net cash from financing activities	13,566,356	15,001,826
Net (decrease) increase in cash and cash equivalents	(11,301,504)	4,991,019
Cash and cash equivalents at beginning of year	27,524,321	22,533,302
Cash and cash equivalents at end of year (Note 6)	16,222,817	27,524,321

Note A: In current year, an amount of \$252,685 was paid in relation to additions to property, plant and equipment in prior year which was unpaid.

See accompanying notes to financial statements.

HCA HOSPICE CARE

NOTES TO FINANCIAL STATEMENTS 31 March 2022

1 GENERAL

The Organisation (UEN : S89SS0106G) is registered in the Republic of Singapore with its principal place of operation and registered office at 705, Serangoon Road, Block A, #03-01 @Kwong Wai Shiu Hospital, Singapore 328127. The financial statements are expressed in Singapore dollars.

HCA Hospice Care ("the Organisation") is an independent charitable Organisation to promote hospice care and help terminally ill patients in the community.

The financial statements of the Organisation for the financial year ended 31 March 2022 were authorised for issue by the Board of the Council on 19 July 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Societies Act 1966, Financial Reporting Standards in Singapore ("FRSs") and the Singapore Charities Act 1994 and other relevant Regulations ("the Charities Act and Regulations").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Organisation takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis except for leasing transactions that are within the scope of FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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31 March 2022

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Organisation has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2021. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Organisation's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, certain FRSs, INT FRSs and amendments to FRS were issued but not yet effective. Management anticipates that the adoption of these FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Organisation in the period of their initial adoption.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Organisation's statement of financial position when the Organisation becomes a party to the contractual provisions of the instrument.

Financial assets

Classification of financial assets

Debt instruments mainly comprise cash and bank balances and trade and other receivables that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the foregoing, the Organisation may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Organisation may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Organisation may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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NOTES TO FINANCIAL STATEMENTS 31 March 2022

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Organisation designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Fair value loss on investment" line item. Fair value is determined in the manner described in Note 4(b)(vi).

Impairment of financial assets

The Organisation recognises a loss allowance for expected credit losses ("ECL") on other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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The Organisation always recognises 12-month ECL for other receivables as the credit risk on the financial instrument has not increased significantly since initial recognition. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Organisation compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Organisation considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The Organisation assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Irrespective of the outcome of the above assessment, the Organisation presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Organisation has reasonable and supportable information that demonstrates otherwise.

The Organisation regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Organisation considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable.

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Organisation, in full (without taking into account any collaterals held by the Organisation).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

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NOTES TO FINANCIAL STATEMENTS 31 March 2022

Write-off policy

The Organisation writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Organisation's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Organisation in accordance with the contract and all the cash flows that the Organisation expects to receive, discounted at the original effective interest rate.

If the Organisation has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Organisation measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Financial liabilities and equity instruments

Payables and accruals

Financial liabilities and equity instruments issued by the Organisation are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Derecognition of financial liabilities

The Organisation derecognises financial liabilities when, and only when, the Organisation's obligations are discharged, cancelled or expired.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Organisation has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

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NOTES TO FINANCIAL STATEMENTS 31 March 2022

Renovation	-	shorter of 9 years or remaining lease
Furniture and fittings	-	10 years
Office equipment and computers	-	3 to 5 years
Motor vehicles	-	4 years

Fully depreciated assets which are still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the Organisation reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Organisation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

LEASES

The Organisation as lessee

The Organisation assesses whether a contract is or contains a lease, at inception of the contract. The Organisation recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Organisation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Organisation uses the incremental borrowing rate specific to the lessee.

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Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Organisation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Organisation incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Organisation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Organisation applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described under "Impairment of non-financial asset" above.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Organisation has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Organisation allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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PROVISIONS - Provisions are recognised when the Organisation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Organisation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

RECOGNITION OF INCOME - Income is recognised to the extent that it is probable that the economic benefits will flow to the Organisation and the income can be reliably measured.

