

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

**MUHAMMADIYAH HEALTH
& DAY CARE CENTER
(Incorporated in Singapore)**

(Unique Entity Number: T13CC0002A)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

MUHAMMADIYAH HEALTH & DAY CARE CENTER

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

MANAGEMENT COMMITTEE

MUHAMMAD AZRI BIN AZMAN (CHAIRMAN)
NURJANNAH BINTE JUMAHAT (HONORARY TREASURER)
ROSZANAH BINTE ABDUL SALIM (HONORARY SECRETARY)
HASSANUDDIN BIN MOHAMED (MEMBER)
HAMZAH BIN ABBAS (MEMBER)
MUHAMMAD IQBAL BIN ABDULLAH (MEMBER)
MUHAMMAD RAHIZAN BIN ZAINULDIN (MEMBER)

REGISTERED OFFICE

Housing Estate, 10 Eunos Crescent
#01-2711
Singapore 400010

AUDITOR

Reanda Adept PAC
138 Cecil Street
#06-01 Cecil Court
Singapore 069538

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MUHAMMADIYAH HEALTH & DAY CARE CENTER

STATEMENT BY THE MANAGEMENT COMMITTEE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

In our opinion, the accompanying balance sheet, statement of financial activities and statement of cash flows together with the notes thereon are drawn up so as to exhibit a true and fair view of the financial position of Muhammadiyah Health & Day Care Center (the "Center") as at 31 March 2021, and of the financial performance and cash flows of the Center for the financial year ended on that date.

On behalf of the Management Committee,



MUHAMMAD AZRI BIN AZMAN
Chairman



ROSZANAH BINTE ABDUL SALIM
Honorary Secretary



NURJANNAH BINTE JUMAHAT
Honorary Treasurer

Singapore,
28 September 2021

MUHAMMADIYAH HEALTH & DAY CARE CENTER

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MUHAMMADIYAH HEALTH & DAY CARE CENTER

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Muhammadiyah Health & Day Care Center (the "Center"), an activity center of the Muhammadiyah Association (UEN No: S58SS0020C), which comprise the balance sheet of the Center as at 31 March 2021, the statement of financial activities and statement of cash flows of the Center for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements of the Center are properly drawn up in accordance with the provisions of the Society Act, Cap. 311, the Charities Act, Cap. 37 and other relevant regulations (collectively herein known as the "Acts") and Charities Accounting Standard ("CAS") so as to present fairly, in all material respects, the state of affairs of the Center as at 31 March 2021 and the results, changes in funds and cash flows of the Center 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 Center in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Management Committee is responsible for other information. The other information comprises the Statement by the Management Committee set out on page 1 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 report.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF MUHAMMADIYAH HEALTH & DAY CARE CENTER (CONT'D)

Management Committee's Responsibility for the Financial Statements

The Management Committee is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Acts and CAS, and for such internal control as the management committee determining is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Center'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 the Central Committee either intends to liquidate the Center or to cease operations, or has no realistic alternative but to do so.

The Management Committee is responsible for overseeing the Center's financial reporting process.

Auditors' responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF MUHAMMADIYAH HEALTH AND DAY CARE CENTER (CONT'D)

Auditors' responsibilities for the Audit of the Financial Statements (Cont'd)

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, further events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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

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

Reanda Adept PAC

REANDA ADEPT PAC

Public Accountants and
Chartered Accountants

Singapore
28 September 2021

MUHAMMADIYAH HEALTH & DAY CARE CENTER

BALANCE SHEET

AS AT 31 MARCH 2021

	Note	2021 \$	2020 \$
ASSETS			
Non-current assets			
Plant and equipment	4	151,081	78,715
Total non-current assets		<u>151,081</u>	<u>78,715</u>
Current assets			
Other receivables	5	306,302	548,066
Amount due from parent body	8	-	1,007
Cash and cash equivalents	6	963,562	891,518
Total current assets		<u>1,269,864</u>	<u>1,440,591</u>
LIABILITIES			
Current liabilities			
Other payables	7	62,870	64,904
Amount due to parent body	8	8,364	-
		<u>71,234</u>	<u>64,904</u>
Net current assets		<u>1,198,630</u>	<u>1,375,687</u>
Net assets		<u>1,349,711</u>	<u>1,454,402</u>
FUNDS AND RESERVES			
Unrestricted funds			
General fund		834,048	620,738
Restricted funds			
Capital grant fund		90,787	50,875
CST matching grant fund		424,876	782,789
		<u>515,663</u>	<u>833,664</u>
Total funds and reserves		<u>1,349,711</u>	<u>1,454,402</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

