

# **PUBLIC FREE CLINIC SOCIETY**

**(Society registered in the Republic of Singapore)**

**(Registration No.: S95SS0069F)**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**TAN & TEH**

**Public Accountants and Chartered Accountants Singapore**

**PUBLIC FREE CLINIC SOCIETY**

**AUDITED FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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## **PUBLIC FREE CLINIC SOCIETY**

### **MANAGEMENT COMMITTEE'S STATEMENT**

*For the financial year ended 31 December 2023*

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We are pleased to present this annual report to the members of Public Free Clinic Society (the "Society") together with the financial statements of the Society for the financial year ended 31 December 2023.

### **OPINION OF THE MANAGEMENT COMMITTEE**

In the opinion of the management committee:

- (i) the accompanying financial statements as set out on pages 7 to 31 are drawn up so as to present fairly in all material aspects the financial position of the Society as at 31 December 2023 and of the financial performance, changes in funds and cash flows of the Society for the year ended on that date in accordance with the provisions of the Societies Act 1966 (the Societies Act) and Singapore Charities Act 1994 and other relevant regulations (the Charities Act and Regulations) and Singapore Financial Reporting Standards;
- (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;
- (iii) the fund-raising appeal held during the financial year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act 1966 and proper accounts and other records have been kept of the fund-raising appeal;
- (iv) the Society has used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (v) the Society has complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

### **MANAGEMENT COMMITTEE**

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

Seow Ser Fatt	- President
Tan Ooh Chye	- 2 <sup>nd</sup> Vice-President
Loh Sian Nguan	- 3 <sup>rd</sup> Vice-President
Yong Kim Wah	- Treasurer
Ong Chee Ming	- Secretary
Loi Jit Ann	- Assistant Secretary
Kwek Mei Lin	- Medical Officer
Teo Hong Choon	- Pharmaceutical Officer
Seow Teck Chye	- Mobile Medical Service Officer
Teo Koon See	- Assistant Mobile Medical Service Officer
Tan Jee Loo	- Committee Member
Ho Boon Yeeh	- Committee Member
Tan Qian Yi	- Committee Member
Teo Chek Kwong	- Committee Member
Shawn Ching Wei Hung	- Committee Member

## **PUBLIC FREE CLINIC SOCIETY**

### **MANAGEMENT COMMITTEE'S STATEMENT**

*For the financial year ended 31 December 2023*

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#### **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, April 2017, 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**

### **MANAGEMENT COMMITTEE'S STATEMENT**

*For the financial year ended 31 December 2023*

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#### **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.

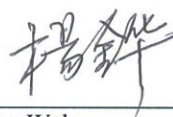
Pursuant to the Code of Governance for Charities and Institutions of a Public Character issued by the Charity Council, April 2017, Guideline 6.4.1, the Management Committee has established a reserve policy ("Reserve Policy") for the Society. In setting the Reserve Policy, the Management Committee intends to review its reserve policy annually which is to maintain a reserve not more than three years of its annual operating expenditure.

On behalf of the Society's Management Committee,



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Seow Ser Fatt  
President



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Yong Kim Wah  
Treasurer



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Ong Chee Ming  
Secretary

Date: 15 April 2024

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PUBLIC FREE CLINIC SOCIETY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Public Free Clinic Society (the "Society"), which comprise the statement of financial position of the Society as at 31 December 2023, the statement of income and expenditure and other comprehensive income, statement of changes in funds and statement of cash flows of the Society for the year then ended, and notes to the financial statements, including a summary of material accounting policies as set out on pages 7 to 31.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of Societies Act 1966 (the Societies Act) and Singapore Charities Act 1994 and other relevant regulations (the Charities Act and Regulations) and the Singapore Financial Reporting Standards in Singapore (FRSs) so as to present fairly in all material respects, the financial position of the Society as at 31 December 2023 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.

**Other Information**

The Management Committee is responsible for the other information. The other information comprises the Management Committee's statement set out on pages 1 to 3.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PUBLIC FREE CLINIC SOCIETY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

**Responsibilities of Management Committee for the Financial Statements**

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

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 Committee 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 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 Committee.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PUBLIC FREE CLINIC SOCIETY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

**Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

- Conclude on the appropriateness of Management Committee'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.