Donations and fund raising income are recognised in profit or loss on an accrual basis when the donations are committed to the Organisation.

Grants received to fund operating expenses are recognised on accrual basis, based on the funding principles specified by NCSS, MOH and AIC. Accruals are made for any over/under funding payable to/receivable from NCSS, MOH and AIC.

Programme fees from day hospice services are recognised at point in time when the services are rendered.

Dividend income is recorded in profit or loss when the right to receive the dividend has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Organisation will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Organisation should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Organisation with no future related costs are recognised in profit or loss in the period in which they become receivable.

DEFERRED GRANTS - This comprises government grants received from MOH, NCSS, AIC and contributions received from donors to construct, furnish and equip the Organisation or to defray expenses in the period they incurred. Deferred grants are recognised in the statement of financial position and transferred to the statement of changes in funds and reserves over the estimated useful lives of the related property, plant and equipment for expenses that is capital in nature or transferred to profit or loss when the grant is utilised to cover related expenses incurred.

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NOTES TO FINANCIAL STATEMENTS 31 March 2022

UNRESTRICTED FUNDS - The Unrestricted Funds are funds which are available to be used for any of the Organisation's purposes.

RESTRICTED FUNDS - The restricted funds are funds which are available to be used for specific purposes programs.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Organisation's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The financial statements are measured and presented in Singapore dollars, which is the currency of the primary economic environment in which the Organisation operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Organisation's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprise cash and bank balances and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Organisation's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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NOTES TO FINANCIAL STATEMENTS 31 March 2022

Critical judgments in applying the Organisation's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Organisation's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Length of lease

Lease term is determined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonable certain not to be exercised. The Organisation exercises judgement on whether or not such options will be exercised for the leases which directly impacts on the length of the lease term. In making the judgement, the Organisation considers several factors including: purpose of the underlying assets, the quantum of capital expenditure and costs to exit.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

The Organisation exercises its judgement in estimating the useful lives of property, plant and equipment. The estimated useful lives reflect the Organisation's estimate of the period that the Organisation intends to derive future economic benefits from the use of the depreciable asset, considering past and industry practice.

The carrying amount of property, plant and equipment is as disclosed in Note 8 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2022	2021
	\$	\$
Financial assets		
Financial assets at amortised cost	18,230,241	30,658,858
Financial assets measured at FVTPL	23,297,842	12,484,043
Financial liabilities		
Financial liabilities at amortised cost	3,493,485	3,536,401
Lease liabilities	4,216,590	2,302,389

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(b) Financial risk management policies and objectives

The Organisation is subject to market risk (including interest rate risk, currency risk and equity price risk), credit risk and liquidity risk.

Funds with fund managers

In connection with the funds placed with fund managers, these funds placed with fund managers are exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk).

The fund managers appointed are held responsible for achieving the investment objectives set forth in their respective investment management agreements. All income and realised capital gains are to be reinvested by the fund managers unless otherwise instructed by the Organisation.

There has been no change to the Organisation's exposure to these financial risks or the manner in which it manages and measures these risk. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk

The Organisation has currency exposures arising from certain investments managed by fund managers (Note 10) that are denominated in currencies other than the functional currency. The foreign currency in which these transactions are denominated in, is mainly in United States dollar ("USD").

The fund managers enter into derivative financial instruments to manage the exposure to foreign exchange rate risk, through foreign exchange forward contracts as disclosed in Note 4(vi).