Note	2021				2020			
	Unrestricted	Restricted			Unrestricted	Restricted		
	General fund S\$	Capital grant fund S\$	CST matching grant fund S\$	Total S\$	General fund S\$	Capital grant fund S\$	CST matching grant fund S\$	Total S\$
INCOME								
Income from generated funds								
Voluntary income	254,592	96,448	-	351,040	227,852	-	256,901	484,753
Activities for generating funds	74,261	-	-	74,261	125,959	-	-	125,959
Income from charitable activities	1,096,422	-	-	1,096,422	1,210,162	-	-	1,210,162
Other income	1,878	-	-	1,878	349	-	-	349
TOTAL INCOME	1,427,153	96,448	-	1,523,601	1,564,322	-	256,901	1,821,223
EXPENDITURE								
Cost of generating funds	(19,214)	-	-	(19,214)	(50,030)	-	-	(50,030)
Cost of charitable activities	(122,899)	-	-	(122,899)	(315,139)	-	-	(315,139)
Governance costs	9 (1,071,730)	(56,537)	(357,913)	(1,486,180)	(1,033,336)	(40,223)	(149,161)	(1,222,720)
TOTAL EXPENDITURE	(1,213,843)	(56,537)	(357,913)	(1,628,293)	(1,398,505)	(40,223)	(149,161)	(1,587,889)
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR	213,310	39,912	(357,913)	(104,691)	165,817	(40,223)	107,740	233,334
RECONCILIATION OF FUNDS								
At beginning of the financial year	620,738	50,875	782,789	1,454,402	454,921	91,098	675,049	1,221,068
Surplus/(Deficit) for the financial year	213,310	39,912	(357,913)	(104,691)	165,817	(40,223)	107,740	233,334
At end of the financial year	834,048	90,787	424,876	1,349,711	620,738	50,875	782,789	1,454,402

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	2021 \$	2020 \$
Operating activities			
Surplus for the financial year			
- Unrestricted Funds		213,310	165,817
- Restricted Funds		(318,001)	67,517
<u>Adjustments for:</u>			
Depreciation of plant and equipment		67,467	47,615
Interest income		(124)	(249)
Operating (deficit)/surplus before working capital changes		<u>(37,348)</u>	<u>280,700</u>
Changes in working capital:			
Other receivables		241,764	363,627
Other payables		(2,034)	15,714
Net changes in working capital		<u>239,730</u>	<u>379,341</u>
Cash flows generated from operating activities		<u>202,382</u>	<u>660,041</u>
Investing activities			
Purchase of plant and equipment		(139,833)	(20,795)
Interest received		124	249
Cash flows used in investing activities		<u>(139,709)</u>	<u>(20,546)</u>
Financing activities			
Amount owing to parent body		9,371	(6,557)
Cash flows generated/(used in) financing activities		<u>9,371</u>	<u>(6,557)</u>
Net increase in cash and cash equivalents		72,044	632,938
Cash and cash equivalents at the beginning of financial year		885,113	252,175
Cash and cash equivalents at the end of financial year	6	<u>957,157</u>	<u>885,113</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

1. CORPORATE INFORMATION

The financial statements of Muhammadiyah Health and Day Care Center (the "Center") (UEN No: T13CC0002A) for the financial year ended 31 March 2021 were authorised for issue by the Management Committee on the date of the Statement by Management Committee.

The Center is registered in the Republic of Singapore as a charity under the Charities Act, (Cap.37).

The Center is an activity center of the Muhammadiyah Association (UEN No: S58SS0020C) the parent body, a charity registered in Singapore. The Center has been accorded the status of an Institution of a Public Character (IPC) from 1 May 2021 to 30 April 2022.

The Center's registered office and principal place of business is located at Housing Estate, 10 Eunos Crescent, #01-2711, Singapore 400010.

The principal activities of the Center are to provide community-based healthcare services and day care and rehabilitation programmes for the elderly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Center have been prepared in accordance with the provisions of the Societies Act, Cap. 311 and the Charities Act, Cap. 37 and the Regulations enacted thereunder (collectively herein known as the "Acts") and Charities Accounting Standards (CAS). The accounting policies of the Center are consistent with the requirements of the CAS and are applied consistently to similar transactions, other events and conditions. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with CAS requires management to exercise its judgment in the process of applying the Center's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity are disclosed in Note 3 to the financial statements.

The financial statements are presented in Singapore Dollar (\$), which is also the functional currency of the Center. Functional currency is the currency of the primary economic environment in which the Center operates.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Plant and equipment

Recognition of measurement

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment and borrowing costs that are directly attributable to the acquisition or production of a qualifying plant and equipment. The accounting policy for borrowing costs is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Center and the cost of the item can be measured reliably.