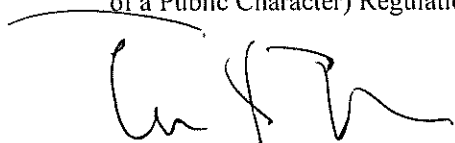
**Report on Other Legal and Regulatory Requirements**

In our opinion:

- a) the accounting and other records required to be kept by the Charity have been properly kept in accordance with the provisions of the Acts; and
- b) the fund-raising appeal held during the financial year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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

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



**TAN & TEH**  
**Public Accountants and Chartered Accountants**  
15 April 2024



**PUBLIC FREE CLINIC SOCIETY**

**STATEMENT OF INCOME AND EXPENDITURES AND OTHER COMPREHENSIVE INCOME**

*For the financial year ended 31 December 2023*

	<u>2023</u>	<u>2022</u>
	S\$	S\$
<b>Income</b>		
<b><u>Donations and collections</u></b>		
Tax deductible donations	1,911,689	1,946,429
Non-tax deductible donations	1,087,227	848,046
Clinic branch collections	<u>2,022,899</u>	<u>2,034,584</u>
	<u>5,021,815</u>	<u>4,829,059</u>
<b><u>Other income</u></b>		
Course collection	1,074	729
Fixed deposit interest	145,224	107,942
Gain on disposal of fixed asset	2,300	-
Government grant	113,003	375,799
Membership fee collection	900	942
Rental income	<u>110,222</u>	<u>84,523</u>
	<u>372,723</u>	<u>569,935</u>
<b>Expenditures</b>		
<b><u>Cost of charitable activities</u></b>		
Allowance for voluntary physician	106,220	109,700
Clinic applicances	52,350	52,454
Fund-raising expenses	97,648	105,962
Medicine	921,162	869,977
Staff salaries and bonus	2,649,989	2,667,107
Staff CPF	285,639	285,563
Staff training and welfare	<u>28,348</u>	<u>14,916</u>
	<u>4,141,356</u>	<u>4,105,679</u>
<b><u>Other expenditures</u></b>		
Advertisement	7,565	3,261
Audit fee	11,030	7,000
Bank charges	4,095	2,637
Computer and software expenses	15,928	16,372
Depreciation of property, plant and equipment	139,301	243,137
Depreciation of investment property	80,862	80,862
Amortisation of right-of-use assets	4,148	3,364
Entertainment and refreshments	18,075	13,283
General expenses	20,184	30,725
Goods and service tax expenses	56,697	51,419
Interest in lease liabilities	704	625
Insurance	54,868	50,230
Investment property expenses	10,181	17,620
Medical expenses	7,563	7,630
Minor assets expensed off	7,239	8,817
Nets service charges	344	-
Newspaper and periodicals	<u>1,649</u>	<u>1,385</u>
Other expenditures brought forward	<u>440,433</u>	<u>538,367</u>

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

**PUBLIC FREE CLINIC SOCIETY**

**STATEMENT OF INCOME AND EXPENDITURES AND OTHER COMPREHENSIVE  
INCOME (CONTINUED)**

*For the financial year ended 31 December 2023*

	<u>2023</u>	<u>2022</u>
	S\$	S\$
<b><u>Other expenditures (continued)</u></b>		
Other expenditures carried forward	440,433	538,367
Penalty	574	-
Printing, postage and stationeries	20,748	21,087
Professional expenses	1,542	80,724
Property tax	4,350	4,350
Rental expenses	26,286	27,498
Repair and maintenance	164,843	155,119
Service and conservancy expenses	5,443	5,428
Skills development levy	6,388	6,233
Telecommunication	11,865	12,303
Transportation	3,884	7,140
Upkeep of motor vehicle	24,520	19,153
Utilities	110,588	118,315
	<u>821,464</u>	<u>995,717</u>
<b>Surplus for the year</b>	<u><u>431,718</u></u>	<u><u>297,598</u></u>