At the reporting date, the remaining net exposure carrying amounts of monetary assets denominated in foreign currency are as follows:

	<u>Assets</u>	
	2022	2021
	\$	\$
USD	3,228,078	1,417,278

Foreign currency sensitivity

The following table details the Organisation's sensitivity to a 10% increase and decrease in the USD against the functional currency, with all the other variables held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

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At the end of the reporting period, if the relevant foreign currency strengthens/weakens by 10% against the Singapore dollars, surplus before tax will increase (decrease) by:

	<u>Strengthen</u>		<u>Weaken</u>	
	2022	2021	2022	2021
	\$	\$	\$	\$
USD	322,808	141,728	(322,808)	(141,728)

(ii) Interest rate risk

The Organisation is exposed to interest rate risk as changes in interest rates may affect the market value of its investment portfolio. The Organisation has no interest-bearing financial liabilities except for lease liabilities (Note 12) and its financial assets bear fixed interest rate.

The Organisation relies on professional fund managers to monitor and mitigate the adverse effects of interest rate changes on its investment portfolios.

No sensitivity analysis is prepared as the Organisation does not expect any material effect on the Organisation's surplus for the year arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(iii) Investment price risk

Investment price risk arises mainly from uncertainty about the future prices of financial instruments invested by the Organisation. It represents the potential financial loss the Organisation might suffer through holding investments in the face of price movements. It is the Organisation's policy to achieve an appropriate diversification in its investment portfolio in order to mitigate such risk. Further information is disclosed in Note 4b(vi).

(iv) Credit risk

The Organisation has assessed that there is minimal credit risk as majority of the receivables are either due from Ministry or Government related organisations which are backed by the Government of Singapore. The Organisation has applied a 12-month ECL to measure the loss allowance. The management has evaluated that these receivables are performing with low credit risk, as there has been no significant increase in the risk at default on these receivables since initial recognition, and the counterparties generally have a low risk of default and do not have any past-due amounts.

The Organisation places its cash and investments with creditworthy financial institutions. The credit risk on bank deposits and investment funds is limited as the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and reputable corporations with a good credit history.

Further details of credit risks on receivables are disclosed in Note 7 of the financial statements respectively.

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(v) Liquidity risk

Liquidity risk refers to the risk that the Organisation is unable to pay its creditors due to insufficient funds. The Organisation is primarily funded via grants and donations and it strives to ensure sufficient liquidity at all times through efficient cash management. All financial assets and financial liabilities are repayable on demand or due within 1 year from the end of the reporting period other than certain investments (Note 10) and lease liabilities (Note 12).

(vi) Fair value of financial assets and financial liabilities

The Organisation determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the Organisation's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Organisation's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value as at				Fair value hierarchy	Valuation techniques and key inputs	Sensitivity analysis (Note 1)	
	2022		2021				2022	2021
	Assets \$	Liabilities \$	Assets \$	Liabilities \$			\$	\$
Financial assets at FVTPL (Note 10)								
1) Quoted equity shares	-	-	2,290,354	-	Level 1	Quoted closing prices in an active market.	-	229,035
2) Quoted bonds	10,128,636	-	10,219,864	-	Level 1	Quoted closing prices in an active market.	1,012,864	1,021,986
3) Quoted unit trusts	12,554,914	-	80,401	-	Level 1	Quoted closing prices in an active market.	1,255,491	8,040

Derivative financial instruments:	Fair value hierarchy	Valuation techniques and key inputs
Foreign currency forward contracts	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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NOTES TO FINANCIAL STATEMENTS 31 March 2022

Note 1: If the quoted prices are 10% higher/lower while all the other variables were held constant, the Organisation's surplus would increase/decrease as disclosed in the above table.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in 2021 and 2022.

Other than as disclosed in the above table, the Organisation had no other financial assets or liabilities carried at fair value.

(c) Capital risk management policies and objectives

The Organisation manages its capital to ensure it will be able to continue as a going concern. The capital structure of the Organisation consists only of funds and reserves. Management reviews the capital structure on a regular basis. The Organisation's overall strategy remains unchanged from 2021.