Subsequent costs

When significant parts of plant and equipment are required to be replaced in intervals, the Center recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of financial activities as incurred.

Depreciation

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Furniture and renovations	5 years
Office equipment	5 years
Rehabilitation equipment	5 years
Motor vehicles	5 years

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

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

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

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial assets

The Center has its financial assets in the following categories: cash and cash equivalents and other receivables in financial assets. The classification depends on the purpose for which the assets were acquired.

Other receivables (excluding prepayments) are recognised at their transaction price excluding transaction costs, if any. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Prepayments are initially recognised at the amount paid in advance for the economic resources expected to be received in the future.

After initial recognition, other receivables are subsequently measured at cost less any accumulated impairment losses. Prepayments are subsequently measured at the amount paid less the economic resources received or consumed during the financial year.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Center has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in statement of financial activities.

The amount of the allowance is the difference between the asset's carrying amount and the undiscounted future cash flows, excluding unearned interest of interest-bearing assets that the Center expects to receive from the assets. The amount of the allowance for impairment is recognised in the statement of financial activities.

(d) Impairment of financial assets

The Center assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

An allowance for impairment is established when there is objective evidence that the Center will not be able to collect all amounts due according to the original terms of the receivables.

To determine whether there is objective evidence that an impairment loss has been incurred, the Center considers assessable data that come to the attention of the Center.

In the case of other receivables, the amount of impairment loss is the difference between the financial asset's carrying amount and the undiscounted future cash flows, excluding unearned interest of interest-bearing assets that the Center expects to receive from the assets.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Impairment of financial assets (Cont'd)

The recognised impairment loss is subsequently reversed if the amount of the impairment loss decreases and the decrease is related objectively to an event occurring after the impairment is recognised. The reversal shall not result in a carrying amount of the financial assets, net of any allowance account that exceeds what the carrying amount would have been had the impairment not previously been recognised. The reversal of impairment loss is recognised in the statement of financial activities.

(e) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Center becomes a party to the contractual provisions of the financial instrument. The Center derecognises financial liabilities when, and only when, the Center's obligations are discharged, cancelled or they expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial positions when, and only when, the Center has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Other payables

Other payables are recognised on the statement of financial position when, and only when the Center becomes a party to the contractual provisions of the financial instrument. The Center derecognises financial liabilities when, and only when, the Center's obligations are discharged, cancelled or they expired.

(g) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan (CPF) under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, fixed deposits and cash on hand.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Fund accounting

Monies received for specific purposes, including transfers from the general fund, are credited directly to the respective fund in the financial statements. These include restricted funds and unrestricted funds. Restricted funds are funds held by the Center that can only be applied for specific purposes. These funds are subject to specific trusts which may be declared by the donors or with their authority or created through legal process but are still within the wider objects of the Center. Unrestricted funds are expendable at the discretion of the Management Committee in furtherance of the Center's objects. Designated fund is part of the unrestricted funds earmarked for a particular project. The designation is for administrative purpose only and does not restrict the Management Committee's discretion to apply the fund.

Income and expenditure relating to specific funds are accounted for directly in the funds to which they relate. Common expenses, if any, are allocated on a reasonable basis to the funds based on a method suitable to this common expense. Assets and liabilities of the specific funds are pooled in the statement of financial position.

Funds received for specific purposes such as purchase of depreciable assets are taken to relevant restricted fund account. This relevant fund will be reduced over the useful life of the asset in line with its depreciation. Depreciation is charged to the relevant designated funds where the asset is held.

Unrestricted funds

General fund

This fund is to be used for non-specific purposes at the discretion of the Management Committee in furtherance of the Center's objectives.

Restricted funds

Capital grant fund

The Capital grant fund is set up to account for funds received for the purchase of plant and equipment. Depreciation of the corresponding plant and equipment will be subsequently charged to the fund over their estimated useful lives.

Community Silver Trust (CST) matching grant fund

The Community Silver Trust (CST) is a dollar-for-dollar donation matching grant provided by the Government. A certain portion of the grant is available to be used for recurrent operating uses whilst the remainder is restricted for enhancement and expansion of the immediate and long-term care ("ILTC") services of the Center.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Recognition of income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Center and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment.

The Center derives a substantial proportion of its income from voluntary income. Because of the nature of these income, the Center cannot provide accounting controls over contributions prior to the initial entry in the accounting records.

Donations

Donations are recognised in the statement of financial activities on a receipt basis.

