

Company Registration No. T02CC1574K

SNEC Health Research Endowment Fund
(Registered under the Charities Act 1994)

Annual Financial Statements
31 March 2024



SNEC Health Research Endowment Fund

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SNEC Health Research Endowment Fund

Independent auditor's report For the financial year ended 31 March 2024

Independent auditor's report to the trustees of SNEC Health Research Endowment Fund

Report on the financial statements

Opinion

We have audited the accompanying financial statements of the SNEC Health Research Endowment Fund (the "Fund"), which comprise the balance sheet as at 31 March 2024, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Fund as at 31 March 2024 and of the financial performance, changes in funds and cash flows of the Fund for the financial 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 Fund 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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

SNEC Health Research Endowment Fund

Independent auditor's report For the financial year ended 31 March 2024

Independent auditor's report to the trustees of SNEC Health Research Endowment Fund

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Charities Act and Regulations and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

The board of trustees' responsibilities include overseeing the Fund'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 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

SNEC Health Research Endowment Fund

**Independent auditor's report
For the financial year ended 31 March 2024**

Independent auditor's report to the trustees of SNEC Health Research Endowment Fund

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

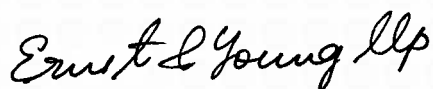
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude 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 Fund 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 board of trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

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

- (a) the Fund 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 Fund has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore


28 August 2024

SNEC Health Research Endowment Fund


Balance Sheet As at 31 March 2024

	Note	2024 \$	2023 \$
Current assets			
Other receivables	4	35,046	35,064
Cash and fixed deposits	5	3,233,879	3,344,043
Current assets		<u>3,268,925</u>	<u>3,379,107</u>
Total assets		<u>3,268,925</u>	<u>3,379,107</u>
Funds			
Unrestricted fund		611,734	724,717
Restricted fund		1,688,975	1,596,545
Endowment fund		831,208	831,208
Accumulated funds	6	<u>3,131,917</u>	<u>3,152,470</u>
Current liability			
Other payables	7	137,008	226,637
Total liability		<u>137,008</u>	<u>226,637</u>
Total funds and liability		<u>3,268,925</u>	<u>3,379,107</u>

The financial statements were approved on behalf of the Board of Trustees by:



Professor Fong Kok Yong
Chairperson, SNEC HREF



Professor Aung Tin
Chief Executive Officer, SNEC
Board of Trustee, SNEC HREF

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

SNEC Health Research Endowment Fund

**Statement of comprehensive income
For the financial year ended 31 March 2024**

	Unrestricted funds	Restricted funds	Total funds
Note	\$	\$	\$
2024			
Incoming resources			
Incoming resources:			
Voluntary income	8	2,283,335	2,283,335
Tote Board & Government matching grant	–	250,000	250,000
Sponsorship	–	10,000	10,000
Interest income	99,168	–	99,168
Total incoming resources	99,168	2,543,335	2,642,503
Resources expended			
Charitable activities comprise expenses to support the following:			
Eye ACP Ophthalmology Fund	–	1,900,000	1,900,000
Clinical Academic Fellowship Programme	147,000	–	147,000
Education and training projects	44,000	85,540	129,540
Fundraising expenses	–	215,365	215,365
Total charitable expenses	191,000	2,200,905	2,391,905
Other resources expended	21,151	250,000	271,151
Total resources expended	212,151	2,450,905	2,663,056
Total net (outgoing)/incoming resources, representing total comprehensive income for the year	(112,983)	92,430	(20,553)

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

SNEC Health Research Endowment Fund

**Statement of comprehensive income
For the financial year ended 31 March 2024**

	Unrestricted funds	Restricted funds	Total funds
Note	\$	\$	\$
2023			
Incoming resources			
Incoming resources:			
Voluntary income	8	32,434	1,728,270
Tote Board & Government matching grant		–	350,000
Sponsorship		–	18,000
Interest income		52,081	–
Total incoming resources		84,515	2,096,270
Resources expended			
Charitable activities comprise expenses to support the following:			
Eye ACP Ophthalmology Fund		–	1,720,000
Barry Cullen International Fellowship		–	686,000
Robert Loh Faculty Professorship		–	20,000
Clinical Academic Fellowship programme	122,715	22,907	145,622
Education and training projects		–	23,562
Fundraising expenses		–	203,948
Return of unutilised grant		(62,224)	(6,000)
Total charitable expenses		60,491	2,670,417
Other resources expended		4,879	–
Total resources expended		65,370	2,670,417
Total net incoming/(outgoing) resources, representing total comprehensive income for the year		19,145	(574,147)
		(555,002)	

