



**SINGAPORE
CANCER
SOCIETY**

55

2019

*Financial
Report*

Statement by the Council and Financial Statements

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Statement by the Council


In the opinion of the Council,


- (a) the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2019 and the results, changes in funds and cash flows of the Society for the reporting year ended on that date; and
- (b) 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.

The Council has authorised these financial statements on the date of this statement.

On behalf of the Council


Wee Leong How
Chairman


Ang I-Ming
Honorary Secretary


Choo Swee Cher
Honorary Treasurer

Singapore

25 March 2020



**Independent auditor's report to the members of the
Singapore Cancer Society**

Report on the financial statements

Opinion

We have audited the financial statements of Singapore Cancer Society (the "Society") which comprise the statement of financial position as at 31 December 2019, and the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting 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, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and the Singapore Financial Reporting Standards ("SFRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2019 and the results, 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

Management is responsible for the other information. The other information comprises the information included in the statement by the Council and annual report, but does not include the financial statements and our auditor's report thereon.

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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give true and fair view in accordance with the provisions of the Societies Act, the Charities Act and Regulations and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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**Independent auditor's report to the members of the
Singapore Cancer Society**

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Responsibilities of management and those charged with governance for the financial statements (cont'd)

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's responsibility for the audit of the financial statements

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

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

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



**Independent auditor's report to the members of the
Singapore Cancer Society**

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Auditor's responsibility for the audit of the financial statements (cont'd)

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.

We also provide the Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In our opinion:

- (a) The accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) The fund-raising appeals held during the reporting 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.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

25 March 2020

Partner-in-charge of audit: Woo E-Sah
Effective from year ended 31 December 2015

SINGAPORE CANCER SOCIETY

**Statement of Financial Activities
For the reporting year ended 31 December 2019**

		Unrestricted	2019 Restricted	Total	2018 Total
	Note	funds *	funds *	funds	funds
		\$	\$	\$	\$
INCOME					
Voluntary income	4	13,343,920	–	13,343,920	13,328,044
Fund generating activities	5	3,887,869	684,413	4,572,282	4,931,030
Interest and investment income	6	1,849,241	–	1,849,241	1,287,446
Charitable income	7	105	–	105	631
Sundry income	8	1,881,072	–	1,881,072	1,391,340
Total income		20,962,207	684,413	21,646,620	20,938,491
EXPENSES					
Cost of generating voluntary income:					
- Fundraising	9	265,518	–	265,518	235,076
Cost of charitable activities:	10				
- Cancer screening and public education		5,009,231	–	5,009,231	4,834,315
- Welfare services		5,575,182	87,915	5,663,097	4,969,620
- Hospice homecare services		2,008,044	–	2,008,044	2,070,367
- Cancer rehabilitation services		2,334,547	–	2,334,547	2,074,415
- Research and data analytics		338,916	175,906	514,822	405,909
Cost of funds generating activities	11	2,749,916	72,045	2,821,961	3,019,179
Administrative costs	12	582,146	–	582,146	574,052
Total expenses		18,863,500	335,866	19,199,366	18,182,933
Surplus for the reporting year		2,098,707	348,547	2,447,254	2,755,558
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss:					
Fair value changes on debt instruments at fair value through other comprehensive income ("FVTOCI")		711,618	–	711,618	(472,943)
Reclassification adjustments for (gains)/losses included in statement of financial activities – realised on disposal		(55,596)	–	(55,596)	97,337
Other comprehensive income		656,022	–	656,022	(375,606)
Total comprehensive income		2,754,729	348,547	3,103,276	2,379,952
As at 1 January		68,545,349	3,279,352	71,824,701	69,444,749
Transfer to/(from) funds		–	–	–	–
As at 31 December	26	71,300,078	3,627,899	74,927,977	71,824,701

* Further analysis of funds are presented in note 26 to the financial statements.

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

SINGAPORE CANCER SOCIETY

Statement of Financial Position
As at 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
Non-current assets			
Property, plant and equipment	16	522,488	943,268
Other financial assets, non-current	17	40,884,622	41,155,942
Right-of-use assets	18	407,675	–
Total non-current assets		<u>41,814,785</u>	<u>42,099,210</u>
Current assets			
Assets held for sale	19	1,401,721	1,401,721
Other receivables	20	1,697,827	1,610,402
Other financial assets, current	17	4,282,604	1,510,935
Other assets	21	895,750	474,222
Cash and cash equivalents	22	31,068,729	29,474,668
Total current assets		<u>39,346,631</u>	<u>34,471,948</u>
Non-current liabilities			
Lease liabilities	25	13,432	–
Total non-current liabilities		<u>13,432</u>	<u>–</u>
Current liabilities			
Trade payables	23	2,910,997	2,830,012
Other liabilities	24	2,904,263	1,916,445
Lease liabilities	25	404,747	–
Total current liabilities		<u>6,220,007</u>	<u>4,746,457</u>
Net current assets		<u>33,126,624</u>	<u>29,725,491</u>
Net assets		<u>74,927,977</u>	<u>71,824,701</u>
THE FUNDS OF THE SOCIETY			
Unrestricted funds			
General Fund	27	47,057,758	47,650,492
Revaluation reserve		280,416	(375,606)
Cancer Treatment Fund		6,458,917	6,816,601
SCS-CST Matching Fund		17,502,987	14,453,862
Total unrestricted funds		<u>71,300,078</u>	<u>68,545,349</u>
Restricted funds			
Run for Hope Fund		113,226	113,226
Movember Fund		1,884,047	1,690,198
Terry Fox Run Fund		630,626	475,928
Endowment fund		1,000,000	1,000,000
Total restricted funds		<u>3,627,899</u>	<u>3,279,352</u>
Total funds	26	<u>74,927,977</u>	<u>71,824,701</u>

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

SINGAPORE CANCER SOCIETY

Statement of Changes in Funds
For the reporting year ended 31 December 2019

	Unrestricted funds \$	Restricted funds \$	Total funds \$
Balance as at 1 January 2019	68,545,349	3,279,352	71,824,701
Changes in funds:			
Surplus for the year	2,098,707	348,547	2,447,254
Fair value changes on debt instruments at FVTOCI	656,022	–	656,022
	<u>2,754,729</u>	<u>348,547</u>	<u>3,103,276</u>
Balance as at 31 December 2019	<u>71,300,078</u>	<u>3,627,899</u>	<u>74,927,977</u>
Balance as at 1 January 2018	66,146,105	3,298,644	69,444,749
Changes in funds:			
Surplus for the year	2,523,055	232,503	2,755,558
Transfer to/(from) funds	251,795	(251,795)	–
Fair value changes on debt instruments at FVTOCI	(375,606)	–	(375,606)
	<u>2,399,244</u>	<u>(19,292)</u>	<u>2,379,952</u>
Balance as at 31 December 2018	<u>68,545,349</u>	<u>3,279,352</u>	<u>71,824,701</u>