**PUBLIC FREE CLINIC SOCIETY**

**STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2023*

	Note	2023 S\$	2022 S\$
<b><u>ASSETS</u></b>			
<b><u>Non-current asset</u></b>			
Property, plant and equipment	4	2,320,477	2,396,463
Right-of-use assets	4	9,073	13,221
Investment property	5	3,586,586	3,667,448
		<u>5,916,136</u>	<u>6,077,132</u>
<b><u>Current assets</u></b>			
Inventories	6	101,433	86,972
Other receivables	7	909,120	99,789
Cash and cash equivalents	8	7,918,158	4,153,068
Fixed deposits	9	5,550,000	9,550,000
		<u>14,478,711</u>	<u>13,889,829</u>
<b>TOTAL ASSETS</b>		<u>20,394,847</u>	<u>19,966,961</u>
<b><u>LIABILITIES</u></b>			
<b><u>Current liabilities</u></b>			
Trade and other payables	10	300,665	301,889
Lease liabilities	11	2,749	2,608
		<u>303,414</u>	<u>304,497</u>
<b><u>Non-current liabilities</u></b>			
Lease liabilities	11	9,230	11,979
<b>NET ASSETS</b>		<u>20,082,203</u>	<u>19,650,485</u>
<b><u>FUNDS</u></b>			
General fund (unrestricted)	12	17,885,559	17,379,780
Building fund (restricted)	13	-	-
Asset capitalisation reserves	14	2,196,644	2,270,705
<b>TOTAL FUNDS</b>		<u>20,082,203</u>	<u>19,650,485</u>

*\*Certain amounts shown here do not correspondance to 2022 financial statements and reflect adjustments made, refer to Note 23.*

**PUBLIC FREE CLINIC SOCIETY**

**STATEMENT OF CHANGES IN FUNDS**

*For the financial year ended 31 December 2023*

	General funds (Unrestricted) S\$	Building funds (Restricted) S\$	Asset capitalisation reserves S\$	Total funds S\$
At 1 January 2022	15,248,408	4,104,479	-	19,352,887
Transfer of funds #	1,759,712	(4,104,479)	2,344,767	-
Surplus/(deficit) for the year	371,660	-	(74,062)	297,598
At 31 December 2022	17,379,780	-	2,270,705	19,650,485
At 1 January 2023	17,379,780	-	2,270,705	19,650,485
Surplus/(deficit) for the year	505,779	-	(74,061)	431,718
At 31 December 2023	17,885,559	-	2,196,644	20,082,203

# the transfer of S\$1,759,712 from building fund to general fund represents accumulated depreciation of property and renovations previously expensed off against general fund

**PUBLIC FREE CLINIC SOCIETY**

**STATEMENT OF CASH FLOWS**

*For the financial year ended 31 December 2023*

		<u>2023</u>	<u>2022</u>
	<b>Note</b>	<b>S\$</b>	<b>S\$</b>
<b>Cash flow from operating activities</b>			
Surplus for the year		431,718	297,598
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	4	139,301	243,137
Depreciation of investment property	5	80,862	80,862
Depreciation of right-of-use assets	4	4,148	3,364
Interest income		(145,224)	(107,942)
Interest expense	11	704	625
<b>Operating surplus before working capital changes</b>		<u>511,509</u>	<u>517,644</u>
<b><u>Changes in working capital:</u></b>			
Inventories		(14,461)	2,078
Other receivables		(809,331)	180,933
Trade and other payables		(1,224)	66,919
<b>Net cash (used in)/generated from operating activities</b>		<u>(313,507)</u>	<u>767,574</u>
<b>Cash flows from investing activities</b>			
Interest received		145,224	107,942
Purchase of property, plant and equipment	4	(63,315)	(26,131)
Purchase of investment property and renovation	5	-	(24,310)
<b>Net cash generated from investing activities</b>		<u>81,909</u>	<u>57,501</u>
<b>Cash flows from financing activities</b>			
Repayment of principal portion of lease liabilities	11	(2,608)	(1,998)
Interest paid	11	(704)	(625)
Fixed deposits	9	4,000,000	(9,550,000)
<b>Net cash generated from/(used in) financing activities</b>		<u>3,996,688</u>	<u>(9,552,623)</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<u>3,765,090</u>	<u>(8,727,548)</u>
Cash and cash equivalents at beginning of the year		<u>4,153,068</u>	<u>12,880,616</u>
<b>Cash and cash equivalents at end of the year</b>	8	<u><u>7,918,158</u></u>	<u><u>4,153,068</u></u>