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

SNEC Health Research Endowment Fund

Statement of changes in funds For the financial year ended 31 March 2024

	Unrestricted fund \$	Restricted fund \$	Endowment fund \$	Total \$
At 1 April 2022	705,572	2,170,692	831,208	3,707,472
Net incoming/(outgoing) resources, representing total comprehensive income for the year	19,145	(574,147)	–	(555,002)
At 31 March 2023	724,717	1,596,545	831,208	3,152,470
At 1 April 2023	724,717	1,596,545	831,208	3,152,470
Net (outgoing)/incoming resources, representing total comprehensive income for the year	(112,983)	92,430	–	(20,553)
At 31 March 2024	611,734	1,688,975	831,208	3,131,917

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

SNEC Health Research Endowment Fund

Statement of cash flows

For the financial year ended 31 March 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Net outgoing resources for the year		(20,553)	(555,002)
Adjustment for:			
Interest income		(99,168)	(52,081)
Operating cash flows before changes in working capital		(119,721)	(607,083)
Changes in working capital:			
Decrease in other receivables		60	556,660
(Decrease)/increase in other payables		(89,629)	221,756
Cash (used in)/generated from operations		(209,290)	171,333
Interest received		99,126	49,640
Net cash (used in)/generated from operating activities		(110,164)	220,973
Cash flows from investing activity			
(Placement)/withdrawal of fixed deposits with financial institutions		(1,546,775)	590,498
Net cash generated from investing activity		(1,546,775)	590,498
Net (decrease)/increase in cash and fixed deposits		(1,656,939)	811,471
Cash and fixed deposits at beginning of year		2,502,502	1,691,031
Cash and fixed deposits at end of year	5	845,563	2,502,502

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

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

1. Corporate information

SNEC Health Research Endowment Fund (the “Fund”) was established in year 2000 to receive contributions and donations which may consist of cash and other donations for the pursuit of medical research and the development and promotion of health services in Singapore.

The Fund is a registered member of the Ministry of Health’s Health Research Endowment Fund (“MOH HREF”) under its decentralised Special Account Scheme. The MOH HREF is approved as an institution of a public character in accordance with Section 37(2)(c) of the Singapore Income Tax Act 1947. MOH HREF had extended the tax-exempt status of the Fund for a 3-year period from 1 April 2021 to 31 March 2024 (both dates inclusive) and another 2-year period from 1 April 2024 to 31 Mar 2026 (both dates inclusive).

The immediate, intermediate holding companies and ultimate controlling party of the Fund are Singapore National Eye Centre Pte Ltd, Singapore Health Services Pte Ltd, MOH Holdings Pte Ltd and Minister for Finance¹ respectively.

Singapore National Eye Centre Pte Ltd is the Trustee of the Fund.

2. Material accounting policy information

2.1 Basis of preparation

The financial statements of the Fund and the balance sheet, statement of comprehensive income and the statement of changes in equity of the Fund have been prepared in accordance with the Financial Reporting Standards in Singapore (“FRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (“\$”), which is the Fund’s functional currency.

The financial statements of the Fund have been prepared on the basis that it will continue to operate as a going concern.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Fund has adopted all the new and amended standards which are relevant to the Fund and are effective for annual financial period beginning on or after 1 April 2023.

Except for the below, the adoption of these standards did not have any effect on the financial performance or position of the Fund.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

2. Material accounting policy information (cont'd)

2.2 Adoption of new and amended standards and interpretations (cont'd)

Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies

The amendments to FRS 1 and FRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have an impact on the Fund's disclosure of accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

2.3 New standards and interpretations issued but not yet effective

The Fund has not adopted the following standards and interpretations applicable to the Fund that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 1: Classification of Liabilities as Current or Non-current	1 January 2024

The board of trustees expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Financial instruments

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Fund.

a. *Non-derivative financial assets*

Classification and measurement

The Fund classifies its non-derivative financial assets in the following measurement categories:

- Amortised cost

The classification depends on the Fund's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Fund reclassifies financial assets when and only when its business model for managing those assets changes.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

2. Material accounting policy information (cont'd)

2.4 *Financial instruments (cont'd)*

a. *Non-derivative financial assets (cont'd)*

At initial recognition

The Fund initially recognises trade receivables on the date they are originated. All other financial assets are recognised initially on the trade date, which is the date that Fund becomes a party to the contractual provisions of the instrument.