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

SINGAPORE CANCER SOCIETY

Statement of Cash Flows For the reporting year ended 31 December 2019

	<u>2019</u> \$	<u>2018</u> \$
<u>Cash flows from operating activities</u>		
Net surplus for the reporting year	2,447,254	2,755,558
Depreciation of property, plant and equipment	583,766	778,354
Depreciation of right-of-use assets	568,322	–
Loss on disposal of property, plant and equipment	7,429	–
(Gain)/Loss on sale of bonds	(55,596)	120,028
Interest income	(1,793,645)	(1,407,474)
Interest expense arising from lease liabilities	34,972	–
Operating cash flow before changes in working capital	<u>1,792,502</u>	<u>2,246,466</u>
Inventories	–	14,240
Other receivables	1,749	(206,220)
Other assets	(421,528)	(8,932)
Cash restricted under specific funds	(1,115,351)	179,377
Cash restricted in use over 3 months	(6,099,526)	1,038,292
Trade payables	80,985	(951,667)
Other liabilities	987,818	615,879
Net cash flows (used in)/from operating activities	<u>(4,773,351)</u>	<u>2,927,435</u>
<u>Cash flows from investing activities</u>		
Other financial assets	(1,788,731)	(18,048,578)
Proceed from disposal of property, plant and equipment	26,005	–
Purchase of property, plant and equipment	(196,420)	(53,478)
Interest received	1,704,471	1,146,762
Net cash flows used in investing activities	<u>(254,675)</u>	<u>(16,955,294)</u>
<u>Cash flows from financing activities</u>		
Interest expense arising from lease liabilities	(34,972)	–
Lease liabilities – principal portion paid	(557,818)	–
Cash flows used in financing activities	<u>(592,790)</u>	<u>–</u>
Net decrease in cash and cash equivalents	<u>(5,620,816)</u>	<u>(14,027,859)</u>
Cash and cash equivalents, cash flow statement, beginning balance	26,302,947	40,330,806
Cash and cash equivalents, cash flow statement, ending balance (note 22A)	<u>20,682,131</u>	<u>26,302,947</u>

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

SINGAPORE CANCER SOCIETY

Notes to the Financial Statements For the reporting year ended 31 December 2019

1. General

The principal objectivities of the Singapore Cancer Society (the “Society”) are those of a community-based voluntary health organisation dedicated to minimising the impact of cancer through public education, screening, patient service, financial assistance, research and advocacy.

The Society is established in Singapore under the Societies Act, Chapter 311. It is also subject to the provisions of the Charities Act, Chapter 37. It is an Institution of a Public Character.

The constitution of the Society restricts the use of fund monies to the furtherance of the objects of the Society. It prohibits the payment of dividends to members. The Society has no share capital.

The functional currency of the Society is Singapore dollars and the financial statements are presented in Singapore dollars.

The Society is registered and situated in Singapore. The registered office address is: 15 Enggor Street, #04-01 to 04 Realty Centre, Singapore 079716.

The financial statements were approved and authorised for issue by the Council of the Society on the date indicated in the statement by the Council.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“SFRSs”) and the related interpretations to SFRSs (“INT SFRS”) as issued by the Singapore Accounting Standards Council.

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the SFRSs may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make 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 reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

(i) Donations and corporate cash sponsorships

Income from donations and corporate cash sponsorships are accounted for when received, except for committed donations and corporate cash sponsorships that are recorded when the commitments are signed.

(ii) Fund raising

Income from special event is recognised when the event takes place.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset.

Gifts in kind

A gift in kind is recognised 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.

Grants

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 periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Income tax

As an approved charity under the Charities Act, Cap. 37, the Society is exempted from income tax under section 13(1)(zm) of the Income Tax Act, Cap. 134.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The Society's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The estimated useful lives are as follows:

Computers	3 years
Furniture and fittings	5 years
Motor vehicles	10 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and an interest expense on the recognised lease liability (included in finance costs). Short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard whereby the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. A write down on cost is made for where the cost is not recoverable or where applicable if the selling prices have declined.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets

- (i) Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- (ii) Financial asset that is a debt asset instrument classified as measured at FVTOCI: A debt asset instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL, that is (a): the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets are not reclassified subsequent to their initial recognition, except when, and only when, the reporting entity changes its business model for managing financial assets (expected to be rare and infrequent events). The previously recognised gains, losses, or interest cannot be restated. When these financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.
- (iii) Financial asset that is an equity investment classified as measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.
- (iv) Financial asset classified as measured at FVTPL: There were no financial assets classified in this category at reporting year end date.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial liabilities

Financial liabilities are classified as at FVTPL in either of the following circumstances:

- (i) the liabilities are managed, evaluated and reported internally on a fair value basis; or
- (ii) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include bank and cash balances on demand deposits and any highly liquid debt asset instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (i.e., derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Funds

All income and expenditures are reflected in the statement of financial activities. Income and expenditures specifically relating to any of the funds separately set up by the Society are allocated subsequently to those funds. Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses if any are allocated on a reasonable basis to the funds based on a method most suitable to that common expense unless impractical to do so.

Provisions

A liability or provision is recognised when there is 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 a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the period they occur.

Assets classified as held for sale

Identifiable assets are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by the financial reporting standard on non-current assets held for sale and discontinued operations in certain circumstances. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Debt asset instrument measured at FVTOCI:

The classification of these debt asset instruments as measured at FVTOCI requires significant judgement. They must not be designated as at FVTPL. Judgement is required in the assessment of the conditions that the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. If the conditions are not met, the accounting treatment would then be as for FVTPL or at amortised cost. The amount at the end of the reporting year is disclosed in note 17 to the financial statements.

Assets classified as held for sale:

The classification of freehold office premises as classified as assets held for sale requires significant judgement. Judgement is required in the assessment of the conditions that the assets classified as held for sale whose conditions require the sale to be highly probable and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. If the conditions are not met, the accounting treatment would then be as for property, plant and equipment. The amount at the end of the reporting year is disclosed in note 19 to the financial statements.

Leases – estimating the incremental borrowing rate:

The Society cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Society would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Society ‘would have to pay’ which requires estimation when no observable rates are available when they need to be adjusted to reflect the terms and conditions of the leases. The Society estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

For the Society, related parties include the Council members and key management of the Society. Key management personnel include the CEO and the direct reporting senior officers.

In accordance with the Code of Governance, the Council members, or people connected with them, have not received remuneration, or other benefits, from the Society or from institutions connected with the Society.

There is no claim by the Council members for services provided to the Society, either by reimbursement to the Council members or by providing the Council members with an allowance or by direct payment to a third party.

3. Related party relationships and transactions (cont'd)

All Council members, chairman of sub-committees and staff members of the Society are required to read and understand the conflict of interest policy in place and make full disclosure of interests, relationships and holding that could potentially result in conflict of interests. When a conflict of interest situation arises, the members or staff shall abstain from participating in the discussion, decision making and voting on the matter.

There are no paid staff who are close members of the family of the Council members, and whose remuneration each exceeds \$50,000 during the year.

