NATIONAL ARTHRITIS FOUNDATION
(Registered in the Republic of Singapore)
(UEN: S84SS0010J)

AUDITED FINANCIAL STATEMENTS AND OTHER INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

RD/LAU/YL

NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)

EXECUTIVE COMMITTEE

Name	Position on Board
LAU TANG CHING	CHAIRMAN
WILSON CHEW HUAT CHYE	VICE-CHAIRMAN
GAW YING CHARN	HONORARY SECRETARY
FANG LEE WEI	HONORARY TREASURER
CHUA SIONG KIAT	COMMITTEE MEMBER
ANINDITA SANTOSA	COMMITTEE MEMBER
ANG YOU NING	COMMITTEE MEMBER
JOHN STEVEN MANNING	COMMITTEE MEMBER
YEONG WAI TECK	COMMITTEE MEMBER
NEO CHIA REEI	DESIGNATED EXECUTIVE MEMBER
AMEE PARIKH	DESIGNATED EXECUTIVE MEMBER

REGISTERED OFFICE

100 Lorong 23 Geylang
#01-01 D'Centennial
Singapore 388398

AUDITOR

Kreston David Yeung PAC

BANKERS

UNITED OVERSEAS BANK LTD
MAYBANK SINGAPORE LIMITED
DBS BANK LTD

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NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)

STATEMENT BY EXECUTIVE COMMITTEE

In our opinion,

(i) the accompanying financial statements set out on pages 6 to 27 are properly drawn up in accordance with the provision of the Societies Act, the Charities Act, Cap. 37 and the Singapore Financial Reporting Standards, so as to present fairly, in all material respect, of the financial position of the National Arthritis Foundation (the "Foundation") as at 31 December 2018 and the financial performance, changes in funds and cash flows of the Foundation for the year then ended; and

(ii) at the date of this statement there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

On behalf of the Executive Committee,

LAU TANG CHING
Chairman

FANG LEE WEI
Honorary Treasurer

Singapore, 24 MAY 2019

KRESTON
DAVID YEUNG PAC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL ARTHRITIS FOUNDATION (UEN: S84SS0010J)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Arthritis Foundation (the "Foundation"), 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 of the Foundation for the year then ended, 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 Societies Act, Cap. 311 (the Societies Act), the Charities Act, Chapter. 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Foundation as at 31 December 2018 and the results, changes in funds and cash flows of the Foundation for the year ended on that date.

Basis for Opinion

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

KRESTON
DAVID YEUNG PAC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL ARTHRITIS FOUNDATION (UEN: S84SS0010J) (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Societies Act, Charities Act and Regulations and FRSs, and for such internal controls as management 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, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Executive Committee either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Foundation to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL ARTHRITIS FOUNDATION (UEN: S84SS0010J) (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

Kreston David Yeung Pac.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 24 May 2019

KRESTON DAVID YEUNG PAC (UEN: 200717891W)
A public accounting corporation incorporated with limited liability and a member of **Kreston International**
128A Tanjong Pagar Road, Singapore 088535
Tel: 6223 7979 Fax: 6222 7979

NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	2018 S$	2017 S$
ASSETS			
Non-current assets			
Plant and equipment	3	20,266	3,065
Total non-current assets		20,266	3,065
Current assets			
Inventories	4	1,511	1,578
Other receivables, deposits and prepayments	5	24,814	210,807
Cash at banks	6	1,083,631	838,546
Total current assets		1,109,956	1,050,931
Total assets		1,130,222	1,053,996
LIABILITIES			
Current liabilities			
Accruals and contract liability	7	12,026	19,586
Total current liabilities		12,026	19,586
Net Assets		1,118,196	1,034,410
FUNDS			
Restricted fund			
Juvenile Arthritis Fund	8	117,989	120,232
Unrestricted funds			
General fund		439,147	339,308
Patient Subsidy Care Fund	9	561,060	574,870
Total funds		1,118,196	1,034,410

The notes set out on pages 10 to 27 form an integral part of and should be read in conjunction with this set of financial statements.

NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)

STATEMENT OF FINANCIAL ACTIVITIES
For the financial year ended 31 December 2018

	Note	Unrestricted Funds: General Fund S$	Unrestricted Funds: Patient Subsidy Care Fund S$	Restricted Funds: Juvenile Arthritis Fund S$	2018 Total S$	2017 Total S$
INCOME						
Income from generated funds						
Voluntary income						
- outright donations		27,253	-	-	27,253	15,020
- memberships		1,820	-	-	1,820	1,444
	10	29,073	-	-	29,073	16,464
Activities for generating funds - fund raising						
- Charity golf	11	362,214	-	-	362,214	158,760
- Charity gala dinner	12	-	-	-	-	159,120
- SICC May Day Charity	13	44,000	-	-	44,000	95,400
		406,214	-	-	406,214	413,280
Income from charitable activities						
- TaiChi DVD & handbook		680	-	-	680	240
- TaiChi for Arthritis		510	-	-	510	660
- Juvenile Arthritis fund		-	-	-	-	125,000
- Yoga fee		10,734	-	-	10,734	2,380
		11,924	-	-	11,924	128,280
Other income						
- Temporary employment credit		300	-	-	300	918
- Wage credit scheme		1,063	-	-	1,063	-
- Special employment credit		825	-	-	825	1,872
- Interest income		3,623	-	-	3,623	3,655
		5,811	-	-	5,811	6,445
TOTAL INCOME		453,022	-	-	453,022	564,469
EXPENDITURES						
Costs of generating funds						
- costs of generating voluntary income						
- newsletters		-	-	-	-	749
		-	-	-	-	749
- costs of fund raising activities		99,349	-	-	99,349	113,505
Charitable activities						
- cost of inventory recognised as expenses		220	-	-	220	171
- medical subsidy		-	13,810	2,918	16,728	38,087
- World Arthritis for children		3,810	-	-	3,810	3,178
- Juvenile Arthritis event		-	-	(675)	(675)	4,768
- cost of yoga courses		12,960	-	-	12,960	4,701
- SASC		2,120	-	-	2,120	1,720
		19,110	13,810	2,243	35,163	52,625
Governance costs						
- audit fees		5,315	-	-	5,315	5,815
Other expenditure	14	229,409	-	-	229,409	182,720
TOTAL EXPENDITURE		(353,183)	(13,810)	(2,243)	(369,236)	(355,414)
INCOME BEFORE TAXATION		99,839	(13,810)	(2,243)	83,786	209,055
Taxation	16	-	-	-	-	-
NET MOVEMENT IN FUNDS		99,839	(13,810)	(2,243)	83,786	209,055
Balance at beginning of year		339,308	574,870	120,232	1,034,410	825,355
Balance at end of year		439,147	561,060	117,989	1,118,196	1,034,410

The notes set out on pages 10 to 27 form an integral part of and should be read in conjunction with this set of financial statements.

NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)

STATEMENT OF CHANGES IN FUNDS
For the financial year ended 31 December 2018

	<--- Unrestricted --->		<-Restricted->	
	General Fund S$	Patient Subsidy Care Fund S$	Juvenile Arthritis Fund S$	Total S$
Balance as at 01.01.2017	212,398	612,957	-	825,355
- Net surplus/(deficit) for the year	126,910	(38,087)	120,232	209,055
Balance as at 31.12.2017/01.01.2018	339,308	574,870	120,232	1,034,410
- Net surplus/(deficit) for the year	99,839	(13,810)	(2,243)	83,786
Balance as at 31.12.2018	439,147	561,060	117,989	1,118,196

The notes set out on pages 10 to 27 form an integral part of and should be read in conjunction with this set of financial statements.

NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Note	2018 S$	2017 S$
Cash flows from operating activities			
Surplus for the year		83,786	209,055
Adjustments for:-			
Plant and equipment written off		93	-
Depreciation of plant and equipment		2,140	1,871
Interest income		(3,623)	(3,655)
Net cash flows before working capital changes		82,396	207,271
Decrease in inventory		67	171
Decrease/(Increase) in other receivable, deposits and prepayments		185,993	(117,462)
(Decrease)/Increase in other payables		(7,560)	12,639
Cash generated from operating activities		260,896	102,619
Cash flows from investing activities			
Purchase of plant and equipment		(19,434)	(670)
Interest received		3,623	3,655
Increase in fixed deposit		(200,710)	(101,400)
Cash used in investing activities		(216,521)	(98,415)
Net increase in cash and cash equivalents		44,375	4,204
Cash and cash equivalents at beginning of year		737,146	732,942
Cash and cash equivalents at end of year	6	781,521	737,146

The notes set out on pages 10 to 27 form an integral part of and should be read in conjunction with this set of financial statements.

1. GENERAL

The principal activities of the Foundation are to encourage, promote and research and other activities relating to the prevention, diagnosis of causes and treatment of arthritis and rheumatism. The Foundation is a non-profit charity organisation registered as a society on 27 June 1984 and registered as a charity under the Charities Act, Chapter 37 on 15 April 1985. Its current IPC status is for the period from 5 December 2018 to 4 December 2020 and is subject to renewal.

The registered office of the Foundation which is domiciled in Singapore, is located at 100, Lorong 23 Geylang, #01-01 D'Centennial, Singapore 388398.

The Executive Committee of the Foundation has authorised these financial statements for issue on 24 May 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the Foundation have been prepared in accordance with the historical cost convention, and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS").

In the current financial year, the Foundation has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual period beginning on or after 1 January 2018. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

The following are the changes in the classification and measurement of the company's financial assets:-

- Trade and other receivables classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The company has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the company's financial liabilities.

b) Significant Accounting Estimates and Judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The Executive Committee is of the opinion that there are no critical estimates/judgements involved that have a significant effect on the amounts recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

The residual values, useful live and depreciation method are reviewed at end of each reporting period, and adjusted prospectively as appropriate. The effects of any revision are recognised in statement of financial activities when the changes arise.

Depreciation is calculated on the straight-line method to write off the costs of the plant and equipment over their estimated useful lives as follows:-

Computers	3 - 5 years
Furniture and fitting	5 - 10 years
Office equipment	5 years
Renovation	3 years

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

d) Foreign Currency Transactions

Functional and Presentation Currencies

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the Foundation operates (the "functional currency"). The financial statements of the Foundation are presented in Singapore dollar ("SGD"), which is the functional currency of the Foundation.

Transactions and Balances

Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Monetary assets and liabilities in foreign currencies are translated into Singapore dollar at rates of exchange at the end of reporting period. Exchange differences arising from such transactions are taken to statement of financial activities.

The monetary financial assets and liabilities are denominated in SGD unless otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Impairment of Non-Financial Assets

The Foundation assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Foundation 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 to sell 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. 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. Impairment losses are recognised in statement of financial activities.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 statement of financial activities.

f) Financial Instruments

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Foundation measures a financial asset at its fair value plus, in the case of a financial asset not at 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.

Trade receivables are measured at the amount of consideration to which the Foundation expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Financial Instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Foundation's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Foundation only has debt instruments at amortised cost.

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.

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 for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument. The Foundation 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 FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL 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.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

f) **Financial Instruments** (Continued)

(b) Financial liabilities (Continued)

Derecognition

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

(c) Offsetting of Financial Instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statements of financial position when, and only when, an entity currently has a legal enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

These accounting policies are applied before the initial application date of FRS 109, 1 January 2018:

(a) Financial Assets

Classification

The Foundation classifies its financial assets as loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. The Executive Committee determines the classification of its financial assets at initial recognition.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Foundation provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables include cash at bank balances and deposits. They are presented as current assets, except for those maturing more than 12 months after the end of the reporting period which are presented as non-current assets.

