
PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
Unique Entity No. S95SS0069F
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018



YWL & CO

Chartered Accountants

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**PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
STATEMENT BY THE MANAGEMENT COMMITTEE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

We are pleased to present this annual report to the members of Public Clinic Society and its Branches (the “Society”) together with the financial statements of the Society for the financial year ended 31 December 2018.

OPINION OF THE MANAGEMENT COMMITTEES

In the opinion of the management committees:

- (i) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Society as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Society for the year ended on that date in accordance with the provisions of the Society Act, Chapter 311, and the Charities Act, Chapter 37, (the “Acts”) and Singapore Financial Reporting Standards; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

MANAGEMENT COMMITTEE

The Management Committee of the Society in office at the date of this report are as follows:

Seow Ser Fatt	- President
Loh Sian Nguan	- 1 st Vice-President
Loh Kooi Cheng	- 2 nd Vice-President
Loi Jit Ann	- 3 rd Vice-President
Ng Hock Soon	- Treasurer
Yong Kim Wah	- Assistant Treasurer
Tan Ooh Chye	- Secretary
Teo Hong Choon	- Assistant Secretary
Kwek Mei Lin	- Medical Officer
Ngor Seok Bin	- Pharmaceutical Officer
Seow Teck Chye	- Mobile Division Officer
Tan Jee Loo	- Assistant Mobile Division Officer
Teo Koon See	- Committee Member
Chng Chor Hwa	- Committee Member
Low Joo Keon	- Committee Member
Yap Meng Chuan	- Committee Member
Ong Chee Ming	- Committee Member

**PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
STATEMENT BY THE MANAGEMENT COMMITTEE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

CONFLICT OF INTEREST

Statement of purpose and authority

Pursuant to “Code of Governance for Charities and Institutions of a Public Character” issued by the Charity Council, the Management Committee has established a policy on the avoidance of conflict of interest for the Society.

The Society’s basic policy on avoidance of conflict of interest rests on three premises:

- a. Definition of “Conflict of Interest”;
- b. Declaration of “Conflict of Interest”; and
- c. Abstention from decision making where “Conflict of Interest” has been declared or exists.

a. Definition of “Conflict of Interest”

An operational definition of conflict of interest is when an individual is aware of “any interest in a transaction or arrangement that will affect his/her professional judgement to obtain the best value for the Society or to protect the interests of the Society”.

Some of the more obvious conflict of interests relates to:

- i) Procurement of goods or services (Contract with vendors);
- ii) Vested interest in other organisations that have dealings or relationship with the Society;
- iii) Interest in joint ventures;
- iv) Hiring and personnel management pertaining to close relationship with current Management Committee or decision makers;
- v) Remuneration of Management Committee members, volunteer physicians and staff members; and
- vi) Roles and responsibilities of staff members holding positions in the Management Committee.

b. Declaration of “Conflict of Interest”

Management Committee members, staff members or volunteers must acknowledge that they understand the definition of “Conflict of Interest” as mentioned above and are required to sign the “Conflict of Interest Policy and Declaration Form” to declare any disclosure with related parties.

c. Abstention from decision making

Whenever an individual is aware of the existence of a conflict of interest, he/she must abstain from the decision making process pertaining to the possible conflict of interest. This means the individual should not influence the decision process. This does not necessarily prevent the individual from providing relevant and expert knowledge on the issue or participate in the discussion but he/she should only do so with wisdom so as not to influence the decision.

**PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
STATEMENT BY THE MANAGEMENT COMMITTEE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

RESERVE POLICY

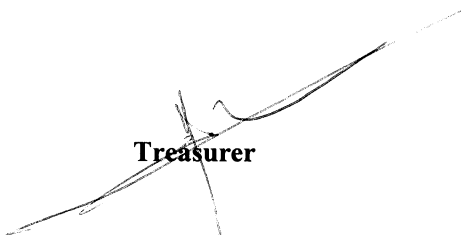
The Society's primary objective is to develop Chinese medicines, raise the standard of medical treatment involving the use of Chinese medicines and provide and encourage the provision of free Chinese medical services, regardless of race and religion. It aims to improve the health and promote the well-being of the general public, the Modus Operandi of Traditional Chinese Medicines ("TCM") practices so as to ensure an adequate supply of medicines and sophisticated medical equipment, the creation of a safe and hygiene clinical environment and the continued enhancement of its physicians' professional standards in order to provide TCM and healthcare services of high therapeutic effect of the general public.