5 COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel during the year is as follows:

	2022	2021
	\$	\$
Short-term benefits	796,322	727,658
Post-employment benefits	29,824	30,597
	<u>826,146</u>	<u>758,255</u>
Number of key management personnel	<u>3</u>	<u>2</u>

The remuneration of key management personnel is determined by the Board of the Council. Members of the Executive Committee and Council did not receive any remuneration from the Organisation during the year.

Related party transactions

	2022	2021
	\$	\$
Donations to the Organisation by Council and key management personnel	<u>14,364</u>	<u>25,025</u>

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NOTES TO FINANCIAL STATEMENTS 31 March 2022

6 CASH AND BANK BALANCES

	2022	2021
	\$	\$
Fixed deposits	1,021,123	4,661,903
Cash at banks	15,222,528	20,979,758
Cash held by fund manager (Note 10)	-	1,903,486
Cash and bank balances	16,243,651	27,545,147
Less: Pledged fixed deposit	(20,834)	(20,826)
Cash and cash equivalents in the statement of cash flows	16,222,817	27,524,321

Fixed deposits bear interest at 0.05% to 0.65% (2021 : 0.40% to 1.98%) per annum and for a tenure of approximately 31 to 365 days (2021 : 182 to 365 days). The fixed deposits can be drawn down without the need to incur significant cost.

7 RECEIVABLES

	2022	2021
	\$	\$
Recoverables from MOH and Agency of Integrated Care (AIC)	1,153,662	1,824,843
Job Support Scheme (JSS) grant receivables (Note 13)	-	155,205
Deposits	332,856	345,096
Insurance proceeds receivable*	430,000	760,753
Sundry receivables	70,072	183,019
Prepaid expenses	256,662	160,236
	2,243,252	3,429,152

* Insurance proceeds receivable pertains to receivables arising from impending insurance claims by the Organisation due to the fire incident which broke out in 2021 at the Organisation's headquarters. The insurance proceeds receivable comprises of reimbursement claims pertaining to damaged renovations, removal of debris, restoration works and capital expenditures for replacement of damaged fixed assets.

Job Support Scheme grant receivables related to the amounts granted to the Organisation under COVID-19 Government Relief Measures, and relates mainly to the Jobs Support Scheme ("JSS") by the Singapore Government (Note 13) to defray certain manpower costs. The Organisation assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Government grant is recognised in profit or loss on a systematic basis over the period impacted by COVID-19 in which the related staff costs for which the grant is intended to compensate is recognised as expenses. The period impacted by COVID-19 has been determined to be commencing from April 2020, and the amount of JSS grant income recognised in the statement of income and expenditure amounted to \$239,515 in the current year (2021 : \$1,774,393).

Loss allowance for receivables has been measured at 12-month expected credit loss (ECL) as the amounts mainly consist of receivables from Ministry or Government related organisations which are backed by the Government of Singapore, and for which the management has assessed these counterparties to be creditworthy with low credit risk and have low risk of default.

HCA HOSPICE CARE

NOTES TO FINANCIAL STATEMENTS **31 March 2022**

No impairment allowance was made for the recoverables as these amounts are due from Ministry or Government related organisations and the management considers the probability of default and the loss upon default to be minimal after assessing for considerations such as financial background, creditability, historical credit loss experience and any relevant forward-looking information, including but not limited to changes in economic environment. The management has evaluated that there is no significant change in credit quality and the amounts are still considered recoverable and the receivables are not past due as at the end of the reporting period.

Sundry receivables and deposits

For purpose of impairment assessment, these amounts are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has considered the Organisation's historical credit loss experience with the relevant counterparties, as well as any relevant forward-looking information and assessed that the expected credit loss to be insignificant.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for recoverables and other receivables.