At subsequent measurement

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

b. *Cash and fixed deposits*

Cash and fixed deposits comprise cash and bank balances and deposits with financial institutions that are subject to an insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments.

c. *Non-derivative financial liabilities*

At initial recognition

The Fund initially recognises all non-derivative financial liabilities on the trade date, which is the date that the Fund becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities are initially measured at fair value less directly attributable transaction costs.

At subsequent measurement

Non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest method. These financial liabilities comprised trade and other payables.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

2. Material accounting policy information (cont'd)

2.4 Financial instruments (cont'd)

d. **Derecognition**

Financial assets

The Fund derecognises a financial asset 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.

Financial liabilities

The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired.

e. **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Fund do not have any financial assets and financial liabilities that:

- are offset in the balance sheets; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheets.

2.5 **Impairment of financial assets**

The Fund recognises allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows the Fund expects to receive, discounted at an approximation of the original effective interest rates.

Allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The simplified approach requires the allowance to be measured at an amount equal to lifetime ECLs. The Fund has no trade receivables subjected to ECL assessment under the simplified approach.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

2. Material accounting policy information (cont'd)

2.5 Impairment of financial assets (cont'd)

General approach

The Fund applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Fund assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and includes forward-looking information.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or remain outstanding for more than 1 to 3 years, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend;
- the restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 1 to 3 years past due, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

Presentation of allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

2. Material accounting policy information (cont'd)

2.5 Impairment of financial assets (cont'd)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Fund determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery of amounts due.

2.6 Income recognition

Donation income

Donations, other than those specified below, are recognised in surplus or deficit in the period of receipt or when receipt of the amount is certain.

Donated property, plant and equipment and intangible assets including those purchased using cash donation are taken to deferred income in the period of receipt. The deferred income is amortised over the useful life of the property, plant and equipment and intangible assets by crediting to surplus or deficit an amount so as to match the related depreciation/amortisation expense.

Cash donation which is designated for specific use other than for property, plant and equipment and intangible assets purchases is taken to donation fund account in the period of receipt. The donation income is recognised in surplus or deficit when the relevant expenditure is incurred.

2.7 Finance income

The Fund's finance income include:

- interest income;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in surplus or deficit on the date on which the Fund's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

2. Material accounting policy information (cont'd)

2.8 Funds structure

(i) **Unrestricted funds**

The general fund is available for use at the discretion of the trustees in furtherance of the Fund's objectives.

(ii) **Restricted funds**

The restricted funds are available for use at the discretion of the trustees within projects in furtherance of the Fund's objectives that have been identified by donors of the funds or communicated to donors when sourcing for the funds.

2.9 Grant expense

Grant expenses is recognised as charitable activities expenses as it is incurred in the period in which approval is obtained from the board of trustees, appointed to exercise stewardship over the Fund, and upon receipt of invoices from the applicants.

3. Significant accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, and the disclosure of contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the reported amounts of assets, liabilities, income, expenses, and the disclosure of contingent liabilities in the future periods.

Judgements, estimates, and the underlying assumptions 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. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying the Fund's accounting policies that have significant effect on the amount recognised in the financial statements and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

4. Other receivables

	2024	2023
	\$	\$
Amount due from immediate holding company	32,227	32,227
Donations receivables from third parties	20	80
Interest receivables	2,799	2,757
	<u>35,046</u>	<u>35,064</u>

Information about the Fund's exposure to credit risk and impairment losses for other receivables are included in Note 10.

5. Cash and fixed deposits

	2024	2023
	\$	\$
Cash at bank	345,563	980,885
Fixed deposits with financial institutions	2,888,316	2,363,158
	<u>3,233,879</u>	<u>3,344,043</u>
Less: Fixed deposits with financial institutions*	(2,388,316)	(841,541)
Cash and fixed deposits in the cash flow statement	<u>845,563</u>	<u>2,502,502</u>

* Relate to certain fixed deposits with initial maturities of more than three months and subject to more than insignificant risk of changes in value upon withdrawal before maturity.

The fixed deposits bear interest of 2.0% to 3.0% (2023: 2.5% to 3.45%) per annum and reprice at intervals of one to twelve months.