Government grants

Grants from the government to meet the Center's operating expenses are recognised as income to match the related operating expenditure. Government grants received for the acquisition of depreciable assets are taken to the Capital Grant Account in the statement of financial position and recognised as income by way of amortisation of the Capital Grant over the useful lives of the related assets to match the depreciation charged of those acquired assets.

Fee income from day care services

Fee income recognised within income from charitable activities is recognised as income when services are rendered.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Income from approved fund-raising events and projects

Income from fund-raising events and projects is recognised when the events take place.

(k) Expenditure

All expenditure is accounted for on an accrual basis and has been classified under headings that aggregate all costs related to that activity. Where costs cannot be wholly attributable to an activity, they have been apportioned on a basis consistent with the use of resources.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Expenditure (Cont'd)

Costs of generating funds

The cost of generating funds are those costs attributable to generating income for the Center, other than those costs incurred in undertaking charitable activities in furtherance of the Center's objects.

Costs of charitable activities

Expenditure on charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Center. Those costs, where not wholly attributable, are apportioned between the categories of charitable expenditure. The total costs of each category of charitable expenditure therefore include an apportionment of support cost, where possible.

Governance costs

Governance costs include the costs of governance arrangements, which relate to the general running of the Center as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work. Expenditure on the governance of the charity will normally include both direct and related support costs which include internal and external audit, apportioned manpower costs and general costs in supporting the governance activities, legal advice for governing board members, and costs associated with constitutional and statutory requirements.

(l) Provision

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

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

(m) Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Center if that person:
 - (i) Has control or joint control over the Center;
 - (ii) Has significant influence over the Center; or
 - (iii) Is a member of the key management personnel of the Center or of a parent of the Center.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Related parties (Cont'd)

- (b) An entity is related to the Center if any of the following conditions applies:
- (i) The entity and the Center are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is controlled or jointly controlled by a person identified in (a); or
 - (vi) The person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

(n) Operating lease – as lessee

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly in an arrangement.

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

(o) Goods and Services Tax (GST)

GST incurred on purchase of assets or expenses are recognised as part of the cost of acquisition of the asset or as part of the expense item where applicable. Payables are stated with the amount of GST included.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGEMENT

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Center makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no critical accounting estimates and assumptions that would affect the application of accounting policies and amounts of assets, liabilities, revenue and expenses and disclosures made.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGEMENT (CONT'D)

Critical judgements in applying the entity's accounting policies

In the process of applying the Center's accounting policies, management has made the following judgements, apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements:

Impairment of receivables

Management reviews its receivables for objective evidence of impairment at least on a yearly basis. Significant financial difficulties of the receivable, the probability that the receivable will enter into bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the receivable, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the receivable operates in.

Management is of the opinion that there is no impairment (2020: nil) of receivables as at the end of the reporting period.

The carrying amount of other receivables at the end of the reporting period is disclosed in Note 5.

4. PLANT AND EQUIPMENT

	Furniture and renovation \$	Office equipment \$	Rehabilitation equipment \$	Motor vehicles \$	Work-in- progress \$	Total \$
Cost						
As at 1 April 2020	138,578	45,863	62,383	134,843	-	381,667
Additions	2,002	10,794	1,699	-	6,300	20,795
As at 31 March 2020	140,580	56,657	64,082	134,843	6,300	402,462
Additions	-	44,046	63,391	-	32,396	139,833
As at 31 March 2021	140,580	100,703	127,473	134,843	38,696	542,295
Accumulated depreciation						
As at 1 April 2020	85,151	26,765	29,373	134,843	-	276,132
Depreciation charges	27,773	8,966	10,876	-	-	47,615
As at 31 March 2020	112,924	35,731	40,249	134,843	-	323,747
Depreciation charges	23,122	21,261	23,084	-	-	67,467
As at 31 March 2021	136,046	56,992	63,333	134,843	-	391,214
Carrying amount						
As at 31 March 2020	27,656	20,926	23,833	-	6,300	78,715
As at 31 March 2021	4,534	43,711	64,140	-	38,696	151,081

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. OTHER RECEIVABLES

	2021	2020
	\$	\$
Grants receivables	295,000	530,868
Deposits	6,424	6,424
Prepayments	5,072	4,461
Other receivables	(194)	6,313
	<u>306,302</u>	<u>548,066</u>

6. CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Petty cash	2,000	2,000
Cash at banks	954,957	882,913
Fixed deposits	6,605	6,605
As per statement of financial position	<u>963,562</u>	<u>891,518</u>
Less: Fixed deposits - pledged	(6,405)	(6,405)
As per statement of cash flows	<u>957,157</u>	<u>885,113</u>

The fixed deposit is pledged to the bank as security for the employment of a foreign worker of Muhammadiyah Health and Day Care Center.