HCA HOSPICE CARE

NOTES TO FINANCIAL STATEMENTS 31 March 2022

8 PROPERTY, PLANT AND EQUIPMENT

	Renovation	Furniture and fittings	Office equipment and computers	Motor vehicles	Asset under construction	Total
	\$	\$	\$	\$	\$	\$
Cost:						
At 1 April 2020	2,933,771	131,381	2,998,497	578,859	-	6,642,508
Additions	-	-	231,278	-	1,278,424	1,509,702
Disposals / written-off	(853,471)	(10,860)	(344,764)	-	-	(1,209,095)
At 31 March 2021	2,080,300	120,521	2,885,011	578,859	1,278,424	6,943,115
Additions	1,929,386	8,025	235,136	264,680	-	2,437,227
Reclassification	1,278,424	-	-	-	(1,278,424)	-
Disposals / written-off	-	-	(529,284)	(155,124)	-	(684,408)
At 31 March 2022	5,288,110	128,546	2,590,863	688,415	-	8,695,934
Accumulated depreciation:						
At 1 April 2020	904,338	97,065	2,151,881	479,564	-	3,632,848
Depreciation	276,191	11,289	404,005	54,423	-	745,908
Disposals / written-off	(408,478)	(7,311)	(276,921)	-	-	(692,710)
At 31 March 2021	772,051	101,043	2,278,965	533,987	-	3,686,046
Depreciation	669,790	11,017	397,250	70,576	-	1,148,633
Disposals / written-off	-	-	(528,625)	(155,124)	-	(683,749)
At 31 March 2022	1,441,841	112,060	2,147,590	449,439	-	4,150,930
Carrying amount:						
At 31 March 2022	3,846,269	16,486	443,273	238,976	-	4,545,004
At 31 March 2021	1,308,249	19,478	606,046	44,872	1,278,424	3,257,069

HCA HOSPICE CARE

NOTES TO FINANCIAL STATEMENTS 31 March 2022

9 RIGHT-OF-USE ASSETS

The Organisation leases several assets including office space and warehouse space rental. The average lease term is 6 years (2021 : 3 years). During the year, the Organisation recognised additional 3 years optional lease period for its headquarters in Kwong Wai Shiu Hospital and day hospice at the Oasis@Outram as well as renewed the warehouse space rental for an additional 1 year.

	Office and warehouse space
	\$
Cost:	
At 1 April 2020	1,267,871
Additions during the year	<u>2,549,267</u>
At 31 March 2021	3,817,138
Additions during the year	<u>2,880,335</u>
At 31 March 2022	<u>6,697,473</u>
Accumulated depreciation:	
At 1 April 2020	719,090
Depreciation for the year	<u>842,584</u>
At 31 March 2021	1,561,674
Depreciation for the year	<u>959,542</u>
31 March 2022	<u>2,521,216</u>
Carrying amount:	
At 31 March 2022	<u><u>4,176,257</u></u>
At 31 March 2021	<u><u>2,255,464</u></u>

10 FINANCIAL ASSETS UNDER FUND MANAGEMENT

	2022	2021
	\$	\$
Cash held by fund manager	636,104	-
Quoted equity shares, at fair value	-	2,290,354
Quoted debt securities, at fair value	10,128,636	10,219,864
Quoted unit trusts, at fair value	<u>12,554,914</u>	<u>80,401</u>
	<u>23,319,654</u>	<u>12,590,619</u>
Financial derivative instruments	<u>(21,812)</u>	<u>(106,576)</u>
Total investments	<u><u>23,297,842</u></u>	<u><u>12,484,043</u></u>

HCA HOSPICE CARE

NOTES TO FINANCIAL STATEMENTS 31 March 2022

The financial assets under fund management and cash at bank amounting to \$23,297,842 (2021 : \$12,484,043) and \$Nil (2021 : \$1,903,486) respectively are managed by and placed with external fund managers together as a group of financial instruments and are classified as financial assets at fair value through profit or loss with fair value movements taken to profit or loss.

The investments are held for long-term strategic purposes in accordance with the Organisation's investment strategy and plan.

