

Company Registration No. 201623926M

National Healthcare Group Fund
(A Company limited by guarantee)

Annual Financial Statements
31 March 2021



National Healthcare Group Fund

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National Healthcare Group Fund

Directors' statement

The directors are pleased to present their statement to the members together with the audited financial statements of National Healthcare Group Fund (the "Company") for the financial year ended 31 March 2021.

Opinion of the directors

In our opinion,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and the financial performance, changes in funds and cash flows of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Chan Kwai Wah Paul	(Chairman)
Heng Lee Cheng	
Choo Wee Jin Philip	
Liang Shih Tyh	
Soh Gim Teik	(Appointed on 1 June 2021)
Ngo Lin Ai	(Appointed on 1 June 2021)
Fang Eu-Lin	(Appointed on 1 June 2021)
Tan Chi Chiu	(Appointed on 1 June 2021)

Directors' interests

The Company has no share capital and its members' liabilities are limited by guarantee. Accordingly, the directors do not hold any interest in the Company. According to the register kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, no director who held office at the end of the financial year (including those held by their spouses and children) had interests in shares, debentures, warrants and share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to other arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

The Company is limited by guarantee and has no issued share capital.

National Healthcare Group Fund

Directors' statement

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors



Chan Kwai Wah Paul
Chairman



Choo Wee Jin Philip
Director

Singapore
26 July 2021

National Healthcare Group Fund

Independent auditor's report For the financial year ended 31 March 2021

Independent auditor's report to the members of National Healthcare Group Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Healthcare Group Fund (the "Company"), which comprise the balance sheet as at 31 March 2021, the statement of comprehensive income, statement of changes in funds and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance, changes in funds and cash flows of the Company 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 Company 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 other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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.

National Healthcare Group Fund

Independent auditor's report For the financial year ended 31 March 2021

Independent auditor's report to the members of National Healthcare Group Fund

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and FRSs, 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.

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

Those charged with governance comprise the directors. Their responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

National Healthcare Group Fund

Independent auditor's report
For the financial year ended 31 March 2021

Independent auditor's report to the members of National Healthcare Group 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 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 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 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 those in charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

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

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

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

ernst & young llp

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
26 July 2021

National Healthcare Group Fund

Balance sheet As at 31 March 2021

	Note	2021 \$	2020 \$
Assets			
Investments in unit trusts	4	49,125,677	43,476,028
Non-current asset		49,125,677	43,476,028
Interest receivables		51,843	274,485
Other receivables	5	–	81,878
Cash and cash equivalents	6	48,547,340	31,416,832
Current assets		48,599,183	31,773,195
Total assets		97,724,860	75,249,223
Liabilities			
Other payables	7	1,004,841	804,278
Accrued operating expenses		5,721	9,303
Current and total liabilities		1,010,562	813,581
Net assets		96,714,298	74,435,642
Funds:			
Restricted funds			
Lee Foundation-NHG Lifetime Achievement	8	70,000	30,000
Fight Infectious Diseases (FIND)	8	390,934	150,000
Support Battle against COVID-19	8	–	250,000
SOCRATES Programme	8	270,318	–
Save Limbs Save Lives	8	27,247	–
		758,499	430,000
Unrestricted funds			
General fund		95,955,799	74,005,642
Accumulated funds		96,714,298	74,435,642

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

National Healthcare Group Fund

Statement of comprehensive income For the financial year ended 31 March 2021

	Note	2021		Total \$
		Restricted funds \$	Unrestricted funds \$	
Incoming resources				
Incoming resources from generated funds:				
- Donations	9	1,168,208	17,083,656	18,251,864
Total incoming resources		1,168,208	17,083,656	18,251,864
Resources expended				
Charitable activities:				
- Grant expenses		(839,709)	(986,634)	(1,826,343)
- Fund-raising expenses		–	(100)	(100)
Governance costs		–	(49,354)	(49,354)
Total resources expended		(839,709)	(1,036,088)	(1,875,797)
Finance income				
Interest income		–	252,940	252,940
Net change in fair value of financial assets designated at fair value through profit or loss		–	5,649,649	5,649,649
Total finance income		–	5,902,589	5,902,589
Net incoming resources, representing total comprehensive income for the year		328,499	21,950,157	22,278,656

