

FINANCIAL STATEMENTS

Kidney Dialysis Foundation Limited

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

Annual Report

Year ended 31 March 2018



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 2018.

In our opinion:

- (a) the financial statements set out on pages P. 34-59 are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 March 2018 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

Yeoh Oon Jin

Cheng Wai Keung

Stephen Lee Ching Yen

Watson Ong Choon Huat

Wong Yew Meng

Dr Lim Cheok Peng

Chan May Ping

Uantchern Loh – Treasurer

Chan Soo Sen

Principal Activities

The Foundation was incorporated on 1 February 1996 as a Foundation 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 Foundation 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 Foundation 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.

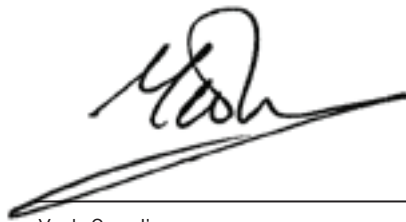
Auditors

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

29 June 2018

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 2018, 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 P. 34-59.

In our opinion, the Foundation's 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 2018 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 obtained all other information prior to the date of this auditors' report.

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 monies 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

Public Accountants and
Chartered Accountants

Singapore

29 June 2018

Statement of Financial Position

As at 31 March 2018

	Note	2018 \$	2017 \$
Non-Current Assets			
Plant and equipment	5	306,721	397,841
Intangible assets	6	143,367	20,837
Total Non-Current Assets		450,088	418,678
Current Assets			
Trade and other receivables	7	761,593	669,746
Cash and cash equivalents	8	34,470,024	31,331,702
Total Current Assets		35,231,617	32,001,448
Total Assets		35,681,705	32,420,126
Non-Current Liabilities			
Deferred capital grants	9	182,170	139,652
Grants received in advance	10	786,583	636,862
		968,753	776,514
Current Liabilities			
Deferred capital grants	9	202,030	217,678
Grants received in advance	10	1,411,139	1,123,218
Trade and other payables	11	1,182,341	1,345,226
		2,795,510	2,686,122
Total Liabilities		3,764,263	3,462,636
Net Assets		31,917,442	28,957,490
Funds of the Foundation:			
<i>Unrestricted Funds</i>			
General Fund		31,350,762	28,195,103
Ghim Moh Fund (Designated)	12	–	609,500
<i>Restricted Funds</i>			
Building Fund	13	300,000	–
Kwan Im Thong Hood Cho Temple Dialysis Assistance (“KTDA”) Fund	14	–	–
Patient Welfare Support (“PWS”) Fund	15	266,680	152,887
Research Fund	16	–	–
Total Funds		31,917,442	28,957,490
Members’ Guarantee	4	300	300

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

Statement of Income and Expenditure and Other Comprehensive Income

Year ended 31 March 2018

Note	Unrestricted General Fund 2018 \$	Building Fund 2018 \$	CST Fund 2018 \$	PWS Fund 2018 \$	Research Fund 2018 \$	Total 2018 \$
Income/Incoming resources						
Incoming resources from generated funds						
18	2,405,816	59,271	—	194,440	250	2,659,777
18	1,049,849	—	—	—	—	1,049,849
19	385,159	—	—	—	—	385,159
	60,256	—	—	—	—	60,256
	3,901,080	59,271	—	194,440	250	4,155,041
Charitable activities						
20	3,312,705	—	—	—	—	3,312,705
20	(441,141)	—	—	(80,647)	—	(521,788)
21	2,083,231	—	2,340,198	—	—	4,423,429
	4,954,795	—	2,340,198	(80,647)	—	7,214,346
	8,855,875	59,271	2,340,198	113,793	250	11,369,387
Expenditure/Resources expended						
Cost of generating funds						
22	554,725	—	—	—	—	554,725
	180,943	—	—	—	—	180,943
	735,668	—	—	—	—	735,668
Cost of charitable activities						
23	4,335,207	—	2,340,198	—	—	6,675,405
	—	—	—	—	400,000	400,000
	4,335,207	—	2,340,198	—	400,000	7,075,405
24	598,362	—	—	—	—	598,362
	5,669,237	—	2,340,198	—	400,000	8,409,435
25	3,186,638	59,271	—	113,793	(399,750)	2,959,952