Quoted equity shares offer the Organisation the opportunity for returns through dividend income and fair value gains. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

Quoted debt securities have effective interest rates ranging from 1.4% to 5.1% (2021 : 2.0% to 4.5%) per annum and have maturity dates in 2022 to 2199 (2021 : 2021). The fair value of the quoted debt securities are based on closing quoted market prices on the last market day of the financial year.

The fair values of the quoted unit trusts under management are based on the closing quoted market prices at the end of the reporting period.

11 PAYABLES AND ACCRUALS

	2022	2021
	\$	\$
Other payables	199,206	158,275
Accrued expenses	3,273,079	3,348,093
Equipment loan deposits received	21,200	30,033
	<u>3,493,485</u>	<u>3,536,401</u>

12 LEASE LIABILITIES

	2022	2021
	\$	\$
Maturity analysis:		
Year 1	1,003,653	1,000,743
Year 2	998,294	867,310
Year 3	998,294	533,597
Year 4	866,830	-
Year 5	533,597	-
	<u>4,400,668</u>	<u>2,401,650</u>
Less: Unearned interest	<u>(184,078)</u>	<u>(99,261)</u>
	<u>4,216,590</u>	<u>2,302,389</u>

Analysed as:

Current	960,312	939,870
Non-current	3,256,278	1,362,519
	<u>4,216,590</u>	<u>2,302,389</u>

The Organisation does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Organisation's finance function.

HCA HOSPICE CARE

NOTES TO FINANCIAL STATEMENTS 31 March 2022

Reconciliation of liabilities arising from financing activity

The table below details changes in the Organisation's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

	31 March 2020	Financing cash flows	<u>Non-cash</u> New lease during the year	31 March 2021
	\$	\$	\$	\$
Lease liabilities	557,697	(804,575)	2,549,267	2,302,389

	31 March 2021	Financing cash flows	<u>Non-cash</u> New lease during the year	31 March 2022
	\$	\$	\$	\$
Lease liabilities	2,302,389	(966,134)	2,880,335	4,216,590

13 DEFERRED GRANTS

	2022	2021
	\$	\$
At beginning of year	11,180,380	7,058,491
Addition of deferred capital grant	373,000	-
Grants from CST [Note]	3,140,339	6,363,609
Return of expired CST Operational Grants	-	(121,896)
Utilisation of CST for the year transferred to income [Note a]	(1,857,827)	(1,534,405)
Utilisation of CST Operational Grants [Note b]	(2,545,443)	-
Amortisation of deferred capital expenditure	(307,500)	(242,942)
Others*	(239,783)	(342,477)
At end of year	9,743,166	11,180,380

Analysed as follows:

Current	2,483,722	4,212,397
Non-current	7,259,444	6,967,983
	9,743,166	11,180,380

* Others comprise of deferred grant income arising from Job Support Scheme ("JSS") (Note 7).

HCA HOSPICE CARE

NOTES TO FINANCIAL STATEMENTS 31 March 2022

Note:

From 1 April 2013, CST grants can be applied as follows:

- (a) Donations can be claimed for dollar-for-dollar donation matching provided by the Government to enhance the services of voluntary welfare organisations (VWOs) in the intermediate and long-term care (ILTC) sector; and
- (b) Up to 40% of the donations can be claimed for recurrent operating costs incurred. During the year, \$2,545,443 (2021 : \$Nil) was claimed for recurrent operating costs incurred.

14 UNRESTRICTED FUNDS

	2022	2021
	\$	\$
Reserves policy:		
Unrestricted funds	30,634,945	28,655,679
Ratio of reserves to annual operating expenditure	1.49	1.54

The reserves of the Organisation provide financial stability and sustainability. The Council intends to maintain the unrestricted funds at a level which is equivalent to 2 to 3 times of the Organisation's operating expenditure. The Council reviews the reserves annually, to ensure that the reserves are adequate to fulfill the Organisation's continuing obligations.