Recognition and Derecognition

All financial assets are recognised on their trade-date – the date on which the Foundation commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Foundation has transferred substantially all risks and rewards of ownership.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) **Financial Instruments** (Continued)

(a) Financial assets (Continued)

Measurement

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(b) Financial Liabilities

Financial liabilities include accruals. Financial liabilities are recognised when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses in derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. 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.

g) **Impairment of Financial Assets**

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

Receivables not held at FVPL are subject to the Expected Credit Loss ("ECL") model under the financial reporting standard on financial instruments.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

g) **Impairment of Financial Assets** (Continued)

The Foundation 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 Foundation 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).

These accounting policies are applied before the initial application date of FRS 109, 1 January 2018:

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

h) **Cash and Cash Equivalents**

For the purpose of presentation in statement of cash flows, cash and cash equivalents comprise cash at banks which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by applying the first-in, first-out formula. Net realisable value is the price of which inventories are sold in ordinary course of business after allowing for cost of realisation. Provision is made, where necessary for obsolete, slow moving and defective inventories.

j) Provisions

Provisions are recognised when the Foundation has a present legal or constructive obligation 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 a reliable estimate can be made of the amount of the obligation. Provision are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

k) Contingencies

A contingent liability is:-

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Foundation; or

A present obligation that arises from past events but is not recognised because:

i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Foundation.

Contingent liabilities and assets are not recognised on the statement of financial position of the Foundation.

l) Income Recognition

These accounting policies are applied on and after the initial application date of FRS 115, 1 January 2018:

Revenue is measured based on the consideration to which the Foundation expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

l) **Income Recognition** (Continued)

Revenue is recognised when the Foundation 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 revenue recognised is the amount allocated to the satisfied performance obligation.

Income including donations, gifts and grants that provide core funding or are of general nature are recognised where there is (a) entitlement (b) certainty and (c) sufficient reliability of measurement. Such income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the Foundation has unconditional entitlement.

i) Donations

Income from donations are accounted for when received, except for committed donations.

ii) Rendering of services

Income from rendering of services, which include registration fees that are recognised ratably over the term of membership.

iii) Interest income

Interest income is recognised using the effective interest method.

iv) Government Grant

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the period necessary to match them with the related costs that they are intended to compensate. Asset-related grants are deducted from the cost of acquisition of the asset to arrive at the carrying amount which is then depreciated in accordance with the accounting policy on property, plant and equipment and depreciation.

v) Taichi DVD and handbook

Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised goods to the customer. Control of the Taichi DVD and handbook is transferred to the customer, generally on delivery of the Taichi DVD and handbook.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Income Recognition (Continued)

vi) Donations in kind

A donations-in-kind (if any) is included in profit or loss based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received. No value is ascribed to volunteer services.

These accounting policies are applied before the initial application date of FRS 115, 1 January 2018:

Income is recognised to the extent that it is probable the economic benefits will flow to the Foundation and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Donation is recognised when money is received or collection is certain (which generally comprise the committed donation)

Subscription fee from members are recognised when due and received. Income from charitable trading activities are recognised when sales of goods or services are conducted.

Grant income is recognised when there is reasonable assurance that the conditions attaching to it will be complied with and the grant will be received.

m) Employee Benefits

Defined Contribution Plans

As required by law, the Foundation makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expense in the same year as the employment that gives rise to the contribution.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. Accruals are made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

n) Key Management Personnel

Key management personnel are those having the authority and responsibility for planning, directing and controlling the activities of the Foundation. The Executive Committee members are considered as key management personnel of the Foundation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Leases

When the Foundation is the lessee

Lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contigent rents are charged to profit or loss when incurred.

p) Funds Structure

Unrestricted funds comprise of General fund and Patient Subsidy Care Fund, which are available for use at the discretion of the management in furtherance of the Foundation's purposes.

Restricted fund is represented by "Juvenile Arthritis Fund" which is subject to restriction on their expenditures according to the term and nature of the appeal.