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

National Healthcare Group Fund

**Statement of comprehensive income
For the financial year ended 31 March 2021**

	Note	2020		Total \$
		Restricted funds \$	Unrestricted funds \$	
Incoming resources				
Incoming resources from generated funds:				
- Donations	9	400,000	9,142	409,142
Total incoming resources		400,000	9,142	409,142
Resources expended				
Charitable activities:				
- Grant expenses		(10,000)	(1,886,317)	(1,896,317)
Governance costs		–	(43,180)	(43,180)
Total resources expended		(10,000)	(1,929,497)	(1,939,497)
Finance income				
Interest income		–	563,672	563,672
Net change in fair value of financial assets designated at fair value through profit or loss		–	322,883	322,883
Total finance income		–	886,555	886,555
Net incoming/(outgoing) resources, representing total comprehensive income for the year		390,000	(1,033,800)	(643,800)

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

National Healthcare Group Fund

**Statement of changes in funds
For the financial year ended 31 March 2021**

	Restricted funds						Unrestricted funds	Total
	Lee Foundation-NHG Lifetime Achievement \$	Fight Infectious Diseases (FIND) \$	Support Battle against COVID-19 \$	NHG Restricted Programmes \$	SOCRATES Programme \$	Save Limbs Save Lives \$	General fund \$	\$
At 1 April 2019	40,000	–	–	19,900,000	–	–	55,139,442	75,079,442
Net (outgoing)/incoming resources, representing total comprehensive income for the year	(10,000)	150,000	250,000	–	–	–	(1,033,800)	(643,800)
Reclassification of funds (Note 8)	–	–	–	(19,900,000)			19,900,000	–
At 31 March 2020 and 1 April 2020	30,000	150,000	250,000	–	–	–	74,005,642	74,435,642
Net incoming/(outgoing) resources, representing total comprehensive income for the year	40,000	240,934	(250,000)	–	270,318	27,247	21,950,157	22,278,656
At 31 March 2021	70,000	390,934	–	–	270,318	27,247	95,955,799	96,714,298

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

National Healthcare Group Fund

Statement of cash flows For the financial year ended 31 March 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Net incoming/(outgoing) resources		22,278,656	(643,800)
Adjustments for:			
Interest income		(252,940)	(563,672)
Net change in fair value of financial assets designated at fair value through profit or loss		(5,649,649)	(322,883)
		<hr/> 16,376,067	<hr/> (1,530,355)
Changes in working capital:			
Amounts due from:			
- Immediate holding company		81,878	(20,724)
Amounts due to:			
- Immediate holding company		108,724	(186,679)
- Related companies		91,849	607,270
- Third parties		(10)	60
Accrued charitable expenses		-	(876,398)
Accrued operating expenses		(3,582)	(4,648)
		<hr/> 16,654,926	<hr/> (2,011,474)
Net cash flows generated from/(used in) operating activities			
		<hr/> 16,654,926	<hr/> (2,011,474)
Cash flows from investing activities			
Interest received		475,582	513,808
		<hr/> 475,582	<hr/> 513,808
Net cash flows generated from investing activities			
		<hr/> 475,582	<hr/> 513,808
Net increase/(decrease) in cash and cash equivalents		17,130,508	(1,497,666)
Cash and cash equivalents at beginning of year		31,416,832	32,914,498
		<hr/> 48,547,340	<hr/> 31,416,832
Cash and cash equivalents at end of year	6	<hr/> <hr/> 48,547,340	<hr/> <hr/> 31,416,832

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

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

1. Corporate information

National Healthcare Group Fund (the "Company") was established on 1 September 2016. The objectives of the Company are to receive donations towards the pursuit of medical research and the promotion, development and provision of health-related services that benefit the Singapore Community.

The Company is incorporated in Singapore as a company limited by guarantee. The address of the Company's registered office is 3 Fusionopolis Link, #03-08, Nexus@One-north, Singapore 138543.