Pursuant to the Code of Governance for Charities and IPCs Guideline 6.4.1, the Management Committee has established a reserve policy ("Reserve Policy") for the Society. In setting the Reserve Policy, the Management Committee intends to review its reserve policy annually and to maintain a reserve not more than three years of its annual operating expenditure.

On behalf of the Society,



President



Treasurer



Secretary

Singapore
13 March 2019



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INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT COMMITTEE OF PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Public Free Clinic Society and its Branches (the "Society"), which comprise the statement of financial position as at 31 December 2018, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Society Act, Chapter 311, and the Charities Act, Chapter 37, (the "Acts") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Society as at 31 December 2018 and of the financial performance, changes in funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

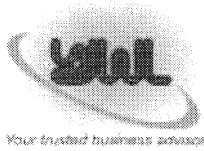
We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with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

Responsibilities of Management Committee for the Financial Statements

The Management Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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, the Management Committee is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

The Management Committee's responsibilities include overseeing the Society'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:

- 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.
- 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 Society's internal control.
- 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 Society'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 Society 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 the Management Committee 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, the accounting and other records required by the Acts to be kept by the Society have been properly kept in accordance with the provisions of the Acts.

YWL & CO
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS

Singapore
13 March 2019

PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Funds			
General fund (unrestricted)	8	13,636,385	12,240,790
Building fund (restricted)	9	4,104,479	4,104,479
		<u>17,740,864</u>	<u>16,345,269</u>
Represented by:			
Assets less liability			
Non-current asset			
Property, plant and equipment	3	<u>2,935,131</u>	<u>3,113,937</u>
Current assets			
Inventories	4	98,512	82,425
Other receivables	5	119,139	122,565
Cash and cash equivalents	6	<u>14,880,495</u>	<u>13,304,431</u>
		<u>15,098,146</u>	<u>13,509,421</u>
Total assets		<u>18,033,277</u>	<u>16,623,358</u>
Current liability			
Trade and other payables	7	<u>292,413</u>	<u>278,089</u>
Net assets		<u>17,740,864</u>	<u>16,345,269</u>

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

**PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
Income			
Tax deductible donations	10	2,072,467	1,858,454
Non-tax deductible donations		1,572,745	1,457,452
Branch collections		2,734,421	2,747,548
Home treatment collections		14,178	17,339
Course fee		5,360	45,712
Fixed deposit interest		183,022	153,137
Total income		<u>6,582,193</u>	<u>6,279,642</u>
Other income			
Government grant		135,840	145,278
Rental income		34,800	33,302
Total other income		<u>170,640</u>	<u>178,580</u>
Cost of charitable activities			
Clinical appliances		101,824	100,345
Course expense		160	13,640
Fund raising expense		399,994	247,781
Medicine		1,204,964	1,203,914
Staff costs	11	2,739,988	2,631,325
Transportation allowance for physicians	11	152,866	105,870
Total cost of charitable activities		<u>(4,599,796)</u>	<u>(4,302,875)</u>
Other expenditure			
Advertisement		3,389	6,299
Annual dinner		10,300	10,406
Audit fee		8,000	7,900
Bank charges		2,722	2,510
Conservancy and services		7,636	2,407
Depreciation of property, plant and equipment		218,219	251,960
Entertainment and refreshment		7,821	3,335
General expense		22,082	21,225
Insurance		58,823	48,838
Loss on disposal of property, plant and equipment		-	422
Medical fee		6,704	3,906
Minor assets expensed off		9,163	23,305
Newspaper and periodicals		1,920	2,007
Printing, postage and stationeries		18,970	34,849
Professional fee		8,389	34,565
Property tax		6,850	6,850
Rental of office and equipment		30,035	28,640
Repair and maintenance		140,809	134,075
Staff training and welfare		30,837	17,523
Telecommunication		5,650	5,579
Transportation		5,093	8,958
Upkeep of motor vehicles		40,727	33,772
Utilities		113,303	102,384
Total other expenditure		<u>(757,442)</u>	<u>(791,715)</u>
Surplus for the year		<u>1,395,595</u>	<u>1,363,632</u>

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

**PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	General fund (unrestricted) \$	Building fund (restricted) \$	Total funds \$
At 1 January 2017	10,877,158	4,104,479	14,981,637
Surplus for the year	<u>1,363,632</u>	-	<u>1,363,632</u>
At 31 December 2017	<u>12,240,790</u>	<u>4,104,479</u>	<u>16,345,269</u>
At 1 January 2018	12,240,790	4,104,479	16,345,269
Surplus for the year	<u>1,395,595</u>	-	<u>1,395,595</u>
At 31 December 2018	<u>13,636,385</u>	<u>4,104,479</u>	<u>17,740,864</u>