Operating expenditure comprises direct expenditures including direct staff cost attributable to the services. Where costs cannot be wholly attributable to the 2 key services, they have been apportioned on a basis consistent with the use of resources i.e. direct cost. These include support department costs and shared overheads such as premises costs, depreciation, repairs and maintenance costs.

HCA HOSPICE CARE

NOTES TO FINANCIAL STATEMENTS 31 March 2022

15 RESTRICTED FUNDS

	Patients fund	Medical and office equipment	Projects fund	Training fund	Hospice into the community	Respectance fund	NCSS Caregiver reserve
	\$	\$	\$	\$	\$	\$	\$
At 1 April 2020	383,578	399,775	662,063	280,679	25,098	48,921	52,054
Additional funds received during the year (Note 16)	-	-	-	-	-	-	-
Funds utilised during the year (Note 16)	(31,718)	(2,777)	(10,272)	(19,987)	-	(31,728)	-
At 31 March 2021	351,860	396,998	651,791	260,692	25,098	17,193	52,054
Additional funds received during the year (Note 16)	-	-	-	-	-	-	-
Funds utilised during the year (Note 16)	(29,656)	(7,280)	-	(4,202)	(11,050)	(11,857)	-
At 31 March 2022	322,204	389,718	651,791	256,490	14,048	5,336	52,054

	NCSS Day Hospice reserve	NCSS Young Caregiver reserve	Deutsche Bank Fund	Lien Foundation - Outram Community Hospital	Deutsche Bank Donate One Day Fund	Lien Foundation Tranche 2	Total
	\$	\$	\$	\$	\$	\$	\$
At 1 April 2020	226,081	6,082	2,455	1,986,087	-	-	4,072,873
Additional funds received during the year (Note 16)	-	-	-	-	136,898	100,000	236,898
Funds utilised during the year (Note 16)	-	-	(2,455)	(909,965)	(3,534)	(1,309)	(1,013,745)
At 31 March 2021	226,081	6,082	-	1,076,122	133,364	98,691	3,296,026
Additional funds received during the year (Note 16)	-	-	-	-	121,551	-	121,551
Funds utilised during the year (Note 16)	-	(380)	-	(865,853)	(67,358)	(2,121)	(999,757)
At 31 March 2022	226,081	5,702	-	210,269	187,557	96,570	2,417,820

HCA HOSPICE CARE

NOTES TO FINANCIAL STATEMENTS

31 March 2022

Patients fund - The fund is set aside to benefit the medical, psychosocial and physical well-being of the patients.

Medical and office equipment - The fund is set aside to replace, maintain and purchase of medical and office equipment.

Projects fund - The fund is meant for any special projects that the Organisation may undertake.

Training fund - The fund is set aside to be used for the training and development of medical and nursing staff in specialist skills in palliative care and to train and equip staffs and volunteers of the Organisation so that standards of service may be maintained.

Hospice into the community - To increase the reach of the Organisation in providing palliative care to the community, the Organisation has set up satellite centres in various housing estates. Teams of doctors, nurses, medical social workers function in satellite centres to fulfill the needs of the patients in the community. The fund is to be used for setting up, renovation, maintenance and running of the satellite centres.

Respectance fund - The fund is set aside to help the needy patients who wish to die in their own home and family whose primary breadwinner has passed away. By having this fund, it helps to improve the quality of life for the patients and support their families.

NCSS Caregiver reserve - This fund is to support caregivers of persons with disability or seniors in attending training, seminars and workshops related to caregiving in order to equip them with relevant knowledge and skills and help them better cope with the challenges of caregiving.

NCSS Day Hospice reserve - This fund enables the Organisation to run the day hospice centres. Patients who do not require 24-hour nursing care and are able to walk or are safely mobile in a wheelchair can attend our day hospice and participate in the Organisation's constructive activities and therapy programmes.

NCSS Young Caregiver reserve - This fund supports the Young Caregiver Programme (yCG) where the Organisation collaborates with schools and institutions to run programmes aimed at raising students' and youth's awareness on the need to care for their loved ones who are elderly, sick or are struck with life-limiting illness.