With effect from 14 February 2017, National Healthcare Group Fund has been registered as a Charity under the Charities Act, 1994. Following that, on 31 March 2017, the operations, assets and liabilities of the National Healthcare Group Endowment Fund was transferred to the Company.

The Company is an Institution of a Public Character ("IPC") in accordance with the Income Tax Act, Chapter 134. The Company was granted renewal of its IPC status for a period of 3 years from 14 February 2021 to 13 February 2024.

The Company has two registered Corporate Members and one individual member, namely National Healthcare Group Pte Ltd ("NHG"), MOH Holdings Pte Ltd ("MOHH") and Mdm Kuok Oon Kwong respectively. NHG and MOHH are the immediate and intermediate holding companies of National Healthcare Group Fund respectively. The ultimate controlling party is Minister for Finance. NHG and MOHH are companies incorporated in the Republic of Singapore.

2. Basis of preparation

2.1 *Statement of compliance*

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs").

2.2 *Basis of measurement*

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 *Functional and presentation currency*

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

2. Basis of preparation (cont'd)

2.4 *Use of estimates and judgements*

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial statements. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in Note 12 – Financial risk management.

Measurement of fair values

Information about the measurement of fair values and the assumptions made in measuring fair values is included in the following note:

Note 12 – Financial risk management

2.5 *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 Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

3. Significant accounting policies

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 Company.

3.1 *Financial instruments*

a. *Non-derivative financial assets*

Classification and measurement

The Company classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

3. Significant accounting policies (cont'd)

3.1 Financial instruments (cont'd)

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

At initial recognition

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

All financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

At subsequent measurement

i. Financial assets at amortised cost

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

ii. Financial assets at FVTPL

All financial assets that do not meet the criteria for amortised cost as described above are measured at FVTPL. These assets are subsequently measured at fair value. A gain or loss on a debt instruments that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in surplus or deficit the period in which it arises.

b. Cash and cash equivalents

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

c. Non-derivative financial liabilities

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

The Company classifies non-derivative financial liabilities into other financial liabilities category.

Such financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. These financial liabilities comprised other payables and accrued operating expenses.

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

3. Significant accounting policies (cont'd)

3.1 Financial instruments (cont'd)

d. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when 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 Company 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 Company currently has a legally enforceable right to set off the amounts and it intends to either settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company does not have any financial assets and financial liabilities that:

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

3.2 Impairment of non-derivative financial assets

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost.

Loss allowances of the Company 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.

General approach

The Company applies the general approach to provide for ECLs on all 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 Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

3. Significant accounting policies (cont'd)

3.2 Impairment of non-derivative financial assets (cont'd)

General approach (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company 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 Company's historical experience and informed credit assessment and including forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve 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 Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

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

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. 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;
- the restructuring of a loan or advance by the Company on terms that the Company 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.

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.

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

3. Significant accounting policies (cont'd)

3.2 *Impairment of non-derivative 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 Company 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 Company's procedures for recovery of amounts due.

3.3 *Funds structure*

i. *Unrestricted funds*

General fund

The general fund is available for use at the discretion of the Board of Directors in furtherance of the Company's objectives.

ii. *Restricted funds*

The restricted fund is for support of projects that have been identified by donors of the funds or communicated to donors when sourcing for the funds in furtherance of the Company's objectives.

3.4 *Income recognition*

Donation income

Donations are recognised in income in the statement of comprehensive income in the period of receipt.

Interest income

Interest income from fixed deposits is accrued, using the effective interest method on the principal outstanding and at the rate applicable.

3.5 *Resources expended*

Grant expenses and governance costs

Grant expenses and governance costs are recognised in the period in which they are incurred.

3.6 *Tax expense*

The Company is an approved charity organisation under the Charities Act, Chapter 37. No provision for taxation has been made in the financial statements as the Company is a registered charity with income tax exemption.