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

Statement of Income and Expenditure and Other Comprehensive Income (continued)

Year ended 31 March 2018

	Note	Unrestricted					Total 2017 \$
		General Fund 2017 \$	Ghim Moh Fund 2017 \$	Designated CST Fund 2017 \$	KTDA Fund 2017 \$	PWS Fund 2017 \$	
Income/Incoming resources							
Income/resources from generated funds							
Voluntary income (donations)	18	2,885,784	–	–	–	152,887	3,040,351
Funds generating activities	18	1,051,455	–	–	–	–	1,051,455
Investment income	19	350,634	69	–	–	–	350,703
Others		106,501	–	–	–	–	106,501
		4,394,374	69	–	–	152,887	4,549,010
Charitable activities							
Charitable income							
(mainly dialysis and medication fees)	20	2,935,181	1,396,332	–	–	–	4,331,513
Less: subsidies to patients	20	(492,539)	(255,858)	–	(116,171)	–	(864,568)
Government subsidies	21	622,322	290,658	1,994,485	–	–	2,907,465
		3,064,964	1,431,132	1,994,485	(116,171)	–	6,374,410
		7,459,338	1,431,201	1,994,485	(116,171)	152,887	10,923,420
Total income/incoming resources							
Expenditure/Resources expended							
Cost of generating funds							
Cost of generating voluntary income	22	679,384	–	–	–	–	679,384
Cost of fund generating activities		159,068	–	–	–	–	159,068
		838,452	–	–	–	–	838,452
Cost of charitable activities							
Dialysis services and medication cost	23	2,299,379	2,015,876	1,969,742	–	–	6,284,997
Contribution to NUS Research Fund		–	–	–	–	400,000	400,000
Other charitable activities		–	–	24,743	–	–	24,743
		2,299,379	2,015,876	1,994,485	–	400,000	6,709,740
Governance costs	24	409,837	–	–	–	–	409,837
		3,547,668	2,015,876	1,994,485	–	400,000	7,958,029
Total expenditure/resources expended							
Net surplus/(deficit) for the year, representing total comprehensive income for the year	25	3,911,670	(584,675)	–	(116,171)	152,887	(398,320)
							2,965,391

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

Statement of Changes in Funds

Year ended 31 March 2018

	Unrestricted General Fund	Unrestricted Designated Ghim Moh Fund	Restricted Building Fund	Restricted KTDA Fund	Restricted PWS Fund	Restricted Research Fund	Total
	\$	\$	\$	\$	\$	\$	\$
At 1 April 2016							
Transfer between funds	24,506,688	1,194,175	–	116,171	–	175,065	25,992,099
Net surplus/(deficit) for the year, representing total comprehensive income for the year	(223,255)	–	–	–	–	223,255	–
	3,911,670	(584,675)	–	(116,171)	152,887	(398,320)	2,965,391
At 31 March 2017							
Transfer between funds (Note 1)	28,195,103	609,500	–	–	152,887	–	28,957,490
Net surplus/(deficit) for the year, representing total comprehensive income for the year	(30,979)	(609,500)	240,729	–	–	399,750	–
	3,186,638	–	59,271	–	113,793	(399,750)	2,959,952
At 31 March 2018	31,350,762	–	300,000	–	266,680	–	31,917,442

Note 1

During the year, the Foundation transferred the unutilised amounts of \$609,500 from unrestricted designated Ghim Moh Fund (see Note 12) to unrestricted General Fund. In addition, the Foundation has transferred \$240,729 and \$399,750 from the General Fund to the newly set up Building Fund (see Note 13) and Research Fund (see Note 16) respectively for their approved designated purposes.