*\*Certain amounts shown here do not correspondance to 2022 financial statements and reflect adjustments made, refer to Note 23.*

## **PUBLIC FREE CLINIC SOCIETY**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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#### **1. General information**

Public Free Clinic Society (the “Society”) is registered in Singapore under the Society Act 1966, and domiciled in the Republic of Singapore. It is also subject to the provision of the Charities Act 1994 and other relevant regulations. The Society is conferred the Institution of Public Character status (IPC no: HEF0042/G). Accordingly, qualifying donors are granted tax deduction for the donations made to the Society.

The registered address of the Society is at 10 Lorong 9 Geylang, Singapore 388758. Their places of activities includes the premise at its registered address and branches at:

- (i) 245 Tampines St. 21, #01-329, Singapore 521245
- (ii) 327 Clementi Ave 5, #01-189, Singapore 120327
- (iii) 539 Jurong West Avenue 1, #01-1028, Singapore 640539
- (iv) 140 Bedok North Street 2, #01-212, Singapore 460140

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 of the Society for the financial year ended 31 December 2023 were authorised for issue by the Management Committee on the date of the Management Committee’s Statement.

#### **2. Summary of significant accounting policies**

##### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared on the historical cost basis, except as otherwise disclosed in the accounting policies stated below.

The financial statements are presented in Singapore Dollars (S\$), which is the Society’s functional and presentation currency. Assets and liabilities’ balances are denominated in Singapore Dollar unless otherwise stated.

##### **2.2 Foreign currency transactions and balances**

Transactions in foreign currencies are measured in the functional currency of the Society and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

## PUBLIC FREE CLINIC SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2023*

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#### 2. Summary of significant accounting policies (cont'd)

##### 2.3 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Society has adopted all the new and amended standards which are relevant to the Society and are effective for annual financial period beginning on 1 January 2023. The adoption of these standards did not have any material effect on the financial statements of the Society.

<u>Description</u>	<u>Effective periods ( Annual periods beginning or after)</u>
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 Jan 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 Jan 2023

##### 2.4 Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

The Management Committee expects that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.

<u>Description</u>	<u>Effective periods ( Annual periods beginning or after)</u>
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 Jan 2024
Amendments to FRS 116 <i>Leases: Lease Liability in a Sale and Leaseback</i>	1 Jan 2024
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Non-current Liabilities with Covenants	1 Jan 2024
Amendments to FRS 7 <i>Statement of Cash Flows</i> and FRS 107 <i>Financial Instruments</i> : Disclosures: Supplier Finance Arrangements	1 Jan 2024

## **PUBLIC FREE CLINIC SOCIETY**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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## **2. Summary of significant accounting policies (cont'd)**

### **2.5 Property, plant and equipment and ROU assets**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment. Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful live</u>
Freehold property and renovations	5 to 50 years
Motor vehicles	5 to 10 years
Office equipment, furniture and fittings	3 to 10 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 lives, residual values and depreciation method are reviewed at the end of each reporting period, 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 de-recognition of the asset is included in surplus or deficit in the year the asset is derecognised. Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for the depreciation is made in respect of these items.

### **2.6 Investment properties**

Investment properties are properties that are either owned by the Society assets that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis, with useful life of 50 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.



## **PUBLIC FREE CLINIC SOCIETY**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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#### **2. Summary of significant accounting policies (cont'd)**

##### **2.7 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.

Impairment losses are recognised in surplus or loss.

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 surplus or deficit.

##### **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 first-in, first-out basis. 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.

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.