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

3. Significant accounting policies (cont'd)

3.7 *New standards and interpretations not yet adopted*

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Annual improvements to FRSs 2018-2020	1 January 2022
- Amendment to FRS 109 <i>Financial Instruments</i>	
Amendments to FRS 37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023

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

4. Investments in unit trusts

	2021	2020
	\$	\$
Non-current		
Financial assets designated at FVTPL		
- Unit trusts	49,125,677	43,476,028

The unit trusts are set up by reputable fund managers appointed by MOHH to pool funds from MOHH and subsidiaries for investment management. The investment objective of the unit trusts is wealth preservation, and risk management has the highest priority. The unit trusts invest in investment-grade fixed income and equities. Investment guidelines limit allocation of equities to 30% (2020: 30%) of the portfolio's net asset value.

Credit and market risks, and fair value measurement

Information about the Company's exposures to credit, interest rate and fair value measurement, is included in Note 12.

5. Other receivables

	2021	2020
	\$	\$
Amount due from immediate holding company	–	81,878

Amount due from immediate holding company is unsecured, interest-free and repayable on demand.

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

6. Cash and cash equivalents

	2021 \$	2020 \$
Fixed deposits placed with financial institutions	47,207,592	29,971,566
Cash at bank	1,339,748	1,445,266
	<u>48,547,340</u>	<u>31,416,832</u>

The effective interest rates per annum are as follows:

	2021 %	2020 %
Fixed deposits placed with financial institutions	0.25 - 1.93	1.58 – 1.93

Interest rates for fixed deposits with financial institutions are repriced at regular intervals within 12 months (2020: 12 months). The fixed deposits are subject to an insignificant risk of changes in their fair values, and are used by the Company in the management of its investment and funding requirement. All other cash balances are non-interest bearing.

7. Other payables

	2021 \$	2020 \$
Amount due to immediate holding company	141,719	32,995
Amounts due to related companies	863,072	771,223
Amounts due to third parties	50	60
	<u>1,004,841</u>	<u>804,278</u>

These amounts are unsecured, interest-free and repayable on demand.

8. Restricted funds

The designated purpose in the restricted funds will be used to benefit the Singapore Community as follows:

- a. NHG Restricted Programmes, to fulfil the objectives of the Company and support the Ministry of Health's 3 Beyonds
 - i. Collaborations with external healthcare partners to strengthen their capabilities to create better health and better care;
 - ii. Keep the population well, prevent illness and not just treating illness, which includes but not limited to mindset transformation and empowerment of the population to build resilience in self-care and crisis management; and
 - iii. Strategic staff development programmes to gear up the competencies of NHG's workforce.

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

8. Restricted funds (cont'd)

- b. Lee Foundation-NHG Lifetime Achievement, which was set up with the objective of recognising individuals who have made significant and impactful lifetime contributions to Singapore.
- c. Donations received to support designated programmes on:
- i. Battling against COVID-19 and other infectious diseases so as to protect lives and keep the Singapore Community safe. These programmes include:
 - Fight Infectious Diseases (FIND)
 - Support Battle against COVID-19
 - Strengthening Our Community's Resilience Against Threats from Emerging Infections (SOCRATES) Programme

FIND supports the infectious diseases research and innovation programmes by the National Centre for Infectious Diseases (NCID). Programmes include understanding COVID-19 transmission, long-term effects of COVID-19 study and COVID-19 rapid diagnostic test kit evaluation studies.

- ii. Save Limbs Save Lives, which was set up to support research in reducing diabetes complications such as limb amputations and heart disease among those living with diabetes in Singapore.

During the previous financial year, approval was obtained from the donors of NHG Restricted Programmes to repurpose the restricted funds amounting to \$19,900,000 to unrestricted funds.

9. Donation income

	2021 \$	2020 \$
Tax deductible donations		
- Restricted	761,384	400,000
- Unrestricted	17,079,046	9,142
	17,840,430	409,142
Other donations		
- Restricted	406,824	-
- Unrestricted	4,610	-
	411,434	-
	18,251,864	409,142

10. Income taxes

There is no tax charge for the current and previous financial years. All Institutions of a Public Character are exempted from tax with effect from the Year of Assessment 2008.

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

11. Related parties

Key management personnel compensation

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

12. Financial risk management

Overview

Risk management is integral to the operations of the Company. The Company has established a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Company's cash and cash equivalents and investments in unit trusts. The unit trusts are set up by reputable fund managers appointed by MOHH.