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

Statement of Cash Flows

Year ended 31 March 2018

Note	Unrestricted General Fund 2018		Unrestricted Designated Ghim Moh Fund 2018		Building Fund 2018		Restricted CST Fund 2018		Restricted PWS Fund 2018		Restricted Research Fund 2018		Total 2018	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities														
Net surplus/(deficit) for the year	3,186,638	—	—	59,271	—	113,793	—	—	—	—	—	(399,750)	—	2,959,952
Adjustments for:														
Depreciation of plant and equipment	24,121	—	—	—	—	—	144,619	—	—	—	—	—	—	168,740
Gain on disposal of plant and equipment	(278)	—	—	—	—	—	—	—	—	—	—	—	—	(278)
Amortisation of intangible assets	13,909	—	—	—	—	—	56,334	—	—	—	—	—	—	70,243
Government grants and subsidies income	(2,083,231)	—	—	—	—	—	(2,340,198)	—	—	—	—	—	—	(4,423,429)
Investment income	(385,159)	—	—	—	—	—	—	—	—	—	—	—	—	(385,159)
Operating surplus/(deficit) before working capital changes	756,000	—	—	59,271	—	113,793	(2,139,245)	—	—	—	—	(399,750)	—	(1,609,931)
Changes in working capital:														
Trade and other receivables	(84,299)	—	—	—	—	—	—	—	—	—	—	—	—	(84,299)
Trade and other payables	(162,885)	—	—	—	—	—	—	—	—	—	—	—	—	(162,885)
Cash generated from/(used in) operations	508,816	—	—	59,271	—	113,793	(2,139,245)	—	—	—	—	(399,750)	—	(1,857,115)
Government grants and subsidies received	2,083,231	—	—	—	—	—	2,804,710	—	—	—	—	—	—	4,887,941
Net cash flows from/(used in) operating activities	2,592,047	—	—	59,271	—	113,793	665,465	—	—	—	—	(399,750)	—	3,030,826
Cash flows from investing activities														
Proceeds from disposal of plant and equipment	3,235	—	—	—	—	—	—	—	—	—	—	—	—	3,235
Purchase of plant and equipment	(45,527)	—	—	—	—	—	(35,050)	—	—	—	—	—	—	(80,577)
Purchase of intangible assets	—	—	—	—	—	—	(192,773)	—	—	—	—	—	—	(192,773)
Placement of fixed deposits with banks, net interest received	(1,987,975)	—	—	—	—	—	(437,642)	—	—	—	—	—	—	(2,425,617)
Interest received	377,611	—	—	—	—	—	—	—	—	—	—	—	—	377,611
Net cash flows used in investing activities	(1,652,656)	—	—	—	—	—	(665,465)	—	—	—	—	—	—	(2,318,121)
Net increase/(decrease) in cash and cash equivalents	939,391	—	—	59,271	—	113,793	—	—	—	—	—	(399,750)	—	712,705
Gross transfer between funds	(344,305)	—	(296,174)	240,729	—	—	—	—	—	—	—	399,750	—	—
Cash and cash equivalents at beginning of year	1,482,770	296,174	—	—	—	152,887	—	—	—	—	—	—	—	1,931,831
Cash and cash equivalents at end of year	2,077,856	—	—	300,000	—	266,680	—	—	—	—	—	—	—	2,644,536

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

Statement of Cash Flows (continued)