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

q) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settled the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

3. PLANT AND EQUIPMENT

	Office Equipment S$	Furniture and Fittings S$	Computers S$	Renovation S$	Total S$
Cost					
At 01.01.2017	2,025	1,653	4,306	-	7,984
Additions	-	-	670	-	670
At 31.12.2017/01.01.2018	2,025	1,653	4,976	-	8,654
Additions	-	-	434	19,000	19,434
Write off	(723)	-	(303)	-	(1,026)
At 31.12.2018	1,302	1,653	5,107	19,000	27,062
Accumulated Depreciation					
At 01.01.2017	802	551	2,365	-	3,718
Charge for the year	361	294	1,216	-	1,871
At 31.12.2017/01.01.2018	1,163	845	3,581	-	5,589
Charge for the year	321	294	997	528	2,140
Write off	(723)	-	(210)	-	(933)
At 31.12.2018	761	1,139	4,368	528	6,796
Net Book Value					
At 31.12.2018	541	514	739	18,472	20,266
At 31.12.2017	862	808	1,395	-	3,065

4. INVENTORIES

Inventories consist of Tai-Chi for Arthritis DVD and handbooks.

5. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 S$	2017 S$
Deposits	13,700	6,360
Prepayments	5,114	3,467
Grant receivables from Singapore Totalisator Board		
- NAF Charity Golf Tournament	-	26,460
- NAF Charity Gala Dinner	-	26,520
Grant receivables from CapitaLand Hope Foundation (Note 8)	-	125,000
Other receivables - Donations	6,000	23,000
	24,814	210,807

6. CASH AT BANKS

	2018 S$	2017 S$
Fixed deposit	302,110	101,400
Cash at banks	781,521	737,146
	1,083,631	838,546
Cash and cash equivalents as presented in the statement of cash flows	781,521	737,146

The fixed deposit is re-priced for a period between 6 months to 12 months (2017: 12 months) which earns interest ranging from 0.7% to 1.7% (2017: 1.4%) per annum.

7. ACCRUALS AND CONTRACT LIABILITY

	2018 S$	2017 S$
Accruals	12,026	18,410
Contract liability	-	1,176
	12,026	19,586

Contract liability represents unearned yoga fee of future period. Revenue recognised in 2018 from performance obligation satisfied during the year was S$1,176.

8. RESTRICTED FUND – JUVENILE ARTHRITIS FUND

The Juvenile Arthritis Fund was established in year 2017 for the funding received from CapitaLand Hope Foundation (Note 5). The fund is set up for providing financial assistance to help underprivileged children suffering from JIA to defray their medical treatment costs and creating awareness and educating the patients and their families as well as the public on juvenile idiopathic arthritis.

9. PATIENT SUBSIDY CARE FUND

The Patient Subsidy Care Fund is designated to subsidise the medical and related costs of financially needy Singapore citizens and permanent residents who are stricken with arthritis.

10. INCOME

	2018 S$	2017 S$
Donations - tax exempt	27,193	15,000
Donations - non-tax exempt	60	20
Membership fee	1,820	1,444
	29,073	16,464

11. CHARITY GOLF

Income		
Donation- tax exempt	262,214	127,300
Donation- non-tax exempt	-	5,000
Grant - Singapore Totalisator Board	100,000	26,460
	362,214	158,760

12. CHARITY GALA DINNER

Income		
Donation- tax exempt	-	132,600
Grant - Singapore Totalisator Board	-	26,520
	-	159,120

13. SICC MAY DAY CHARITY

Income		
Donation- tax exempt	30,000	95,284
Donation - non-tax exempt	14,000	116
	44,000	95,400