##### **2.9 Provisions**

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligations, the provision are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## **PUBLIC FREE CLINIC SOCIETY**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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## **2. Summary of significant accounting policies (cont'd)**

### **2.10 Employee benefits**

#### **(a) 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.

#### **(b) 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 if the Society 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.

### **2.11 Financial instruments**

#### **(a) 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.

At initial recognition, the Society measures a financial assets at its fair value, plus, in the case of financial assets not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

##### **Subsequent measurement**

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

##### **De-recognition**

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 for debt instruments is recognised in profit or loss.

## PUBLIC FREE CLINIC SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2023*

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## 2. Summary of significant accounting policies (cont'd)

### 2.11 Financial instruments (cont'd)

#### (b) 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

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 de-recognised, and through the amortisation process.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### 2.12 Leases

#### As lessee

The Society applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Society recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

#### Right-of-use assets

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7. The Society's right-of-use assets are presented within property, plant and equipment (Note 4).

## PUBLIC FREE CLINIC SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2023*

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## 2. Summary of significant accounting policies (cont'd)

### 2.12 Leases (cont'd)

#### Lease liabilities

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating the lease, if the lease term reflects the Society exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Society uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Society's lease liabilities are presented in Note 10.

#### Short-term leases and leases of low-value assets

The Society applies the short-term lease recognition exemption to its short term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

#### As lessor

Leases in which the Society does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Society's property and investment property is accounted for on a straight-line basis over the lease terms. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## **PUBLIC FREE CLINIC SOCIETY**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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## **2. Summary of significant accounting policies (cont'd)**

### **2.13 Revenue recognition**

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers and introduces new contract cost guidance. Revenue is measured based on the consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Society satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of incoming resources recognised is the amount allocated to the satisfied performance obligation.

#### Donations

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

#### Clinic branch collections

Revenue from clinic branch collections are recognised at a point in time 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 Taxation**

#### **(a) Current income tax**

The Society is registered as a Charity under the Charities Act and its income is exempted from tax under the provisions of the Singapore Income Tax Act 1947.

#### **(b) Good and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

## **PUBLIC FREE CLINIC SOCIETY**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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## **2. Summary of significant accounting policies (cont'd)**

### **2.15 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, it is recognised as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

### **2.16 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at banks and fixed deposits and are subject to an insignificant risk of changes in value.

### **2.17 Impairment of financial assets**

The Society recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL). The Society has no ECL.

### **2.18 Fund accounting**

Unless specifically indicated, fund balances are not represented by any specific assets, but are represented by all assets of the Society.

## **3. Significant accounting judgements and estimates**

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

## **PUBLIC FREE CLINIC SOCIETY**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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#### **3. Significant accounting judgements and estimates (cont'd)**

##### **3.1 Judgements made in applying accounting policies**

###### **Determination of functional currency**

In determining the functional currency of the Society, judgement is used by the Society to determine the currency of the primary economic environment in which the Society operates. Consideration factors include the currency in which receipts from operating activities are usually retained.

##### **3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period 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.

###### **Useful lives of property, plant and equipment**

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amounts of the Society's property, plant and equipment as at 31 December 2023 are stated in Note 4.

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*For the financial year ended 31 December 2023*

**4. Property, plant and equipment and ROU assets**

	Freehold property and renovations	Motor vehicles	Office equipment, furniture and fittings	Total	# Right-of- use assets
	S\$	S\$	S\$	S\$	S\$
<u>Cost</u>					
At 1 January 2022	4,678,367	463,539	604,267	5,746,173	-
Additions	-	-	26,131	26,131	16,585
At 31 December 2022	4,678,367	463,539	630,398	5,772,304	16,585
Additions	-	41,985	21,330	63,315	-
Disposals	-	(75,582)	(5,200)	(80,782)	-
At 31 December 2023	4,678,367	429,942	646,528	5,754,837	16,585
<u>Accumulated depreciation and amortisation</u>					
At 1 January 2022	2,333,600	397,359	401,745	3,132,704	-
Year's depreciation & amortisation	74,062	13,512	155,563	243,137	3,364
At 31 December 2022	2,407,662	410,871	557,308	3,375,841	3,364
Year's depreciation & amortisation	74,061	46,447	18,793	139,301	4,148
Disposal	-	(75,582)	(5,200)	(80,782)	-
At 31 December 2023	2,481,723	381,736	570,901	3,434,360	7,512
<u>Carrying amount</u>					
At 31 December 2023	2,196,644	48,206	75,627	2,320,477	9,073
At 31 December 2022	2,270,705	52,668	73,090	2,396,463	13,221