Year ended 31 March 2018

Note	Unrestricted					Restricted		Total 2017
	General Fund 2017	Unrestricted Designated Ghim Moh Fund 2017	CST Fund 2017	KTDA Fund 2017	PWS Fund 2017	Research Fund 2017	Research Fund 2017	
	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities								
Net surplus/(deficit) for the year	3,911,670	(584,675)	–	(116,171)	152,887	(398,320)	2,965,391	
Adjustments for:								
Depreciation of plant and equipment	21,201	3,093	192,931	–	–	–	217,225	
Gain on disposal of plant and equipment	(803)	(29,978)	–	–	–	–	(30,781)	
Amortisation of intangible assets	13,896	6,163	10,397	–	–	–	30,456	
Government grants and subsidies income	(622,322)	(290,658)	(1,994,485)	–	–	–	(2,907,465)	
Investment income	(350,634)	(69)	–	–	–	–	(350,703)	
Operating surplus/(deficit) before working capital changes	2,973,008	(896,124)	(1,791,157)	(116,171)	152,887	(398,320)	(75,877)	
Changes in working capital:								
Trade and other receivables	134,066	(22,259)	–	–	–	–	111,807	
Trade and other payables	82,053	20,842	–	–	–	–	102,895	
Cash generated from/(used in) operations	3,189,127	(897,541)	(1,791,157)	(116,171)	152,887	(398,320)	138,825	
Government grants and subsidies received	622,322	290,658	2,333,091	–	–	–	3,246,071	
Net cash flows from/(used in) operating activities	3,811,449	(606,883)	541,934	(116,171)	152,887	(398,320)	3,384,896	
Cash flows from investing activities								
Proceeds from disposal of plant and equipment	536	31,048	–	–	–	–	31,584	
Purchase of plant and equipment	(16,984)	(4,520)	(223,700)	–	–	–	(245,204)	
Placement of fixed deposits with banks, net interest received	(6,820,202)	(268,789)	(318,234)	–	–	–	(7,407,225)	
Interest received	292,176	69	–	–	–	–	292,245	
Net cash flows used in investing activities	(6,544,474)	(242,192)	(541,934)	–	–	–	(7,328,600)	
Net (decrease)/increase in cash and cash equivalents	(2,733,025)	(849,075)	–	(116,171)	152,887	(398,320)	(3,943,704)	
Gross transfer between funds	(223,255)	–	–	–	–	–	223,255	
Cash and cash equivalents at beginning of year	4,434,817	1,149,482	–	116,171	–	175,065	5,875,535	
Cash and cash equivalents at end of year	1,478,537	300,407	–	–	152,887	–	1,931,831	

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 June 2018.

1 Domicile and Activities

The Foundation was incorporated in the Republic of Singapore on 1 February 1996 as a Foundation 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 the 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

The Foundation has applied the following amendments for the first time for the annual period beginning on 1 April 2017:

- Disclosure initiative (Amendments to FRS 7)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and
- Clarification of scope for FRS 112 (Improvements to FRSs 2016)

The adoption of these amendments did not have any impact on the current or prior financial years and is not likely to affect future financial years. The Company does not have loans and borrowings.

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 initially measured 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 legally enforceable 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 statement of income and expenditure.

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.

Notes to the Financial Statements

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

3.4 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 period 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 financial years 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 financial years 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.

Notes to the Financial Statements

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 financial years 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 financial years 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 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.

3.8 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.

3.9 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 financial year 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.

3.10 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 and includes an apportionment of support costs.

(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.

Notes to the Financial Statements

3.11 Adoption of new standards

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2017, and earlier application is permitted; however, the Foundation has not early applied the following new or amended standards in preparing these statements. The Foundation does not plan to adopt these standards early.

The following standards are expected to have an impact on the Foundation's financial statements in the period of initial application. The Foundation does not plan to adopt these standards early.

Applicable to 2019 financial statements

FRS 115 Revenue from Contracts with Customers

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.

The Foundation plans to adopt FRS 115 in its financial statements for the year ending 31 March 2019, using the retrospective approach. As a result, the Foundation will apply all of the requirements of FRS 115 retrospectively, and the comparative period presented in the 2019 financial statements will be restated.

The Foundation performed its initial assessment of the impact and the adoption of FRS 115 is not expected to be material.

Estimated impact of the adoption of FRS 109

The Foundation is required to adopt FRS 109 *Financial Instruments* from 1 April 2018. The Foundation has assessed that the impact of the initial application of FRS 109 is not material.

FRS 109 Financial Instruments

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.

The Foundation has performed preliminary assessment of the impact of FRS 109 on its financial statements. Overall, the Foundation does not expect a significant change to the classification and measurement basis arising from adopting FRS 109.

The Foundation is currently gathering data to quantify the potential impact of FRS 109 and plans to adopt the new standard on the required effective date in 2019 without restating comparative information.

Based on its initial assessment, the Foundation does not expect a significant impact on its opening equity except for the effect of applying the impairment requirements of FRS 109. FRS 109 replaces the 'incurred loss model' with a forward-looking expected credit loss (ECL) model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI.

Under FRS 109, loss allowances of the Foundation will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- Lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Foundation plans to apply the simplified approach and record lifetime ECL on all trade receivables. The Foundation does not expect an increase in impairment for trade and other receivables.