The interest rate per annum relating to fixed deposits at the statement of financial position date is at 1.40%. (2020: 1.40%).

7. OTHER PAYABLES

	2021	2020
	\$	\$
Accrued expenses	62,870	40,605
Other creditors	-	24,299
	<u>62,870</u>	<u>64,904</u>

8. AMOUNT DUE FROM / TO PARENT BODY

The amount due to parent body is unsecured, interest-free and repayable on demand.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

9. GOVERNANCE COSTS

Governance costs include the following significant items: -

	2021	2020
	\$	\$
Management fees	120,000	115,000
Premise repair and maintenance	25,822	32,009
Salaries and bonuses	545,130	547,718

10. SURPLUS/(DEFICIT) FOR THE YEAR

Surplus/(Deficit) for the year has been arrived after charging (crediting):

	2021	2020
	\$	\$
Depreciation of plant and equipment (Note 4)	67,467	47,615
Interest income	124	249
Employee benefits costs (Note 9)	545,130	547,718
Rental expenses (Note 14)	50,032	41,265

11. INCOME TAX

The Center is an approved charitable organisation under the Charities Act, Cap. 37 and an Institution of a Public Character (IPC) under the Income Tax Act, Cap. 134.

No provision for income tax is made in the financial statements as the Center, being a charity, is exempted from income tax.

12. TAX-EXEMPT DONATIONS

During the financial year, the Center received tax-exempt donations amounting to S\$107,233 (2020: S\$78,478).

13. RELATED PARTY TRANSACTIONS

For the purpose of financial statements, parties are considered to be related to the Center if the Center has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Center and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Except, for the related parties' transactions on terms agreed between the Center and its related parties as disclosed below, there are no other transactions and arrangements between the Center and related parties.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

13. RELATED PARTY TRANSACTIONS (CONT'D)

	2021	2020
	\$	\$
<u>With parent body</u>		
Management fees incurred	120,000	115,000
IT fees incurred	6,600	6,600
WGS usage	12,000	16,000
Settlement of liabilities on the Center's behalf by the parent body	-	3,481
Fund-raising expenses paid to parent body	-	25,191

Key management's remuneration

A related party includes the management committee members and key management personnel of the Center. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons. It also includes close members of the family or any individuals referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with directly or indirectly, any such individual. The Center has no key management personal other than management committee members.

It is not the normal practice for either management committee members, or people connected with them, to receive remuneration, or other benefits, from the Center.

No management committee members have received remuneration during the current year or the previous year.

Number of key management committee whose remuneration was in the \$100,000 band and above is Nil (2020: S\$ Nil).

All management committee members and staff of the Center are required to read and understand the conflict of interest policy in place and make full disclosure of interests, relationships and holdings that could potentially result in conflict of interests. When conflict of interest situation arises, the members of staff shall abstain from participating in the discussion, decision making and voting on the matters.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

14. OPERATING LEASE COMMITMENTS

	2021	2020
	\$	\$
<u>As Lessee</u>		
Future minimum rental payable under operating leases at the statement of financial position date are as follows:		
Payable within one year	52,965	17,818
Payable after one year but not more than five years	99,506	26,335
	<u>152,471</u>	<u>44,153</u>

Lease payments recognised as an expense in the statement of financial activities for the financial year ended 31 March 2021 amounted to S\$50,032 (2020: S\$41,265).

15. DISSOLUTION

In the event that the Center is dissolved or ceases to be a registered charity under the Charities Act, the Management Committee shall use the Center's funds to fully discharge all debts and liabilities legally incurred by the Center and distribute the remaining assets and funds to one or more Institutions of Public Character registered under the Charities Act and with similar objectives, with approval from the parent body and the Commissioner of Charities.

16. RESERVE POLICY

The Management Committee has established a reserve policy for the Center, pursuant to the Code of Governance for Charities and IPCs Guidelines 6.4.1. These reserve measurements are calculated as follows:

	2021	2020
	\$	\$
Unrestricted general fund	834,048	620,738
Net liquid assets available to meet expenditure obligation	963,562	891,518
Total operating expenditure	<u>1,213,843</u>	<u>1,398,505</u>
Ratio of net liquid assets to total operating expenses	<u>0.79</u>	<u>0.64</u>

The Center does not have any externally imposed capital requirements for the financial years ended 31 March 2021 and 31 March 2020.

MUHAMMADIYAH HEALTH & DAY CARE CENTER

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

17. CAPITAL COMMITMENT

Capital expenditure contracted for as the end of the reporting period but not recognised in the financial statements are as follows:

	2021	2020
	\$	\$
Renovation and electrical works	136,599	-