3A. Key management compensation

	<u>2019</u>	<u>2018</u>
	\$	\$
Salaries and other short term employee benefits	<u>1,508,214</u>	<u>1,349,124</u>

The above amounts are included under employee benefits expense.

Key management personnel comprise the CEO and the direct reporting senior officers. The Council members did not receive any compensation during the year.

There were no transactions with a corporation in which the above key management personnel have an interest.

The annual remuneration (comprising basic salary, bonuses, allowances and employer's contributions to Central Provident Fund) of the three highest paid staff classified by remuneration bands are as follows:

	<u>2019</u>	<u>2018</u>
	Number of executives	Number of executives
<u>Remuneration bands</u>		
\$300,000 to \$399,999	1	–
\$200,000 to \$299,999	1	2
\$100,000 to \$199,999	<u>1</u>	<u>1</u>

4. Voluntary income

	<u>2019</u>	<u>2018</u>
	\$	\$
Outright donations	2,521,146	2,559,762
Direct debit donors programme	7,568,698	8,538,718
Subsidy	2,427,072	1,279,376
MOH Subvention	<u>827,004</u>	<u>950,188</u>
	<u>13,343,920</u>	<u>13,328,044</u>

A matching amount of donation of \$5,000,000 (2018: \$5,000,000) was set aside for the Community Silver Trust reflected in SCS-CST Matching Fund, mainly for MOH subvented programme – Cancer Rehabilitation Services.

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5. Fund generating activities

	<u>2019</u>	<u>2018</u>
	\$	\$
<u>Unrestricted fund</u>		
Race against Cancer ^(a)	1,170,748	1,268,883
Relay for Life ^(b)	1,619,002	1,538,628
Projects/events	996,095	1,435,814
Direct mail appeals	102,024	163,764
	<u>3,887,869</u>	<u>4,407,089</u>
<u>Restricted fund</u>		
Projects/events	684,413	523,941
	<u>4,572,282</u>	<u>4,931,030</u>

(a) Amount includes donation-in-kind of \$82,390 (2018: \$168,344) for Race against Cancer.

(b) Amount includes donation-in-kind of \$626,707 (2018: \$681,086) for Relay for Life.

In accordance with the Charities (Institutions of a Public Character) Regulations, the Society is required to disclose fund-raising appeals with gross receipts of more than \$1 million.

	<u>Income for</u>	<u>Fund generating</u>	<u>Net surplus for</u>
	<u>general fund</u>	<u>expenses for</u>	<u>general fund</u>
	\$	\$	\$
<u>2019</u>			
Race against Cancer	1,170,748	336,916	833,832
Relay for Life	<u>1,619,002</u>	<u>796,442</u>	<u>822,560</u>
<u>2018</u>			
Race against Cancer	1,268,883	425,763	843,120
Relay for Life	<u>1,538,628</u>	<u>889,555</u>	<u>649,073</u>

6. Interest and investment income

	<u>2019</u>	<u>2018</u>
	\$	\$
Interest income	1,793,645	1,407,474
Gain/(Loss) on sale of bonds	55,596	(120,028)
	<u>1,849,241</u>	<u>1,287,446</u>

7. Charitable income

	<u>2019</u>	<u>2018</u>
	\$	\$
Membership subscription	105	631
Registration fee	—	—
	<u>105</u>	<u>631</u>

SINGAPORE CANCER SOCIETY

8. Sundry income

	<u>2019</u>	<u>2018</u>
	\$	\$
<u>Unrestricted fund</u>		
Sales of merchandise	790	1,223
Grants	1,817,091	1,321,936
Other income	63,191	68,169
	<u>1,881,072</u>	<u>1,391,328</u>
<u>Restricted fund</u>		
Other income	—	12
	<u>1,881,072</u>	<u>1,391,340</u>

9. Cost of generating voluntary income - fundraising

	<u>2019</u>	<u>2018</u>
	\$	\$
Branding and publicity	21,128	8,042
Newsletter	31,451	19,388
Advertisements	23,147	3,832
Corporate premium	218	—
Third party fund raiser costs ^(#)	7,653	24,449
Support costs (note 13)	181,921	179,365
	<u>265,518</u>	<u>235,076</u>

(#) The engagement of a third party fund raiser for the period from May 2018 to November 2018 was discontinued. The amount of \$7,653 (2018: \$24,449) represents the commission fees payable up to a 12-months period after discontinuation of service.

10. Cost of charitable activities

10A. Cancer screening and public education

	<u>2019</u>	<u>2018</u>
	\$	\$
<u>Unrestricted fund</u>		
Cancer screening (Mammogram, Papsmear, FIT)	2,273,765	1,948,526
Public education	330,459	485,100
Administrative and general costs	393,442	414,478
Staff costs	1,211,114	1,197,004
Support costs (note 13)	800,451	789,207
	<u>5,009,231</u>	<u>4,834,315</u>

SINGAPORE CANCER SOCIETY
10. Cost of charitable activities (cont'd)
10B. Welfare services

	<u>2019</u>	<u>2018</u>
	\$	\$
<u>Unrestricted fund</u>		
Financial and medical aid ^(a)	3,256,035	2,776,913
Support group	21,622	19,330
Support group activities	58,871	53,067
Administrative and general costs	122,978	88,985
Staff costs	1,642,682	1,379,833
Support costs (note 13)	472,994	466,349
	<u>5,575,182</u>	<u>4,784,477</u>
<u>Restricted fund</u>		
Support group activities ^(b)	87,915	185,143
	<u>5,663,097</u>	<u>4,969,620</u>

^(a) Includes in the cost is utilisation of Cancer Treatment Fund of \$855,271 (2018: \$412,919).

^(b) Utilisation of Movember Funds of \$87,915 (2018 \$185,143).

Refer to note 26 to the financial statements.

10C. Hospice homecare services

	<u>2019</u>	<u>2018</u>
	\$	\$
Hospice homecare services	360,632	437,824
Administrative and general costs	95,883	124,988
Staff costs	1,151,303	1,112,952
Support costs (note 13)	400,226	394,603
	<u>2,008,044</u>	<u>2,070,367</u>

10D. Cancer rehabilitation services

	<u>2019</u>	<u>2018</u>
	\$	\$
Cancer rehabilitation services	193,647	99,379
Welfare assistance	13,870	—
Administrative and general costs	915,679	881,608
Staff costs	883,894	770,571
Support costs (note 13)	327,457	322,857
	<u>2,334,547</u>	<u>2,074,415</u>

10E. Research and data analytics

	<u>2019</u>	<u>2018</u>
	\$	\$
<u>Unrestricted fund</u>		
Cancer research	229,764	298,290
Support costs (note 13)	109,152	107,619
	<u>338,916</u>	<u>405,909</u>
<u>Restricted fund</u>		
Cancer research	175,906	—
	<u>514,822</u>	<u>405,909</u>

SINGAPORE CANCER SOCIETY
11. Cost of fund generating activities

	<u>2019</u>	<u>2018</u>
	\$	\$
<u>Unrestricted fund</u>		
Events ^(a)	1,129,347	1,483,300
Direct debit donors programme	99,609	92,635
Volunteers programme	45,161	34,082
Donation expense	60,485	48,324
Other expense	1,416	4,448
Administrative and general costs	17,070	19,846
Staff costs	632,761	476,903
Support costs (note 13)	764,067	753,334
	<u>2,749,916</u>	<u>2,912,872</u>
<u>Restricted fund</u>		
Events ^(b)	72,045	106,307
	<u>2,821,961</u>	<u>3,019,179</u>

^(a) Includes Race against Cancer of \$336,916 (2018: \$425,763) and Relay for Life of \$796,442 (2018: \$889,555).