Deutsche Bank Fund - This fund is set aside to provide transportation, essential items and services for patients.

Lien Foundation - Outram Community Hospital - This fund is set aside to provide funding for the capital expenditure of Day Hospice Centre at Outram Community Hospital.

Deutsche Bank Donate One Day fund - This fund is set aside for Vigil Angels volunteer program, Twilight program, programs at Oasis@Outram and Deutsche volunteering event expenses.

Lien Foundation Tranche 2 - This fund is set aside for virtual volunteer project, make-believe outings for day hospice patients and Volunteer Training & Ambassadors Programme.

These restricted funds are represented by cash and cash equivalents amounting to \$2,417,820 (2021 : \$3,296,026).

HCA HOSPICE CARE

NOTES TO FINANCIAL STATEMENTS 31 March 2022

16 TRANSFERRED TO (FROM) RESTRICTED FUNDS

	2022	2021
	\$	\$
<u>FUND RECEIVED DURING THE YEAR</u>		
From donations:		
- Restricted donations	121,551	236,898
<u>FUNDS UTILISED DURING THE YEAR</u>		
- Patient care and medication	(90,244)	(70,745)
- Training	(4,202)	(19,986)
- Miscellaneous expenses	(105,662)	(16,383)
- Purchase of fixed asset	(799,649)	(906,631)
Total funds utilised	(999,757)	(1,013,745)
Net funds utilised from restricted funds	(878,206)	(776,847)

17 TAXATION

The Organisation is a registered charity under the Charities Act 1994 and is exempted from tax under the Income Tax Act.

18 TAX-DEDUCTIBLE RECEIPT

	2022	2021
	\$	\$
Donations for which tax-deductible receipts were issued	4,867,653	3,971,717

19 NON-TAX DEDUCTIBLE RECEIPT

	2022	2021
	\$	\$
Donations for which non-tax deductible receipts were issued	817,558	582,421

The Organisation was one of the beneficiaries of the President's Challenge 2021 and President's Challenge 2019. Included in donations for which non-tax deductible receipts were issued, was a donation amounting to \$175,000 (2021 : \$240,000) that was received from the National Council of Social Service. The donation was used to defray the cost of the day hospice centers.

HCA HOSPICE CARE

NOTES TO FINANCIAL STATEMENTS 31 March 2022

20 COMMITMENT

	2022	2021
	\$	\$
Estimated expenditure contracted for property, plant and equipment	-	909,676

The Organisation is committed to incur capital expenditure of \$Nil (2001 : \$909,676) to open the third day hospice at the Oasis@Outram. These commitments were settled when the day hospice opened in 2022.

21 IMPACT OF COVID-19

The epidemic of Coronavirus Disease 2019 (the "COVID-19") continue to affect the activities and funding avenues of the Organisation. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, the effects of COVID-19 may continue to affect the Organisation. Notwithstanding this, the management, based on their assessment of the Organisation's financial position, has assessed that the Organisation will be able to maintain sufficient liquidity for at least the next twelve months from the date of authorisation of these financial statements.

22 SUBSEQUENT EVENT

As of 1 April 2022, the Organisation has transferred over the operations, together with all the assets and liabilities to HCA Hospice Limited (UEN: S202114297R). HCA Hospice Limited was incorporated in Singapore on 22 April 2021 as a company limited by guarantee without a share capital. It was granted the status of an Institution of a Public Character ("IPC") under the Charities Act 1994 from 4 January 2022 to 30 September 2022 subject to renewal. HCA Hospice Limited has submitted application to renew its IPC status and its directors has assessed that the approval of renewal is forthcoming.

The carrying amounts of the assets and liabilities transferred from the Organisation to HCA Hospice Limited is based on the statement of financial position as at 31 March 2022 set out on page 5.