# right-of-use assets comprise of two photocopiers

The title deeds of the freehold property at 10 Lorong 9 Geylang, Singapore 388758 are held in trust by four members of the management committee.

During the year, depreciation amounting to \$74,061 are charged against asset capitalisation reserves.

A portion of the building space of the freehold property is rented out. Majority of the building space is occupied by the Society for its own operations.



**PUBLIC FREE CLINIC SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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**5. Investment property**

	Freehold property and renovations S\$
<u>Cost</u>	
At 1 January 2022	3,800,000
Additions	24,310
At 31 December 2022	3,824,310
Additions	-
At 31 December 2023	3,824,310
<u>Accumulated depreciation</u>	
At 1 January 2022	76,000
Depreciation	80,862
At 31 December 2022	156,862
Depreciation	80,862
At 31 December 2023	237,724
<u>Carrying amount</u>	
At 31 December 2023	3,586,586
At 31 December 2022	3,667,448

Fair value of investment property

Level 3 fair values of the investment property is derived by using the sales comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property sizes. The most significant input for this valuation approach is selling price per square metre or per square foot.

The fair value of the investment property as at 31 December 2023 is S\$3,889,049 (2022: S\$5,312,053).

The title deed of the freehold property at 643 Geylang Road, Singapore 389573 is held in trust by four members of the management committee.

**6. Inventories**

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Medicines	101,433	86,972

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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**7. Other receivables**

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Deposits	879,508	14,618
Interest receivables	29,540	85,171
Other receivables	72	-
	<u>909,120</u>	<u>99,789</u>

**8. Cash and cash equivalents**

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Cash at bank	2,571,609	4,081,630
Cash on hand	346,549	71,438
Fixed deposit	5,000,000	-
	<u>7,918,158</u>	<u>4,153,068</u>

*\*Certain amounts shown here do not correspondance to 2022 financial statements and reflect adjustments made, refer to Note 23.*

The cash and cash equivalents are denominated in Singapore Dollar. The fixed deposit bear interest rates at 2.8% (2022: NIL) per annum and have a maturity period of 1 month (2022: NIL).

**9. Fixed deposits**

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Fixed deposits	<u>5,550,000</u>	<u>9,550,000</u>

*\*Certain amounts shown here do not correspondance to 2022 financial statements and reflect adjustments made, refer to Note 23.*

The fixed deposits bear interest rates at a range from 0.10% to 3.60% (2022: 0.10% to 2.60%) per annum and have maturity period of 12 months (2022: 12 months).

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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**10. Trade and other payables**

	<u>2023</u>	<u>2022</u>
	S\$	S\$
<b>Trade payables</b>		
- Amount due to third parties	172,491	173,805
<b>Other payables</b>		
- Accrued expenses	75,964	80,922
- Deposits received	19,536	19,608
- GST payables	32,674	27,554
	<u>300,665</u>	<u>301,889</u>

Trade payables are non-interest bearing and are normally settled on 30 days (2022: 30 days) terms.

Other payables are non-interest bearing, non-trade and are repayable on demand.

**11. Lease liabilities**

	<u>2023</u>	<u>2022</u>
	S\$	S\$
As at 1 January	14,587	-
Addition	-	16,585
Accretion of interest	704	625
Payment of principal and interest	<u>(3,312)</u>	<u>(2,623)</u>
As at 31 December	<u>11,979</u>	<u>14,587</u>

**12. General fund (unrestricted)**

General fund is used in accordance with charitable objectives of the Society at the discretion of the Management Committee.