^(b) Utilisation of Movember Funds of \$70,269 (2018: \$77,279). Refer to note 27 to the financial statements.

12. Administrative costs

	<u>2019</u>	<u>2018</u>
	\$	\$
Depreciation of property, plant and equipment	37,082	64,173
Upkeep and maintenance expenses	34,953	44,784
Other operating expenses	79,307	82,192
Staff costs	430,804	382,903
	<u>582,146</u>	<u>574,052</u>

13. Support costs

Support costs have been allocated as follows:

	Cost of generating voluntary income	Cost of charitable activities	Cost of funds generating activities	Administrative costs	Total
	\$	\$	\$	\$	\$
<u>2019</u>					
Corporate services ^(#)	168,377	1,953,172	707,183	538,806	3,367,538
Corporate affairs	13,544	157,108	56,884	43,340	270,876
	<u>181,921</u>	<u>2,110,280</u>	<u>764,067</u>	<u>582,146</u>	<u>3,638,414</u>
<u>2018</u>					
Corporate services ^(#)	167,381	1,941,618	703,000	535,702	3,347,701
Corporate affairs	11,984	139,017	50,334	38,350	239,685
	<u>179,365</u>	<u>2,080,635</u>	<u>753,334</u>	<u>574,052</u>	<u>3,587,386</u>

^(#) Corporate services consist of finance, human resource, information technology, administration, facilities and call management departments.

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13. Support costs (cont'd)

The basis of apportionment of support costs to respective costs of activities is based on the allocation per headcount.

14. Employee benefits expense

	<u>2019</u>	<u>2018</u>
	\$	\$
Short term employee benefits expense	7,077,668	6,366,891
Contributions to defined contribution plan	945,415	819,588
Total employee benefits expense	<u>8,023,083</u>	<u>7,186,479</u>

15. Tax-exempt receipts

The Society enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times (2018: 2.5 times) tax deduction for the donations made to the Society. The quantum of the tax deduction for each calendar year may vary as announced in the Singapore Budget. The Institutions of a Public Character status granted to the Society for donations is for the period from 31 March 2018 to 30 March 2020.

	<u>2019</u>	<u>2018</u>
	\$	\$
Tax-exempt receipts issued by the Society for donations collected	<u>10,958,526</u>	<u>11,363,478</u>

SINGAPORE CANCER SOCIETY

16. Property, plant and equipment

	Freehold office premises	Computers	Furniture and fittings	Motor vehicles	Total
	\$	\$	\$	\$	\$
<u>Cost</u>					
At 1 January 2018	2,973,988	1,078,310	2,357,425	191,020	6,600,743
Additions	–	35,735	17,743	–	53,478
Transfer to assets held for sale (note 19)	<u>(2,973,988)</u>	–	–	–	<u>(2,973,988)</u>
At 1 January 2019	–	1,114,045	2,375,168	191,020	3,680,233
Additions	–	177,094	19,326	–	196,420
Disposals	–	–	–	(100,000)	(100,000)
At 31 December 2019	–	1,291,139	2,394,494	91,020	3,776,653
<u>Accumulated depreciation</u>					
At 1 January 2018	1,512,813	666,164	1,247,003	104,898	3,530,878
Depreciation for the year	59,454	270,240	426,019	22,641	778,354
Transfer to assets held for sale (note 19)	<u>(1,572,267)</u>	–	–	–	<u>(1,572,267)</u>
At 1 January 2019	–	936,404	1,673,022	127,539	2,736,965
Depreciation for the year	–	186,915	376,466	20,385	583,766
Disposals	–	–	–	(66,566)	(66,566)
At 31 December 2019	–	1,123,319	2,049,488	81,358	3,254,165
<u>Carrying value</u>					
At 1 January 2018	<u>1,461,175</u>	<u>412,146</u>	<u>1,110,422</u>	<u>86,122</u>	<u>3,069,865</u>
At 1 January 2019	–	177,641	702,146	63,481	943,268
At 31 December 2019	–	167,820	345,006	9,662	522,488

Fully depreciated plant and equipment still in use had a cost of \$1,626,570 (2018: \$720,205).

The information about freehold office premises that were classified as assets held for sale with a carrying amount of \$1,401,721 at 31 December 2019 is disclosed in note 19 to the financial statements.

Depreciation expenses charged to the statement of financial activities are included in:

	<u>2019</u>	<u>2018</u>
	\$	\$
Cost of generating voluntary income	11,589	20,054
Cost of charitable activities – Cancer screening, public education and research	81,426	146,730
Cost of charitable activities – Welfare services	40,856	62,867
Cost of charitable activities – Hospice homecare services	52,857	71,635
Cost of charitable activities – Cancer rehabilitation services	302,492	314,796
Cost of charitable activities – Research and data analytics	6,953	12,032
Cost of fund generating activities	50,511	86,067
Administrative expenses	37,082	64,173
Total	<u>583,766</u>	<u>778,354</u>

SINGAPORE CANCER SOCIETY
17. Other financial assets

	<u>2019</u> \$	<u>2018</u> \$
<u>Current</u>		
Investments in debt assets instruments at FVTOCI (note 17A)	4,282,604	1,510,935
	<u>4,282,604</u>	<u>1,510,935</u>
<u>Non-current</u>		
Investments in debt assets instruments at FVTOCI (note 17A)	38,884,622	39,155,942
Investments in debt assets instruments at amortised cost (note 17B)	2,000,000	2,000,000
	<u>40,884,622</u>	<u>41,155,942</u>
	<u>45,167,226</u>	<u>42,666,877</u>

The management has appointed external fund managers since 1 November 2016 to invest and manage the moneys in accordance with the prudent guidelines set out by management. There is also an investment committee. The management and investment committee receive periodic reports on the state of the investments and the investment markets.

17A. Investments in debt assets instruments at FVTOCI
Movement in balances

A summary of movement in balances as at the end of reporting year is as follows:

	<u>2019</u> \$	<u>2018</u> \$
<u>Movements during the year</u>		
Fair value at beginning of the year	40,666,877	–
Additions	16,898,274	5,024,778
Disposals	(15,053,947)	(4,874,348)
(Gains)/losses on fair value changes on debt assets instruments at FVTOCI	711,618	(472,943)
Reclassification adjustments for (gains)/losses included in statement of financial activities – realised on disposal	(55,596)	97,337
Transfer from investments in debt assets instruments at amortised cost (note 17B)	–	40,892,053
	<u>43,167,226</u>	<u>40,666,877</u>

During the reporting year, certain investments in debt asset instrument at FVTOCI cost were derecognised to use the proceeds for other investments. The fair value of the investments at the date of derecognition was \$15,109,543 (2018: \$4,908,514). The cumulative gain on disposal of \$55,596 (2018: cumulative loss of \$113,315) is disclosed in note 6 to the financial statements.