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

PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Operating activities		
Surplus for the year	1,395,595	1,363,632
Adjustments for:		
Interest income	(183,022)	(153,137)
Loss on disposal of property, plant and equipment	-	422
Depreciation of property, plant and equipment	218,219	251,960
Operating surplus before working capital changes	<u>1,430,792</u>	<u>1,462,877</u>
Changes in working capital:		
Inventories	(16,087)	(16,152)
Other receivables	3,426	5,924
Trade and other payables	14,324	8,021
Net cash generated from operating activities	<u>1,432,455</u>	<u>1,460,670</u>
Investing activities		
Interest received	183,022	95,750
Acquisition of property, plant and equipment	<u>(39,413)</u>	<u>(249,919)</u>
Net cash generated from/(used in) investing activities	<u>143,609</u>	<u>(154,169)</u>
Net increase in cash and cash equivalents	1,576,064	1,306,501
Cash and cash equivalents at beginning of year	<u>13,304,431</u>	<u>11,997,930</u>
Cash and cash equivalents at end of year	<u><u>14,880,495</u></u>	<u><u>13,304,431</u></u>

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

**PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements. These financial statements have been authorised for issue by the Management Committee on 13 March 2019.

1. GENERAL INFORMATION

Public Free Clinic Society and its Branches (the “Society”) is registered in Singapore under the Society Act, Chapter 311, and domiciled in the Republic of Singapore. It is also subject to the provision of the Charities Act, Chapter 37. The registered address of the Society is at 10 Lorong 9 Geylang, Singapore 388758.

The Society is conferred the Institution of Public Character status (IPC no: HEF004216). Accordingly, qualifying donors are granted tax deduction for the donations made to the Society.

The principal activities of the Society are those of providing free medical services to the public and raising public health awareness and knowledge in Traditional Chinese Medicine. There have been no significant changes in the principal activities during the financial year.

The financial statements included the results, assets and liabilities of branches and aged centres operating in Singapore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the significant accounting policies set out below. The financial statements are presented in Singapore dollar (S\$) except as indicated otherwise.

2.2 Interpretations and amendments to published standards effective in financial year 2018

On 1 January 2018, the Society adopted the new FRS and Interpretation to FRS (“INT FRS”) which are effective for the financial year ended 31 December 2018. The adoption of the new FRS and INT FRS did not have a significant impact to the financial statements of the Society.

The Society has not adopted the standards and interpretations that have been issued but not yet effective. The initial application of those standards and interpretations are not expected to have any material impact on the financial statements. The Society has not considered the impact of accounting standards issued after the reporting date.

**PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

2.3 Property, plant and equipment

All items of property, plant and equipment are initially stated at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. All repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

Freehold property and renovation	- 5 to 50 years
Motor vehicles	- 5 years
Furniture and fittings	- 5 to 20 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.4 Impairment of non-financial assets

The Society assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Society makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Society estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2.5 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.6 Impairment of financial assets

The Society assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Society first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Society determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Society considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and fixed deposits. The carrying amounts of these assets approximate their fair value.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "other income". Alternatively, they are deducted in reporting the related expenses.

PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2.10 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.11 Employee benefits

Defined contribution plans

The Society makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.12 Leases

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2.13 Income recognition

Incoming resources is recognised to the extent that it is probable that the economic benefits will flow to the Society and the income can be reliably measured and when the specific criteria for each of the Society's activities are met as follows:

Donations

Donations represents both tax and non-tax deductible donations received from general public or members. Donations are recognised on receipt basis.

Charitable activities

Revenue from charitable activities is recognised when services are rendered.

Interest income

Interest income is recognised using the effective interest method.

Rental income

Rental income is recognised on a straight-line basis over the period of agreement.

2.14 Income tax

The Society is registered as a charity organisation under Charities Act, Chapter 37. As an approved charity, it is exempted from income tax under Section 13(1) of the Singapore Income Tax Act.