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

14. OTHER EXPENDITURES

	2018	2017
	S$	S$
Accountancy fee	4,800	4,800
Bank charges	100	100
Cleaning expense	630	840
Condences	268	-
Courier expenses	55	220
Course fee	102	2,486
Depreciation	2,140	1,871
General expenses	545	-
Hiring expense	104	-
Internet and telephone	3,483	2,951
Legal and professional fees	193	-
Office expenses	4,919	2,998
Parking fee	65	-
Plant and equipment written off	93	-
Postage and stamps	31	334
Printing and stationery	2,365	2,745
Refreshments	3,244	1,126
Rental of premises	36,000	36,000
Rental of studio	3,540	2,040
Repair and maintenance	580	1,587
Salary and related costs (Note 15)	162,333	119,121
Subscription fee	-	12
Training expense	719	
Transport	510	642
Water and electricity	2,590	2,847
	229,409	182,720

15. SALARY AND RELATED COSTS

	2018 S$	2017 S$
Salary and other short term compensation:-		
- Key management personnel (Note 18)	78,000	65,000
- Other staff	69,333	43,700
	147,333	108,700
CPF contribution:-		
- Key management personnel	6,210	5,850
- Other staff	8,158	3,938
	14,368	9,788
Other short term benefits	632	633
	162,333	119,121

The Foundation has no paid staff with annual remuneration above $100,000.

16. TAXATION

The Foundation as a Charity institution is exempted from income tax under Chapter 134, section 13(u) of the Income Tax Act subject to the compliance with the relevant provisions in the Income Tax Act.

During the year, the Foundation received tax deductible donation for the financial year amounted to S$336,407 (2017: S$347,184).

17. OPERATING LEASE COMMITMENTS

The Foundation leases office premises under non-cancellable operating lease. Rental expense for the financial year is S$36,000 (2017: S$36,000). Future minimum rental payment under non-cancellable leases as at the end of the reporting period are as follows:-

	2018 S$	2017 S$
Amount payable:-		
- Within 1 year	44,400	27,000
- Between 2 to 3 years	44,400	-
	88,800	27,000

18. RELATED PARTY TRANSACTIONS

(i) The Foundation does not remunerate Executive Committee members for their services rendered to the Foundation.

(ii) During the year, received/receivable donations (fund raising events) of S$27,735 (2017: S$51,000) are derived from the executive committee members.

(iii) Key management personnel compensation (Note 15).

19. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Foundation's financial risk comprised of credit risk, interest rate risks and liquidity risk which are managed and monitored by the Executive Committee.

Credit Risk

The Foundation has no significant concentration of credit risk. Cash is placed with established financial institutions.

Interest Rate Risk

The Foundation is not significantly exposed to interest rate risk. The fixed deposits are bearing fixed interest rate. As a result, sensitivity analysis is not performed.

Foreign Currency Risk

The Foundation is not exposed to foreign currency risk as all its transactions are denominated in Singapore dollar.

Liquidity Risk

The Executive Committee manages the liquidity prudently and aims at maintaining an adequate level of liquidity. The Foundation has sufficient funds to finance its ongoing working capital requirements.

The maturity profile of the Foundation's financial liabilities at the end of the reporting period is within 12 months.

20. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2018 S$	2017 S$
Assets		
At amortised cost (2017: Loans and receivables): -		
Other receivables	6,000	200,980
Deposits	13,700	6,360
Cash at banks	1,083,631	838,546
Total financial assets	1,103,331	1,045,886
Liabilities		
At amortised cost: -		
Accruals	12,026	18,410
Total financial liabilities	12,026	18,410

21. FAIR VALUES

The carrying amounts of financial assets and financial liabilities are recorded in the financial statements at their approximate fair values, due to relatively short term maturity of these financial instruments.

22. FUNDS MANAGEMENT

The Executive Committee reviews and manages the funds and reserves regularly to ensure that the Foundation will be able to continue as a going concern and fulfill its objectives and services to the community. There have been no changes to the Foundation's approach to fund management during the financial year. The Foundation has no share capital and it is not subject to any externally imposed capital requirements.

23. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2019. Except for FRS 116, the management expects that the adoption of the other standards will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 is described below.

FRS 116: Leases

FRS 116 requires lessees to recognise for most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard is effective for annual periods beginning on or after 1 January 2019. The Foundation is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.