The fair values of investments in debt assets instruments at FVTOCI are based on prices in an active market (Level 1) at the end of the reporting year. All investments in debt assets instruments at amortised cost are denominated in Singapore dollars.

The quoted bonds have fixed coupon rates ranging from 1.75% to 4.60% (2018: 1.91% to 4.60%) per annum. The maturity dates range from March 2020 to September 2034 (2018: January 2019 to May 2028).

SINGAPORE CANCER SOCIETY
17. Other financial assets (cont'd)
17A. Investments in debt assets instruments at FVTOCI (cont'd)
Disclosures relating to investments in debt assets instruments at FVTOCI

A summary of the maturity dates as at the end of reporting year is as follows:

	<u>2019</u> \$	<u>2018</u> \$
Within 1 year	4,282,604	1,510,935
Within 2 to 5 years	19,456,700	17,139,662
More than 5 years	19,427,922	22,016,280
	<u>43,167,226</u>	<u>40,666,877</u>

Credit rating of the debt instruments at FVTOCI

The debt investments carried at FVTOCI are subject to the expected credit loss model under the standard on financial instruments. The debt investments at FVTOCI are considered to have low credit risk, and the loss allowance recognised during the reporting year is limited to 12 months expected losses. Listed bonds are regarded as of low credit risk if they have an investment grade credit rating with one or more reputable rating agencies. Other bonds are regarded as of low credit risk if they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

A summary of credit ratings of investments in debt assets instruments at FVTOCI is as follows:

	<u>2019</u> \$	<u>2018</u> \$
Balances with investment grade credit rating with one or more reputable rating agencies	20,702,381	14,083,155
Balances not having an investment grade credit rating	22,464,845	26,583,722
Total	<u>43,167,226</u>	<u>40,666,877</u>

Sensitivity analysis for price risk of debt instruments at FVTOCI

There are investments in debt instruments or similar instruments. Such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities. Sensitivity analysis: The effect is as follows:

	<u>2019</u> \$	<u>2018</u> \$
A hypothetical 10% increase/(decrease) in the fair value of quoted debt assets instruments would increase/(decrease) other comprehensive income by the following amount	4,316,723	4,066,688

For similar price decreases in the fair value of the above financial assets, there would be comparable impacts in the opposite direction.

This figure does not reflect the currency risk, which has been considered in the foreign currency risks analysis section only. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

17. Other financial assets (cont'd)**17B. Investments in debt assets instruments at amortised cost**Movement in balances

A summary of movement in balances as at the end of reporting year is as follows:

	<u>2019</u> \$	<u>2018</u> \$
<u>Movements during the year</u>		
Amortised cost at beginning of the year	2,000,000	25,113,933
Additions	–	21,565,370
Disposals	–	(3,787,250)
Transfer to investments in debt assets instruments at FVTOCI (note 17A) ^(#)	–	(40,892,053)
Amortised cost at end of the year	<u>2,000,000</u>	<u>2,000,000</u>

^(#) In 31 December 2018, the management had made a decision that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model for the investments managed by the external fund managers. Therefore, these investments were reclassified from debts assets instruments measured at amortised cost to debt assets instruments measured at FVTOCI (see note 17A).

In previous reporting year, certain investments in debt asset instrument at amortised cost were derecognised to use the proceeds for other investments. The cumulative loss on disposal of \$6,713 was disclosed in note 6 to the financial statements.

The fair values of investments in debt assets instruments at amortised cost are based on prices in an active market (Level 1) at the end of the reporting year. All investments in debt assets instruments at FVTOCI are denominated in Singapore dollars.

All investments in debt assets instruments at amortised cost are denominated in Singapore dollars.

The quoted bond has fixed coupon rate of 1.95% (2018: 1.95%) per annum. The maturity date is on September 2021 (2018: September 2021).

The above investments in debt assets instruments at amortised cost represent investment in bonds issued by government statutory boards and corporations listed on the Singapore Stock Exchange and are held primarily to provide an investment return for the Society.

Disclosures relating to investments in debt assets instruments at amortised cost

A summary of the maturity dates as at the end of reporting year is as follows:

	<u>2019</u> \$	<u>2018</u> \$
Within 2 to 5 years	<u>2,000,000</u>	<u>2,000,000</u>
	<u>2,000,000</u>	<u>2,000,000</u>

17. Other financial assets (cont'd)**17B. Investments in debt assets instruments at amortised cost (cont'd)**Credit rating of the debt assets instruments at amortised cost

The debt investments carried at amortised cost are subject to the expected credit loss model under the standard on financial instruments. The debt investments carried at amortised cost are considered to have low credit risk, and the loss allowance recognised during the reporting year is limited to 12 months expected losses. Listed bonds are regarded as of low credit risk if they have an investment grade credit rating with one or more reputable rating agencies. Other bonds are regarded as of low credit risk if they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

A summary of credit ratings of investments in debt assets instruments at amortised cost:

	<u>2019</u> \$	<u>2018</u> \$
Balances with investment grade credit rating with one or more reputable rating agencies	–	–
Balances not having an investment grade credit rating	<u>2,000,000</u>	<u>2,000,000</u>
Total	<u>2,000,000</u>	<u>2,000,000</u>

18. Right-of-use assets

The right-of-use assets in the statement of financial position are as follows:

	<u>Lands and buildings</u> \$	<u>Machineries and equipment</u> \$	<u>Total</u> \$
<u>Cost</u>			
At 1 January 2019	947,323	13,561	960,884
Additions	–	15,113	15,113
At 31 December 2019	<u>947,323</u>	<u>28,674</u>	<u>975,997</u>
<u>Accumulated depreciation</u>			
At 1 January 2019	–	–	–
Depreciation for the year	<u>560,996</u>	<u>7,326</u>	<u>568,322</u>
At 31 December 2019	<u>560,996</u>	<u>7,326</u>	<u>568,322</u>
<u>Net book value</u>			
At 1 January 2019	<u>947,323</u>	<u>13,561</u>	<u>960,884</u>
At 31 December 2019	<u>386,327</u>	<u>21,348</u>	<u>407,675</u>

The right-of-use assets for operating leases in existence at 1 January 2019 include initial direct costs.