**13. Building fund (restricted)**

Building fund is set up for the purpose of securing the Society's operational space requirements and its periodical renovations and improvements. It represent fund collected from specific fund raising appeals. Upon utilisation of the fund, an equivalent amount will be transferred to asset capitalised reserves.

**PUBLIC FREE CLINIC SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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**14. Asset capitalisation reserves**

	<u>2023</u>	<u>2022</u>
	S\$	S\$
As at 1 January	2,270,705	-
Additions during the year	-	2,344,767
Depreciation for the year (Note 4)	(74,061)	(74,062)
As at 31 December	<u>2,196,644</u>	<u>2,270,705</u>

Asset capitalisation reserves pertains to building fund used to acquire the Society's freehold property located at 10 Lorong 9 Geylang, Singapore 388758 and payment of major renovations (Note 4). The annual depreciation charge of those said assets will then be utilised against this fund.

**15. Leases**

As a lessee

The Society has lease contracts for office equipments. The Society's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

a) The carrying amount of right-of-use asset and lease liabilities are disclosed in Note 4 and 11 respectively. The maturity analysis of the lease liabilities is disclosed in Note 19.

b) Amount recognised in profit and loss

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Depreciation of right-of-use assets	4,148	3,364
Interest expense on lease liabilities	704	625
Lease expense not capitalised in lease liabilities:		
- Expense relating to short-term leases (included in other expenditure)	26,286	27,498
Total amount recognised in profit or loss	<u>31,138</u>	<u>31,487</u>

c) The Society had a total cash outflow for capitalised and non-capitalised leases of S\$29,598 (2022: S\$ 30,120).

**PUBLIC FREE CLINIC SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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**15. Leases (cont'd)**

As a lessor

The Society has entered into operating leases on the freehold property (Note 4) and investment property (Note 5) with tenants. The leases are negotiated on terms of two to three years. All leases include a clause to enable upward revision of the rental charge on a lease term basis accordingly, to prevailing market conditions.

The future minimum rental receivables under non-cancellable operating lease contracted for at the reporting period are as follows:

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Receivables:		
Not later than 1 year	112,800	112,800
Later than 1 year but not later than 5 years	<u>60,800</u>	<u>173,600</u>
	<u>173,600</u>	<u>286,400</u>

**16. Significant related party transactions**

Compensation paid to management committee during the year is as follows:

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Salaries and bonus	239,505	157,742
CPF Contributions	<u>27,293</u>	<u>20,435</u>
	<u>266,798</u>	<u>178,177</u>

Donations made by management committee during the year is as follows:

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Tax deductible donations	<u>915</u>	<u>725</u>

## PUBLIC FREE CLINIC SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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#### 17. Financial instruments by category

As at 31 December 2023, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	<u>2023</u>	<u>2022</u>
	S\$	S\$
<b>Financial assets measured at amortised cost</b>		
Other receivables	29,612	99,789
Cash and cash equivalents	7,918,158	4,153,068
Fixed deposits	5,550,000	9,550,000
Total financial assets measured at amortised cost	<u>13,497,770</u>	<u>13,802,857</u>
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	<u>248,455</u>	<u>254,727</u>
Total financial liabilities measured at amortised cost	<u>248,455</u>	<u>254,727</u>

\*Certain amounts shown here do not correspondance to 2022 financial statements and reflect adjustments made, refer to Note 23.

#### 18. Fair values of assets and liabilities

##### Assets and liabilities not measured at fair value

##### Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

##### Trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

##### Lease liabilities

The carrying amounts of lease liabilities approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

#### 19. Financial risk management

The Society's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk, and market risk (including foreign currency risk and interest rate risk).

The Management Committee reviews and agrees policies and procedures for the management of these risks, which are executed by the management team.

## **PUBLIC FREE CLINIC SOCIETY**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

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#### **19. Financial risk management (cont'd)**

The following sections provide details regarding the Society's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

##### ***Credit risk***

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

The Society considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The management assessed that there is no significant credit risk as at year end.