Applicable to 2020 financial statements

FRS 116 Leases

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.

The Foundation has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. The impact upon the adoption of FRS 116 is not expected to be significant.

The Foundation plans to adopt the standard when it becomes effective in financial year ending 31 March 2020 and expects to apply the standard using the modified retrospective approach. The Foundation will perform a detailed analysis of the standard, including the transition options and practical expedients in financial year ending 31 March 2020. Until financial year ending 31 March 2020, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases.

4 Members' Guarantee

The Foundation is a Foundation 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.

Notes to the Financial Statements

5 Plant and Equipment

	Air- conditioners \$	Computers \$	Furniture and fittings \$	Medical equipment \$	Office equipment \$	Renovations \$	Total \$
Cost							
At 1 April 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
Additions	18,450	28,288	–	–	3,730	30,109	80,577
Disposals	(13,385)	(8,825)	–	(1,324)	(6,571)	(29,535)	(59,640)
At 31 March 2018	100,012	152,409	243,371	1,850,422	76,393	729,290	3,151,897
Accumulated depreciation							
At 1 April 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
Depreciation for the year	9,949	24,216	1,545	111,235	5,126	16,669	168,740
Disposals	(13,385)	(8,823)	–	(1,324)	(6,571)	(26,580)	(56,683)
At 31 March 2018	73,114	127,797	242,106	1,636,808	68,713	696,638	2,845,176
Carrying amounts							
At 1 April 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
At 31 March 2018	26,898	24,612	1,265	213,614	7,680	32,652	306,721

6 Intangible Assets

	Software
	\$

Cost	
At 1 April 2016 and 31 March 2017	247,954
Additions	192,773
At 31 March 2018	<u>440,727</u>
 Accumulated amortisation	
At 1 April 2016	196,661
Amortisation for the year	30,456
At 31 March 2017	<u>227,117</u>
Amortisation for the year	70,243
At 31 March 2018	<u>297,360</u>
 Carrying amounts	
At 1 April 2016	<u>51,293</u>
At 31 March 2017	<u>20,837</u>
At 31 March 2018	<u>143,367</u>

7 Trade and Other Receivables

	2018	2017
	\$	\$
	-----	-----
Trade receivables	481,359	329,033
Less: Allowance for doubtful trade receivables	(2,053)	(3,405)
	<u>479,306</u>	<u>325,628</u>
 Interest receivable	 208,506	 200,958
Other receivables	–	6,211
Deposits	42,429	121,700
Loans and receivables	<u>730,241</u>	<u>654,497</u>
Prepayments	31,352	15,249
	<u>761,593</u>	<u>669,746</u>

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

	2018	2017
	\$	\$
	-----	-----
At 1 April	3,405	6,684
Write back of allowance – bad debts recovered	(726)	(867)
Allowance utilised	(626)	(2,412)
At 31 March	<u>2,053</u>	<u>3,405</u>

Notes to the Financial Statements

7 Trade and Other Receivables (continued)

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

	2018		2017	
	Gross \$	Allowance \$	Gross \$	Allowance \$
Not past due	727,450	–	636,947	–
Past due 0 – 30 days	1,515	–	10,135	–
Past due 31 – 60 days	510	–	1,110	–
Past due 61 – 90 days	75	–	–	–
Past due more than 90 days	2,744	2,053	9,710	3,405
	<u>732,294</u>	<u>2,053</u>	<u>657,902</u>	<u>3,405</u>

The Foundation's primary exposure to credit risk arises from its trade receivables. As at 31 March 2018, concentration of credit risk mainly relates to amounts receivable from insurance providers which accounts for 34% (2017: 41%) 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 is necessary.

8 Cash and Cash Equivalents

	2018 \$	2017 \$
Fixed deposits	32,560,450	30,134,466
Cash held with bank	1,909,574	1,197,236
Cash and cash equivalents in statement of financial position	<u>34,470,024</u>	<u>31,331,702</u>
Less:		
Fixed deposits with maturity more than 90 days	(31,825,488)	(29,399,871)
Cash and cash equivalents in the statement of cash flows	<u>2,644,536</u>	<u>1,931,831</u>

The effective interest rates per annum relating to fixed deposits at the reporting date range from 0.05% to 1.5% (2017: 0.05% to 1.7%) per annum. The fixed deposits mature at intervals of one to twelve months (2017: one to twelve months).