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18. Right-of-use assets (cont'd)

Depreciation expenses charged to the statement of financial activities are included in:

	<u>2019</u> \$
Cost of generating voluntary income	249
Cost of charitable activities – Cancer screening and public education	20,037
Cost of charitable activities – Welfare services	19,587
Cost of charitable activities – Hospice homecare services	549
Cost of charitable activities – Cancer rehabilitation services	525,902
Cost of charitable activities – Research and data analytics	150
Cost of fund generating activities	1,049
Administrative expenses	799
Total	<u>568,322</u>

Other information about the leasing activities relating to the right-of-use assets are summarised as follows:

	<u>Lands and buildings</u>	<u>Machineries and equipment</u>
Number of right-of-use assets	2	5
Remaining term - range	6 months to 9 months	10 months to 55 months
Remaining term - average	7.5 months	32.4 months
Number of leases with extension options	–	–
Number of leases with termination options	–	–

There are restrictions or covenants imposed by the leases to sublet the asset to another party. The right-of-use asset can only be used by the lessee. Unless permitted by the owner, the lease prohibits from selling or pledging the underlying leased assets as security. Typically the leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. For leases over properties the leases require those properties in a good state of repair and return the properties in their original condition at the end of the lease. Insurance, and maintenance fees on right-of-use assets are usually required under the lease contracts.

19. Assets held for sale

The freehold office premises are presented as held for sale following the decision of management on 16 November 2018 to sell the freehold properties due to enbloc sales arrangement carried out under the 2014's Master Plan of Urban Redevelopment Authority. The sale is expected to be completed within the next twelve months from the date of financial statements.

	<u>2019</u> \$	<u>2018</u> \$
<u>Assets held for sale</u>		
Freehold office premises at net book value (note 16)	<u>1,401,721</u>	<u>1,401,721</u>

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20. Other receivables

	<u>2019</u> \$	<u>2018</u> \$
Interest receivables	617,260	528,086
Ministry of Health	424,224	254,357
Singapore Telecommunications Limited	250,000	250,000
TOTE Board	–	100,000
Other receivables	406,343	477,959
	<u>1,697,827</u>	<u>1,610,402</u>

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. No loss allowance is necessary.

Other receivables are normally with no fixed terms and therefore there is no maturity.

21. Other assets

	<u>2019</u> \$	<u>2018</u> \$
Deposits to secure services	185,221	152,946
Prepayments (#)	737,529	321,276
	<u>895,750</u>	<u>474,222</u>

(#) Included in the prepayments are advances made to purchase Faecal Immunochemical Test ("FIT") kits amounting to \$388,670 (2018: \$Nil).

22. Cash and cash equivalents

	<u>2019</u> \$	<u>2018</u> \$
Not restricted in use	20,682,131	26,302,947
Cash restricted under Community Silver Trust Grant (note 24A)	2,236,540	1,121,189
Cash restricted under Endowment Fund (note 26)	1,000,000	1,000,000
Restricted in use	7,150,058	1,050,532
	<u>31,068,729</u>	<u>29,474,668</u>
Interest earning balances	<u>22,983,053</u>	<u>18,300,071</u>

The interest rates for the cash on interest earning accounts are 0.25% and 1.90% (2018: 1.00% and 1.88%).

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22. Cash and cash equivalents (cont'd)
22A. Cash and cash equivalents in the statement of cash flows

	<u>2019</u> \$	<u>2018</u> \$
Amount as shown above	31,068,729	29,474,668
Cash restricted under specific funds	(3,236,540)	(2,121,189)
Fixed deposits with maturities more than 3 months after year end	<u>(7,150,058)</u>	<u>(1,050,532)</u>
Cash and cash equivalents for statement of cash flows purposes at end of the year	<u>20,682,131</u>	<u>26,302,947</u>

22B. Reconciliation of liabilities arising from financing activities

	<u>2018</u> \$	<u>Cash flows</u> \$	<u>Non-cash changes</u> \$	<u>2019</u> \$
Lease liabilities	<u>960,884</u>	<u>(592,790)</u>	<u>50,085</u>	<u>418,179</u>

23. Trade payables

	<u>2019</u> \$	<u>2018</u> \$
Outside parties and accrued liabilities	<u>2,910,997</u>	<u>2,380,012</u>

24. Other liabilities

	<u>2019</u> \$	<u>2018</u> \$
Deferred grants:		
Community Silver Trust Grant (note 24A)	2,236,540	1,121,189
Care and Share Grant (note 24B)	628,903	730,757
Other grants (note 24C)	<u>38,820</u>	<u>64,499</u>
	<u>2,904,263</u>	<u>1,916,445</u>

24A. Community Silver Trust Grant

	<u>2019</u> \$	<u>2018</u> \$
Movements in above deferred grants:		
<u>Incoming resources</u>		
Balance at beginning of the year	1,121,189	1,300,566
Grant received during the year	3,500,000	1,100,000
Utilised during the year	<u>(2,384,649)</u>	<u>(1,279,377)</u>
Balance at end of year	<u>2,236,540</u>	<u>1,121,189</u>
<u>Expenditure</u>		
Hospice homecare and support group expenses	2,000,000	1,100,000
Cancer Rehabilitation Centre expenses	<u>384,649</u>	<u>179,377</u>
	<u>2,384,649</u>	<u>1,279,377</u>

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24. Other liabilities (cont'd)
24A. Community Silver Trust Grant (cont'd)

The SCS-CST Matching Fund ("CST") is a dollar-to-dollar donation matching grant provided by the government to enhance the services of voluntary welfare organisations in the intermediate and long-term care sector. One key objective of the CST is to encourage public donations from individuals, foundations and corporate establishments. With additional CST funds matched by the government, the societies will be able to enhance capabilities and expand their capacities to improve quality of care and provide affordable step down care.

24B. Care and Share Grant

	<u>2019</u> \$	<u>2018</u> \$
Movements in above deferred grants:		
<u>Incoming resources</u>		
Balance at beginning of the year	730,757	500,000
Grant received during the year	—	285,000
Utilised during the year	<u>(101,854)</u>	<u>(54,243)</u>
Balance at end of year	<u>628,903</u>	<u>730,757</u>
<u>Expenditure</u>		
Administrative and support group expenses	1,854	54,243
Purchase of property, plant and equipment	<u>100,000</u>	<u>—</u>
	<u>101,854</u>	<u>54,243</u>

The Care and Share Grant is a dollar-to-dollar donation matching grant provided by the government to show care and concern for the needy and recognise the contributions made by social service organisations. One key objective of the Care and Share Grant is to build capabilities and capacities of the social service sector and supporting social services to meet rising needs.

24C. Other grants

	<u>2019</u> \$	<u>2018</u> \$
Movements in above deferred grants:		
<u>Incoming resources</u>		
Balance at beginning of the year	64,499	—
Grant received during the year	26,000	77,339
Utilised during the year	<u>(51,679)</u>	<u>(12,840)</u>
Balance at end of year	<u>38,820</u>	<u>64,499</u>
<u>Expenditure</u>		
Cancer screening and welfare group expenses	2,000	—
Administrative and support group expenses	<u>49,679</u>	<u>12,840</u>
	<u>51,679</u>	<u>12,840</u>

Other grants consist of Silver Volunteer Funds ("SVF") and other deferred corporate sponsorship incomes. SVF is grant offered by the government to support Volunteer Host Organisations ("VHO") which offer programmes with volunteer opportunities to seniors, including the training, management and recognition of senior volunteers in the program. Other deferred corporate sponsorship incomes are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

25. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	<u>2019</u> \$
Lease liabilities, current	404,747
Lease liabilities, non-current	<u>13,432</u>
	<u>418,179</u>

Movements of lease liabilities for the reporting year are as follows:

	<u>2019</u> \$
At 1 January 2019	960,884
New leases during the year	15,113
Accretion of interest	34,972
Lease payments	<u>(592,790)</u>
At 31 December 2019	<u>418,179</u>

The new standard on leases has been applied using the modified retrospective transition approach. Therefore, no comparative amounts for the year ended 31 December 2018 are presented.