##### ***Market risk***

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Society's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

##### ***(i) Interest rate risk***

The Society is exposed to interest rate risk to a limited extent through the impact of rate changes on interest bearing assets with financial institutions. The Society has minimal exposure to interest rate risk.

##### ***(ii) Foreign currency risk***

The Society's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Society has no significant exposure in respect of financial assets and liabilities held in foreign currency as its transactions are mainly in its functional currency.

##### ***Liquidity risk***

Liquidity risk refers to the risk that the Society will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Society's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Society's objective is to maintain a balance between continuity of funding through donations and offering. The Society's operations are financed mainly through funds. The Management Committee is satisfied that funds are available to finance the operations of the Society.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2023*

**19. Financial risk management (cont'd)**

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Society's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2023			
	Carrying amount	Contractual cash flows	Within one year	Within two to five years
	S\$	S\$	S\$	S\$
<b><u>Financial assets</u></b>				
Other receivables	29,612	29,612	29,612	-
Cash and cash equivalents	7,918,158	7,918,158	7,918,158	-
Fixed deposits	5,550,000	5,550,000	5,550,000	-
Total undiscounted financial assets	7,947,770	7,947,770	7,947,770	-
<b><u>Financial liabilities</u></b>				
Trade and other payables	248,455	248,455	248,455	-
Lease liabilities	11,979	3,312	9,838	-
Total undiscounted financial liabilities	260,434	251,767	258,293	-
Total net undiscounted financial assets	7,687,336	7,696,003	7,689,477	-
	2022			
	Carrying amount	Contractual cash flows	Within one year	Within two to five years
	S\$	S\$	S\$	S\$
<b><u>Financial assets</u></b>				
Other receivables	99,789	99,789	99,789	-
Cash and cash equivalents	4,153,068	4,153,068	4,153,068	-
Fixed deposits	9,550,000	9,550,000	9,550,000	-
Total undiscounted financial assets	13,802,857	13,802,857	13,802,857	-
<b><u>Financial liabilities</u></b>				
Trade and other payables	274,335	274,335	274,335	-
Lease liabilities	14,587	16,462	3,312	13,150
Total undiscounted financial liabilities	288,922	290,797	277,647	13,150
Total net undiscounted financial assets	13,513,935	13,512,060	13,525,210	(13,150)

*\*Certain amounts shown here do not correspondance to 2022 financial statements and reflect adjustments made, refer to Note 23.*



## PUBLIC FREE CLINIC SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2023*

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#### 20. Fundraising

The Society is required to comply with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

The total fund-raising expense of an institution of a public character for the financial year, and for every subsequent financial year, shall not exceed 30% of the total receipts from fund raising and sponsorships for that financial year.

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Tax deductible donations	1,911,689	1,946,429
Non-tax deductible donations	1,087,227	848,046
Total donations	2,998,916	2,794,475
Less: Fundraising expenses	(97,648)	(105,962)
<b>Net income from fundraising</b>	<u>2,901,268</u>	<u>2,688,513</u>
Percentage of fundraising expenses over total donations	<u>3%</u>	<u>4%</u>

#### 21. Subsequent event

On 01 November 2023, the Society had entered into an offer to purchase 2 properties located at 645 Geylang Road, Singapore 389575 and 647 Geylang Road, Singapore 389577 for S\$9,200,000. The completion date of the purchase was on 01 February 2024 and they were purchased by cash.

#### 22. Fund management

The Society's objectives when managing its funds are to safeguard and maintain adequate working capital to meet its day to day operations. It is also to ensure long-term financial stability in order that its programmes and activities are being continually developed. No changes were made to the objectives, policies or processes of fund management during the years ended 31 December 2023 and 2022.

#### 23. Comparative information

Fixed deposits with maturity term of more than 90 days were reclassified and disclosed separately as fixed deposit as below:

	<u>As</u>	<u>As</u>
	<u>restated</u>	<u>previously</u>
	<u>2022</u>	<u>stated</u>
	S\$	2022
	S\$	S\$
Cash and cash equivalents	<u>4,153,068</u>	<u>13,703,068</u>
Fixed deposits	<u>9,550,000</u>	<u>-</u>