9 Deferred Capital Grants

	Note	2018 \$	2017 \$
Balance at the beginning of the year		357,330	336,958
Add:			
Grants received for capital expenditure transferred from grants received in advance	10	<u>227,823</u>	<u>223,700</u>
		585,153	560,658
Less:			
Amortisation during the year		(200,953)	(203,328)
Balance at the end of the year		<u>384,200</u>	<u>357,330</u>
		2018 \$	2017 \$
Classified as:			
Non-current		182,170	139,652
Current		<u>202,030</u>	<u>217,678</u>
		<u>384,200</u>	<u>357,330</u>

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 of the Foundation's existing services in achieving higher quality care and affordable step down care.

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

	Note	2018	2017
		\$	\$
Balance at the beginning of the year		1,760,080	1,441,846
Add:			
- Grants received during the year		2,804,710	2,333,091
		<u>4,564,790</u>	<u>3,774,937</u>
Less:			
- Transferred to deferred capital grant for purchase of plant and equipment and intangible asset		(227,823)	(223,700)
- Utilisation to fund operating expenditure			
- Maintenance of IT equipment		(7,800)	–
- Manpower cost for nurse clinicians		–	(45,580)
- Transport subsidies for needy patients		(106,863)	(24,738)
- Honorarium paid to consulting doctors		(65,600)	(100,800)
- Service providers		(1,958,982)	(1,620,039)
	21	<u>(2,139,245)</u>	<u>(1,791,157)</u>
Balance at the end of the year		<u>2,197,722</u>	<u>1,760,080</u>
Classified as:			
Non-current		786,583	636,862
Current		1,411,139	1,123,218
		<u>2,197,722</u>	<u>1,760,080</u>

11 Trade and Other Payables

	2018	2017
	\$	\$
Trade payables	458,137	650,612
Other payables	79,475	91,454
Output goods and service tax, net	30,709	47,699
Accrued operating expenses	184,108	140,735
Security deposits received from a service provider	392,400	392,400
Accrual for unutilised annual leave	37,512	22,326
	<u>1,182,341</u>	<u>1,345,226</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 balance of \$609,500 was transferred to the Unrestricted General Fund during the year as the development has been completed.

Notes to the Financial Statements

13 Restricted Building Fund

The Building Fund was set up in November 2017 for the development of a new haemodialysis centre. San Wang Wu Ti Religious Society has pledged to donate an amount of \$1,000,000. A restricted Building Fund has been set up accordingly to account for this donation since January 2017. During the year, the Foundation has received a donation of \$59,271 (2017: \$240,729) from San Wang Wu Ti Religious Society.

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 prior year.

15 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.

16 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 have been 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 \$399,750 (2017: \$223,255) from the Unrestricted General Fund to the Restricted Research Fund in order to meet the research contribution for the year. The transfer will be approved during the Annual General Meeting to be held on 18 July 2018 (2017: 13 July 2017). As at 31 March 2018, cumulative to date, the Foundation has donated \$2,750,000 (2017: \$2,350,000) to the KDF-NUS Research Fund.

17 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.

18 Incoming Resources from Generated Funds

Donations received during the year are included as follows:

	2018 \$	2017 \$
Voluntary income (donations)	2,659,777	3,040,351
Income from fund generating activities	1,049,849	1,051,455
	<u>3,709,626</u>	<u>4,091,806</u>

During the year, the donations received comprise tax-deductible and non tax-deductible donations of \$3,294,286 (2017: \$3,770,194) and \$415,340 (2017: \$321,612) respectively.

19 Investment Income

	2018 \$	2017 \$
Interest income:		
- Fixed deposits	385,159	350,703

20 Charitable Income

	2018 \$	2017 \$
Dialysis services and medication	3,312,705	4,331,513
Less: Subsidies provided by the Foundation	(521,788)	(864,568)
	2,790,917	3,466,945

21 Government Subsidies

Government subsidies received are recognised under charitable activities as incoming resources in the statement of income and expenditure and other comprehensive income to fund the related expenditure incurred during the financial period.