The lease liabilities above do not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets. The right-of-use assets are disclosed in note 18.

On transition to the new standard on leases the weighted average incremental borrowing rate applied to lease liabilities recognised was 5.25% per annum.

Reconciliation of lease commitments and lease liability at the date of initial application:

	<u>2019</u> \$
Operating lease commitments at 31 December 2018	987,789
Other minor adjustments	<u>14,403</u>
Operating lease liabilities before discounting	1,012,192
Discounted using incremental borrowing rate	<u>(41,308)</u>
Operating lease liabilities, net	960,884
Reasonably certain extension options	<u>—</u>
Total lease liabilities recognised at 1 January 2019	<u>960,884</u>

25. Lease liabilities (cont'd)

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

	<u>Minimum payments</u> \$	<u>Finance charges</u> \$	<u>Present value</u> \$
<u>2019</u>			
<u>Minimum lease payments payable</u>			
Not later than one year	412,061	(7,314)	404,747
Between 1 and 2 years	5,911	(529)	5,382
Between 2 and 3 years	3,428	(334)	3,094
Between 3 and 4 years	3,429	(168)	3,261
Between 4 and 5 years	1,714	(19)	1,695
Total	<u>426,543</u>	<u>(8,364)</u>	<u>418,179</u>

Total cash outflow for leases for the year ended 31 December 2019 are shown in the statement of cash flows.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

At reporting year date there were no commitments on leases which had not yet commenced.

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26. Fund account balances

	Unrestricted funds				Restricted Funds						
	General fund	Revaluation reserve (note 27)	Cancer Treatment fund (i)	SCS-CST Matching fund (ii)	Sub-total	Run For Hope fund (iii)	Movember fund (iv)	Terry Fox Run (v)	Endowment fund (vi)	Sub-total	Total funds
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 January 2019	47,650,492	(375,606)	6,816,601	14,453,862	68,545,349	113,226	1,690,198	475,928	1,000,000	3,279,352	71,824,701
Voluntary income	13,343,920	—	—	—	13,343,920	—	—	—	—	—	13,343,920
Fund generating activities	3,887,869	—	—	—	3,887,869	—	352,033	332,380	—	684,413	4,572,282
Investment income	1,849,241	—	—	—	1,849,241	—	—	—	—	—	1,849,241
Charitable income	105	—	—	—	105	—	—	—	—	—	105
Sundry income	1,881,072	—	—	—	1,881,072	—	—	—	—	—	1,881,072
Income generated	20,962,207	—	—	—	20,962,207	—	352,033	332,380	—	684,413	21,646,620
Cost of generating voluntary income – fundraising	(265,518)	—	—	—	(265,518)	—	—	—	—	—	(265,518)
Cost of charitable activities	(12,957,361)	—	(357,684)	(1,950,875)	(15,265,920)	—	(87,915)	(175,906)	—	(263,821)	(15,529,741)
Cost of fund generating activities	(2,749,916)	—	—	—	(2,749,916)	—	(70,269)	(1,776)	—	(72,045)	(2,821,961)
Administrative costs	(582,146)	—	—	—	(582,146)	—	—	—	—	—	(582,146)
Utilisation of funds	(16,554,941)	—	(357,684)	(1,950,875)	(18,863,500)	—	(158,184)	(177,682)	—	(335,866)	(19,199,366)
Transfer (from)/to funds	(5,000,000)	—	—	5,000,000	—	—	—	—	—	—	—
Fair value changes on debt instruments at FVTOCI	—	656,022	—	—	656,022	—	—	—	—	—	656,022
Balance as at 31 December 2019	47,057,758	280,416	6,458,917	17,502,987	71,300,078	113,226	1,884,047	630,626	1,000,000	3,627,899	74,927,977

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26. Fund account balances (cont'd)

	Unrestricted Funds					Restricted Funds					
	General fund	Revaluation Reserve (note 27)	Cancer Treatment fund (i)	SCS-CST Matching fund (ii)	Sub-total	Run For Hope fund (iii)	Movember fund (iv)	Terry Fox Run (v)	Endowment fund (vi)	Sub-total	Total funds
Balance as at 1 January 2018	\$ 50,180,186	\$ –	\$ 7,215,919	\$ 8,750,000	\$ 66,146,105	113,226	\$ 1,867,972	\$ 317,446	\$ 1,000,000	\$ 3,298,644	\$ 69,444,749
Voluntary income	13,328,044	–	–	–	13,328,044	–	–	–	–	–	13,328,044
Fund generating activities	4,407,089	–	–	–	4,407,089	–	336,446	187,495	–	523,941	4,931,030
Investment income	1,287,446	–	–	–	1,287,446	–	–	–	–	–	1,287,446
Charitable income	631	–	–	–	631	–	–	–	–	–	631
Sundry income	1,391,328	–	–	–	1,391,328	–	–	12	–	12	1,391,340
Income generated	20,414,538	–	–	–	20,414,538	–	336,446	187,507	–	523,953	20,938,491
Cost of generating voluntary income – fundraising	(235,076)	–	–	–	(235,076)	–	–	–	–	–	(235,076)
Cost of charitable activities	(11,724,027)	–	(399,318)	(2,046,138)	(14,169,483)	–	(185,143)	–	–	(185,143)	(14,354,626)
Cost of fund generating activities	(2,912,872)	–	–	–	(2,912,872)	–	(77,279)	(29,028)	–	(106,307)	(3,019,179)
Administrative costs	(574,052)	–	–	–	(574,052)	–	–	–	–	–	(574,052)
Utilisation of funds	(15,446,027)	–	(399,318)	(2,046,138)	(17,891,483)	–	(262,422)	(29,028)	–	(291,450)	(18,182,933)
Transfer (from)/to funds	(7,498,205)	–	–	7,750,000	251,795	–	(251,798)	3	–	(251,795)	–
Fair value changes on debt instruments at FVTOCI	–	(375,606)	–	–	(375,606)	–	–	–	–	–	(375,606)
Balance as at 31 December 2018	47,650,492	(375,606)	6,816,601	14,453,862	68,545,349	113,226	1,690,198	475,928	1,000,000	3,279,352	71,824,701

26. Fund account balances (cont'd)

- (i) The Cancer Treatment Fund was established in 2005, with the objective to assist cancer patients that have financial difficulties.
- (ii) The SCS-CST Matching Fund is for monies set aside by the Society for additional resources to enhance capabilities and provide value-added services to achieve affordable and higher quality care. These resources are further supplemented by the grant from the government (see note 25 to the financial statements).
- (iii) Run for Hope Fund was established in 2006 to fund institutions in cancer research. The fund is expected to be utilised in 2021 for research purposes.
- (iv) The Movember Fund consists of grants received from Movember Group Pty Ltd. These are granted to the Society for the purpose of raising awareness on male health issues. This fund will be utilised for project agreed upon with Movember Group Pty Ltd.
- (v) The Terry Fox Run Fund consists of donations received from the Canadian Association of Singapore. These are granted to the Society for cancer research projects. This fund will be utilised for project agreed upon with Canadian Association of Singapore.
- (vi) The Endowment Fund was established in 2017 and will be held for 10 years. These are granted to the Society for the purpose of assisting with the mission of the Society to minimise the impact of cancer through public education, screening, patient services, financial assistance, research and advocacy.