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

Cash and cash equivalents

Cash and fixed deposits are placed with various reputable banks which are regulated.

Investment in unit trusts

Fund managers are responsible to comply with investment guidelines. The investment guidelines set forth investment objectives and risk parameters including asset allocation ranges, minimum credit ratings and foreign currency exposure. Investment guidelines limits its credit risk exposure by restricting the investments of the unit trusts to investment-grade securities.

Other receivables

Other receivables are aged less than one year and no allowance for impairment is required.

As at the balance sheet date, there were no significant concentrations to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

12. Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

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

The expected contractual undiscounted cash outflows of other payables and accrued operating expenses approximate their carrying values and are due to be settled within one year.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company'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

The Company manages its interest rate risks by placing such balances on varying maturities and fixed interest rate terms.

At the balance sheet date, the Company's fixed deposits with financial institutions bear fixed interest rates, there was no significant exposure to interest rate risk.

Price risk

The objective of the Company's price risk managements is to manage and control price risk exposures within acceptable parameters, while optimising the return on risk.

The Company is exposed to price risk changes arising from its investment in unit trusts at the reporting date.

Sensitivity analysis

A 5% increase in the price of the underlying investment in the unit trusts at the reporting date would increase the net incoming resources by \$2,456,284 (2020: decrease the net outgoing resources by \$2,173,801); an equal change in the opposite direction would decrease the Company's net incoming resources by the corresponding amounts.

Accounting classifications and estimation of fair values

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

12. Financial risk management (cont'd)

Fair values versus carrying amounts

The fair values of recognised financial assets and liabilities together with the carrying amounts shown in the balance sheet are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Designated at fair value \$	Amortised cost \$	Total carrying amount \$	Fair value \$
31 March 2021					
Financial assets measured at fair value					
Investments in unit trusts	4	49,125,677	–	49,125,677	49,125,677
Financial assets not measured at fair value					
Interest receivables		–	51,843	51,843	
Cash and cash equivalents	6	–	48,547,340	48,547,340	
			48,599,183	48,599,183	
Financial liabilities not measured at fair value					
Other payables	7	–	(1,004,841)	(1,004,841)	
Accrued operating expenses		–	(5,721)	(5,721)	
		–	(1,010,562)	(1,010,562)	

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

12. Financial risk management (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Designated at fair value \$	Amortised cost \$	Total carrying amount \$	Fair value \$
31 March 2020					
Financial assets measured at fair value					
Investments in unit trusts	4	43,476,028	–	43,476,028	43,476,028
Financial assets not measured at fair value					
Other receivables	5	–	81,878	81,878	
Interest receivables		–	274,485	274,485	
Cash and cash equivalents	6	–	31,416,832	31,416,832	
		–	31,773,195	31,773,195	
Financial liabilities not measured at fair value					
Other payables	7	–	(804,278)	(804,278)	
Accrued operating expenses		–	(9,303)	(9,303)	
		–	(813,581)	(813,581)	

Fair value hierarchy

The table below analyses financial fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on inputs to valuation techniques. The different levels are defined as follows:

- **Level 1** : quoted prices (unadjusted) in active markets for identical assets or liabilities, that the Company can access at the measurement date.
- **Level 2** : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- **Level 3** : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest)

National Healthcare Group Fund

Notes to the financial statements For the financial year ended 31 March 2021

12. Financial risk management (cont'd)

Fair value hierarchy (cont'd)

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 March 2021					
Investments in unit trusts	4	–	49,125,677	–	49,125,677
31 March 2020					
Investments in unit trusts	4	–	43,476,028	–	43,476,028

The above does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out below.

Investments in unit trusts

The fair value of investments in unit trusts designated at FVTPL categorised under Level 2 of the fair value hierarchy are based on the net asset value in the fund managers' valuation reports at the balance sheet date and is derived from prices from an observable market.

Other short-term financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including other receivables, interest receivables, cash and cash equivalents, other payables, and accrued operating expenses) approximate their fair values because of the short period to maturity.

13. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors on 26 July 2021.