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 received is used to improve the capability of the Foundation's existing services in achieving 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	2018 \$	2017 \$
Operating expenditures	10	2,139,245	1,791,157
Depreciation of plant and equipment	25	144,619	192,931
Amortisation of intangible assets	25	56,334	10,397
		2,340,198	1,994,485

22 Costs of Generating Voluntary Income

	2018 \$	2017 \$
Direct mailing materials and services	229,275	340,582
Staff costs	287,544	289,710
Admin and operating expenses	37,906	49,092
	554,725	679,384

Notes to the Financial Statements

23 Costs of Charitable Activities – Dialysis services and medication cost

	2018	2017
	\$	\$
Expenditure paid to dialysis service providers and medication expenditure	5,115,898	5,048,824
Honorarium paid to visiting doctors	106,000	100,800
Staff costs	765,049	584,695
Depreciation of plant and equipment	142,794	195,093
Amortisation of intangible assets	18,574	26,754
Rental and utilities	84,417	86,826
Non-claimable GST input tax	207,490	194,124
Repair and maintenance expense	24,570	16,048
Admin and operating expenses	210,613	31,833
	<u>6,675,405</u>	<u>6,284,997</u>

Donated services

The Foundation receives professional services from doctors and lawyers on a voluntary basis. Honorarium totalling \$106,000 (2017: \$100,800) for 13 (2017: 19) volunteer doctors was paid directly to the restructured hospitals and volunteer doctors for the services rendered.

24 Governance Costs

	2018	2017
	\$	\$
Staff costs	211,476	173,910
Depreciation of plant and equipment	25,946	22,132
Amortisation of intangible assets	51,669	3,702
Rental and utilities	16,183	16,793
Non-claimable GST input tax	51,715	35,827
Repair and maintenance expense	59,223	70,404
Admin and operating expenses	182,150	87,069
	<u>598,362</u>	<u>409,837</u>

25 Net surplus for the year

Net surplus for the year includes the following:

	Note	2018	2017
		\$	\$
External audit fees		37,700	35,700
Internal audit fees		43,500	–
Depreciation of plant and equipment	5		
- General fund		24,121	38,137
- Ghim Moh fund		–	3,093
- Community Silver Trust fund	21	144,619	192,931
Amortisation of intangible assets	6		
- General fund		13,909	13,896
- Ghim Moh fund		–	6,163
- Community Silver Trust fund	21	56,334	10,397
Gain on disposal of plant and equipment		278	30,781
Reversal of allowance for doubtful trade receivables	7	(726)	(867)
Operating lease expense		34,760	34,645
Amortisation of deferred capital grants	9	(200,953)	(203,328)
Special Employment & Wage Credit Scheme		(45,461)	(49,181)

26 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.

Notes to the Financial Statements

27 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 2018				
General Manager	88,320	9,660	10,578	108,558
31 March 2017				
General Manager	86,520	9,210	10,558	106,288

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

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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Type of services rendered				
Internal audit services	43,500	–	–	–

A Director of the Foundation also sits on the Board of Directors of another 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.

28 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 its cash and fixed deposits with reputable financial institutions which are regulated. The Foundation held cash and fixed deposits of \$34,470,024 at 31 March 2018 (2017: \$31,331,702), which represents its maximum credit exposure on these assets.

At the reporting date, all of the cash and fixed deposits are placed with financial institutions with credit-rating ranging from A3 to Aa1 (2017: 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.

Notes to the Financial Statements

Liquidity risk

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

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

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

	Carrying amount	Cash flows		
		Contractual cash flows	Within 1 year	Between 1 to 5 years
	\$	\$	\$	\$
2018				
Non-derivative financial liabilities				
Trade and other payables	1,182,341	(1,182,341)	(1,182,341)	–
Grants received in advance	2,197,722	(2,197,722)	(1,411,139)	(786,583)
	<u>3,380,063</u>	<u>(3,380,063)</u>	<u>(2,593,480)</u>	<u>(786,583)</u>
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>

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:

	2018	2017
	\$	\$
Fixed rate instruments		
Fixed deposits	<u>32,560,450</u>	<u>30,134,466</u>