6. Accumulated funds

Restricted funds are funds that are required to be used for particular purposes within the Fund's objectives. Unrestricted funds are expendable at the full discretion of the trustees in furtherance of the Fund's objectives. It also applies to any surplus funds that can be retained for general use. Endowment fund is made up of government matching grant of \$831,208 (2023: \$831,208). The Fund must permanently maintain the whole of this endowment fund.

The Fund's objective in capital management is to maintain sufficient funds to continue to provide assistance in furtherance of the Fund's objectives. There were no changes in the Fund's approach to capital management during the year.

The Fund is not subject to externally imposed capital requirements.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

7. Other payables

	2024 \$	2023 \$
Amount due to immediate holding company	41,675	226,637
Accrued operating expenses	95,333	–
	<u>137,008</u>	<u>226,637</u>

Information about the Fund's exposure liquidity risk for other payables are included in Note 10.

8. Voluntary income

	2024 \$	2023 \$
Donations with tax-exempt receipts issued	1,129,808	1,452,583
Donations without tax-exempt receipts issued	1,153,527	308,121
	<u>2,283,335</u>	<u>1,760,704</u>

9. Income tax

The Fund is an approved charity organisation under the Charities Act 1994. No provision for taxation has been made in the financial statements as the Fund is a registered charity exempted from income tax under Section 13 of the Singapore Income Tax Act 1947.

10. Financial risk management

Overview

The Fund has exposure to the following risks from its use of its financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Fund's exposure to each of the above risks, and the Fund's objectives, policies and processes for measuring and managing risk.

Risk management framework

Risk management is integral to the whole operations of the Fund. The Fund has a system of controls in place to create an acceptable balance between cost of risks and the cost of managing the risks. Management continually monitors the Fund's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

10. Financial risk management (cont'd)

Credit risk

Credit risk is the risk of financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of financial assets in the balance sheet represent the Fund's maximum exposures to credit risk, before taking into account any collateral held. The Fund does not hold any collateral in respect of its financial assets.

Donations receivables from immediate holding company, third parties and amount due from related corporation.

The Fund assesses on a forward-looking basis the expected credit losses associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Fund considers that the credit risk of these counter parties has not increased.

Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. No allowance for expected credit losses has been recognised in respect of these balances.

Cash and fixed deposits and interest receivables

As at 31 March 2024, the Fund held cash and fixed deposits and interest receivables of \$3,233,879 and \$2,799 (2023: \$3,344,043 and \$2,757) respectively. The cash and fixed deposits and interest receivables are held with financial institutions with sound credit ratings.

Impairment on cash and fixed deposits and interest receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that its cash and fixed deposits and interest receivables have low credit risk based on the external credit ratings of the counterparties. No allowance for expected credit losses has been recognised in respect of these balances.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund monitors its liquidity risk and maintains a level of cash and fixed deposits deemed adequate by the Board of Trustees to finance the Fund's operations and to mitigate the effects of fluctuations in cash flows.

The carrying amounts of other payables reflect the undiscounted cash outflows which are due to be settled within one year.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

10. Financial risk management (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

At the reporting date, the interest rate profile of the Fund's interest-bearing financial instruments, as reported to the management, was as follows:

	Nominal amount	
	2024	2023
	\$	\$
Fixed rate instrument		
Fixed deposits with a financial institution	2,888,316	2,363,158

Fair value sensitivity analysis for fixed rate instruments

The Fund does not account for fixed deposits with a financial institution at FVTPL. Therefore, a change in interest rates at the reporting date would not affect the statement of comprehensive income.

Measurement of fair values

The notional amounts of financial assets and liabilities with a maturity of less than one year (including donations receivables, interest receivables, cash and fixed deposits and other payables) are assumed to approximate their fair values because of the short period to maturity.

SNEC Health Research Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2024

11. Related party

Key management personnel compensation

Key management personnel of the Fund are those persons having the authority and responsibility for planning, directing and controlling the activities of the Fund. The Board of Trustees is considered as key management personnel of the Fund. The Board of Trustees did not receive any form of remuneration during the financial year.

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2024	2023
	\$'000	\$'000
Manpower expense paid to immediate holding company and related corporation	(147,000)	(145,622)
Grant (expense paid to)/received from immediate holding and related corporation	(129,539)	44,662
	<u>(276,539)</u>	<u>1,038</u>

12. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2024 were authorised for issue in accordance with a resolution of the trustees on 19 August 2024.