2.15 Significant accounting judgements and estimates

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

PUBLIC FREE CLINIC SOCIETY AND ITS BRANCHES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore future depreciation charges could be revised. The carrying amount of the Society's property, plant and equipment at the end of each reporting date is disclosed in Note 3 to the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold property and renovation	Motor vehicles	Furniture and fittings	Total
	\$	\$	\$	\$
Cost				
At 1 January 2017	4,877,385	396,287	548,835	5,822,507
Additions	79,952	115,300	54,667	249,919
Disposals	-	-	(2,190)	(2,190)
At 31 December 2017	4,957,337	511,587	601,312	6,070,236
Additions	-	15,582	23,831	39,413
Disposals	-	(99,944)	-	(99,944)
At 31 December 2018	4,957,337	427,225	625,143	6,009,705
Accumulated depreciation				
At 1 January 2017	1,915,117	352,051	438,939	2,706,107
Depreciation charge for the year	153,343	53,949	44,668	251,960
Disposals	-	-	(1,768)	(1,768)
At 31 December 2017	2,068,460	406,000	481,839	2,956,299
Depreciation charge for the year	151,353	30,625	36,241	218,219
Disposals	-	(99,944)	-	(99,944)
At 31 December 2017	2,219,813	336,681	518,080	3,074,574
Net book value				
At 31 December 2018	2,737,524	90,544	107,063	2,935,131
At 31 December 2017	2,888,877	105,587	119,473	3,113,937

4. INVENTORIES

	2018	2017
	\$	\$
Medicines	98,512	82,425

5. OTHER RECEIVABLES

	2018	2017
	\$	\$
Other receivables	-	28
Deposits	24,278	12,558
Interest receivable	94,861	109,979
	119,139	122,565

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6. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash at bank	2,790,985	2,209,526
Cash on hand	89,510	94,905
Fixed deposits	12,000,000	11,000,000
	<u>14,880,495</u>	<u>13,304,431</u>

The fixed deposits are placed with maturity period of 1 year (2017: 1 to 2 years) and carry effective interest rates ranging from 1.63% to 1.95% (2017: 1.35% to 1.85%) per annum.

7. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Trade payables	199,997	209,177
Accrued operating expenses	92,416	68,912
	<u>292,413</u>	<u>278,089</u>

8. GENERAL FUND (UNRESTRICTED)

This fund is available to the Society and can be used in accordance with charitable objectives of the Society at the discretion of the Management Committee.

9. BUILDING FUND (RESTRICTED)

This fund is to be used in accordance with the charitable objectives of the Society subject to approval of the donors or through the terms of appeal.

10. TAX DEDUCTIBLE DONATIONS

The Society is approved as an Institution of a Public Character (“IPC”) under the provision of the Income Tax Act. Donors to the Society are granted tax exemption.

11. STAFF COSTS

	2018	2017
	\$	\$
Employee		
Salaries and bonuses	2,416,938	2,309,223
CPF contributions	273,575	275,108
Transportation allowance for physicians	145,371	100,500
	<u>2,835,884</u>	<u>2,684,831</u>
Key management		
Salaries and bonuses	46,016	43,698
CPF contributions	3,459	3,296
Transportation allowance for physicians	7,495	5,370
	<u>56,970</u>	<u>52,364</u>
Total staff costs	<u>2,892,854</u>	<u>2,737,195</u>

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12. FINANCIAL RISKS MANAGEMENT

Risk management is integral to the whole business of the Society. The Society has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Management Committee continually monitors the Society's risk management process to ensure that an appropriate balance between risk and control is achieved.

Liquidity risk

The Society monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Society's operations and to mitigate the effects of fluctuations in cash flows.

Credit risk

Credit risk refers to the risk that counter party will default on its contractual obligations resulting in a loss to the Society. The Society has adopted a policy of only dealing with creditworthy counter parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Society performs on-going credit evaluation of its counter parties' financial condition and generally do not require collateral.

The Society does not have any significant credit exposure to any single counter party or any Society of counter parties having similar characteristics.

The Society's financial assets are not secured by any collateral or credit enhancements.

Interest rate risk

The Society is exposed to interest rate risk through the impact of interest rate changes on variable interest-bearing financial assets. The Society does not enter into derivative financial instruments contracts. The Society has no significant exposure to interest rate risk.

Fund management

The Society's objectives when managing fund are to safeguard the Society's ability to continue as a going concern.

The capital management of the Society is monitored by the Management Committee on an ongoing basis.

Fair values

The carrying amounts of the financial assets and liabilities approximate their fair values as at reporting dates due to the short period to maturity.

The Society does not hold financial assets nor derivative asset or liabilities carried at fair value or at valuation. Accordingly, the disclosure requirement of the fair value hierarchy (levels 1, 2 and 3) under FRS 107 *Financial Instruments Disclosures* does not apply.