Interest income has not been allocated to the respective funds as it is impracticable to do so.

27. Revaluation reserve

	<u>2019</u> \$	<u>2018</u> \$
Investment in debt assets instruments at FVTOCI reserve	<u>(280,416)</u>	<u>375,606</u>
At beginning of the year	375,606	–
(Gains)/losses on fair value changes on debt assets instruments at FVTOCI	(711,618)	472,943
Reclassification adjustments for gains/(losses) included in statement of financial activities – realised on disposal	55,596	(97,337)
At end of the year	<u>(280,416)</u>	<u>375,606</u>

The debt asset instruments at FVTOCI reserve arises from the remeasurement of the debt asset instruments at FVTOCI.

28. Reserve policy

The primary objective of the Society's reserves management policy is to ensure that it maintains strong and healthy capital ratios in order to support its operations and potential initiatives.

The Society targets to maintain an optimum level of accumulated fund which is equivalent to 2 times of its budgeted operating expenditures. This excludes building or project funds, endowment funds and sinking funds. The Society regularly reviews and manages its reserves to ensure optimal capital structure, taking into consideration the future capital requirements of the Society and capital efficiency, projected income and operating cash flows.

28. Reserve policy (cont'd)

The Investment Committee closely monitors the investment of surplus funds and reserves of the Society. The Investment Committee provides strategic direction on the long term financial and assets development of the Society.

The Society is not subject to externally imposed capital requirements. There were no changes to the Society's approach to reserves management during the year.

29. Columnar presentation of statement of financial position

A large majority of the assets and liabilities are attributable to the General Fund. All the assets of the other funds are represented by cash balances. Accordingly, the Society did not adopt a columnar presentation of its assets, liabilities and funds in the Statement of Financial Position as it was not meaningful.

30. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	<u>2019</u> \$	<u>2018</u> \$
Commitments to purchase of property, plant and equipment	<u>–</u>	<u>43,529</u>

31. Financial instruments: information on financial risks**31A. Categories of financial assets and liabilities**

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>2019</u> \$	<u>2018</u> \$
Financial assets		
Financial assets at amortised cost	34,766,556	33,085,070
Financial assets that is a debt asset instrument at FVTOCI	<u>43,167,226</u>	<u>40,666,877</u>
	<u>77,933,782</u>	<u>73,751,947</u>
Financial liabilities		
Financial liabilities at amortised cost	<u>2,910,997</u>	<u>2,830,012</u>
	<u>2,910,997</u>	<u>2,830,012</u>

Further quantitative disclosures are included throughout these financial statements.

31. Financial instruments: information on financial risks (cont'd)

31B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. All financial risk management activities are carried out and monitored by senior management staff.
2. All financial risk management activities are carried out following good market practices.
3. When appropriate may consider investing in shares or similar instruments.
4. When appropriate enter into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

31C. Fair value of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

31D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 22 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

31. Financial instruments: information on financial risks (cont'd)

31E. Liquidity risk

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The average credit period taken to settle trade payables is about 30 days (2018: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activities are expected to generate sufficient cash inflows.

The following table analyses non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year \$	2 – 5 years \$	Over 5 years \$	Total \$
<u>2019</u>				
Gross lease liabilities	412,061	14,482	–	426,543
Trade and other payables	2,910,997	–	–	2,910,997
	<u>3,323,058</u>	<u>14,482</u>	<u>–</u>	<u>3,337,540</u>
<u>2018</u>				
Trade and other payables	2,830,012	–	–	2,830,012
	<u>2,830,012</u>	<u>–</u>	<u>–</u>	<u>2,830,012</u>

31F. Interest rate risk

The interest rate risk exposure is mainly on financial assets. These financial instruments are at fixed rates. The following table analyses the breakdown by type of interest rate:

	<u>2019</u> \$	<u>2018</u> \$
<u>Financial assets with interest</u>		
Fixed rate	68,150,279	60,966,948
Non-interest bearing	9,783,502	12,784,999
	<u>77,933,781</u>	<u>73,751,947</u>
<u>Financial liabilities with interest</u>		
Fixed rate	418,179	–
	<u>418,179</u>	<u>–</u>

The above mainly consists of cash balances in interest bearing fixed deposits (note 22), quoted debt securities (note 17) and lease liabilities (note 24).

Sensitivity analysis: The effect on statement of financial activities is not significant.

32. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below.

<u>SFRS No.</u>	<u>Title</u>
SFRS 116	Leases (and Leases – Illustrative Examples & Amendments to Guidance on Other Standards)

Leases

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessee almost all leases are brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Thus, the Society has recognised a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements.

The amount by which each financial statement line item is impacted (debits / (credits)) in the current reporting year 2019 by the application of the new standard on leases are disclosed in the relevant notes to the financial statements. The Society elected to apply the modified retrospective approach for this standard new standard on leases. Under the modified retrospective approach the comparative Information is not restated and therefore there is no presentation of a third column for the statement of financial position. Any cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings at the date of initial application

33. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the Society's financial statements in the period of initial application.

<u>SFRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
SFRS 1 and 8	Definition of Material – Amendments	1 January 2020
	The Conceptual Framework for Financial Reporting	1 January 2020

34. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's presentation. The reclassifications include the following:

<u>Statement of financial position as at 31 December 2018</u>	<u>After reclassification</u> \$	<u>Before reclassification</u> \$	<u>Difference</u> \$
Trade payables	2,830,012	3,625,268	(795,256)
Other liabilities	<u>1,916,445</u>	<u>1,121,189</u>	<u>795,256</u>

In view of the above changes, consequential reclassifications were made to the statement of cash flows. The reclassifications include the following:

<u>Statement of cash flows for the year ended 31 December 2018</u>	<u>After reclassification</u> \$	<u>Before reclassification</u> \$	<u>Difference</u> \$
Trade payables	(951,667)	(156,411)	(795,256)
Other liabilities	<u>615,879</u>	<u>(179,377)</u>	<u>795,256</u>

The reclassifications set out above do not have an effect on the financial position and cash flows of the Society as at 1 January 2018.