Foreign currency risk

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

Capital management

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

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

Estimating the fair values

The fair values of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and grant received in advance) 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 2018					
Cash and cash equivalents	8	34,470,024	–	34,470,024	34,470,024
Trade and other receivables (excluding prepayments)	7	730,241	–	730,241	730,241
		<u>35,200,265</u>	<u>–</u>	<u>35,200,265</u>	<u>35,200,265</u>
Trade and other payables	11	–	(1,182,341)	(1,182,341)	(1,182,341)
Grants received in advance	10	–	(2,197,722)	(2,197,722)	(2,197,722)
		<u>–</u>	<u>(3,380,063)</u>	<u>(3,380,063)</u>	<u>(3,380,063)</u>
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>

Supplementary Information – Statement of Financial Position

	Unrestricted		Restricted				Total
	Unrestricted General Fund \$	Designated Ghim Moh Fund \$	PWS Fund \$	Building Fund \$	Research Fund \$	CST Fund \$	
2018							
Non-current assets							
Plant and equipment	65,888	–	–	–	–	240,833	306,721
Intangible assets	–	–	–	–	–	143,367	143,367
Total non-current assets	65,888	–	–	–	–	384,200	450,088
Current assets							
Trade and other receivables	761,593	–	–	–	–	–	761,593
Cash and cash equivalents	31,705,622	–	266,680	300,000	–	2,197,722	34,470,024
Total current assets	32,467,215	–	266,680	300,000	–	2,197,722	35,231,617
Total assets	32,533,103	–	266,680	300,000	–	2,581,922	35,681,705
Non-current liabilities							
Deferred capital grants	–	–	–	–	–	182,170	182,170
Grants received in advance	–	–	–	–	–	786,583	786,583
	–	–	–	–	–	968,753	968,743
Current liabilities							
Trade and other payables	1,182,341	–	–	–	–	–	1,182,341
Deferred capital grants	–	–	–	–	–	202,030	202,030
Grants received in advance	–	–	–	–	–	1,411,139	1,411,139
	1,182,341	–	–	–	–	1,613,169	2,795,510
Total liabilities	1,182,341	–	–	–	–	2,581,922	3,764,263
Net assets	31,350,762	–	266,680	300,000	–	–	31,917,442
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	62,335	14,201	–	–	–	342,142	418,678
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	29,331,752	756,729	152,887	–	–	1,760,080	32,001,448
Total assets	29,394,087	770,930	152,887	–	–	2,102,222	32,420,126
Non-current liabilities							
Deferred capital grants	11,391	3,797	–	–	–	124,464	139,652
Grants received in advance	–	–	–	–	–	636,862	636,862
	11,391	3,797	–	–	–	761,326	776,514
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
	1,187,593	157,633	–	–	–	1,340,896	2,686,122
Total liabilities	1,198,984	161,430	–	–	–	2,102,222	3,462,636
Net assets	28,195,103	609,500	152,887	–	–	–	28,957,490

These financial information do not form part of the Foundation's financial statements.

Supplementary Information – Income Generating Activities and Related Costs

Voluntary Income and Cost of Generating Voluntary Income

Activity	Income		Expenses*	
	2018	2017	2018	2017
	\$	\$	\$	\$
Direct appeal	1,323,405	1,217,541	(275,979)	(272,066)
Communications, such as newsletters and website	969,997	1,174,829	(202,280)	(262,522)
Outright and sponsorships	255,625	575,456	(53,370)	(128,589)
Research	250	1,680	(52)	(376)
Others	110,500	70,845	(23,044)	(15,831)
Total	2,659,777	3,040,351	(554,725)	(679,384)

* 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Lunar 7th month	344,864	344,307	(62,094)	(53,782)
Flag day	27,382	52,195	(1,088)	(8,745)
Donation boxes/Pledge cards	22,738	13,154	(2,535)	(2,034)
Millennium Ride	433,656	411,207	(63,455)	(67,256)
Others	221,209	230,592	(51,771)	(27,251)
Total	1,049,849	1,051,455	(180,943)	(159,068)

These financial information do not form part of the Foundation's financial statements.

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