

PUBLIC FREE CLINIC SOCIETY

(Society registered in the Republic of Singapore)

(Registration No.: S95SS0069F)

AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

TAN & TEH

Public Accountants and Chartered Accountants Singapore

PUBLIC FREE CLINIC SOCIETY

AUDITED FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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PUBLIC FREE CLINIC SOCIETY

MANAGEMENT COMMITTEE'S STATEMENT

For the financial year ended 31 December 2024

The Management Committee are pleased to present this annual report to the members of Public Free Clinic Society (the "Society") together with the financial statements of the Society for the financial year ended 31 December 2024.

OPINION OF THE MANAGEMENT COMMITTEE

In the opinion of the management committee:

- (i) the accompanying financial statements as set out on pages 7 to 33 are drawn up so as to present fairly in all material aspects the financial position of the Society as at 31 December 2024 and of the financial performance, changes in funds and cash flows of the Society for the year ended on that date in accordance with the provisions of the Societies Act 1966 (the Societies Act) and Singapore Charities Act 1994 and other relevant regulations (the Charities Act and Regulations) and Singapore Financial Reporting Standards;
- (ii) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due;
- (iii) the fund-raising appeal held during the financial year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act 1966 and proper accounts and other records have been kept of the fund-raising appeal;
- (iv) the Society has used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (v) the Society has complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

MANAGEMENT COMMITTEE

The Management Committee of the Society in office at the date of this report are as follows:

<u>Name</u>	<u>Position in Society</u>
Seow Ser Fatt	- President
Loh Sian Nguan	- 1 st Vice-President
Kwek Mei Lin	- 2 nd Vice-President
Tan Ooh Chye	- 3 rd Vice-President
Teo Hong Choon	- Treasurer
Yong Kim Wah	- Assistant Treasurer
Ong Chee Ming	- Secretary
Tan Jee Loo	- Assistant Secretary
Seow Teck Chye	- Medical Officer
Loi Jit Ann	- Pharmaceutical Officer
Teo Koon See	- Mobile Medical Service Officer
Ho Boon Yeeh	- Assistant Mobile Medical Service Officer
Chen Yinghui	- Ordinary Committee Member
Huang Jiang Rou	- Ordinary Committee Member
Tan Qian Yi	- Ordinary Committee Member
Teo Chek Kwong	- Ordinary Committee Member
Shawn Ching Wei Hung	- Ordinary Committee Member

PUBLIC FREE CLINIC SOCIETY

MANAGEMENT COMMITTEE'S STATEMENT *For the financial year ended 31 December 2024*

CONFLICT OF INTEREST

Statement of purpose and authority

Pursuant to "Code of Governance for Charities and Institutions of a Public Character" revised by the Charity Council, April 2023, the Management Committee has established a policy on the avoidance of conflict of interest for the Society.

The Society's basic policy on avoidance of conflict of interest rests on three premises:

- a. Definition of "Conflict of Interest";
- b. Declaration of "Conflict of Interest"; and
- c. Abstention from decision making where "Conflict of Interest" has been declared or exists.

- a. Definition of "Conflict of Interest"

An operational definition of conflict of interest is when an individual is aware of "any interest in a transaction or arrangement that will affect his/her professional judgement to obtain the best value for the Society or to protect the interests of the Society".

Some of the more obvious conflict of interests relates to:

- i) Procurement of goods or services (Contract with vendors);
- ii) Vested interest in other organisations that have dealings or relationship with the Society;
- iii) Interest in joint ventures;
- iv) Hiring and personnel management pertaining to close relationship with current Management Committee or decision makers;
- v) Remuneration of Management Committee members, volunteer physicians and staff members; and
- vi) Roles and responsibilities of staff members holding positions in the Management Committee.

- b. Declaration of "Conflict of Interest"

Management Committee members, staff members or volunteers must acknowledge that they understand the definition of "Conflict of Interest" as mentioned above and are required to sign the "Conflict of Interest Policy and Declaration Form" to declare any disclosure with related parties.

- c. Abstention from decision making

Whenever an individual is aware of the existence of a conflict of interest, he/she must abstain from the decision making process pertaining to the possible conflict of interest. This means the individual should not influence the decision process. This does not necessarily prevent the individual from providing relevant and expert knowledge on the issue or participate in the discussion but he/she should only do so with wisdom so as not to influence the decision.

PUBLIC FREE CLINIC SOCIETY

MANAGEMENT COMMITTEE'S STATEMENT

For the financial year ended 31 December 2024

RESERVE POLICY

The Society's primary objective is to develop Chinese medicines, raise the standard of medical treatment involving the use of Chinese medicines and provide and encourage the provision of free Chinese medical services, regardless of race and religion. It aims to improve the health and promote the well-being of the general public, the Modus Operandi of Traditional Chinese Medicines ("TCM") practices so as to ensure an adequate supply of medicines and sophisticated medical equipment, the creation of a safe and hygiene clinical environment and the continued enhancement of its physicians' professional standards in order to provide TCM and healthcare services of high therapeutic effect of the general public.

Pursuant to the Code of Governance for Charities and Institutions of a Public Character revised by the Charity Council, April 2023, Principle 4, the Management Committee has established a reserve policy ("Reserve Policy") for the Society. In setting the Reserve Policy, the Management Committee intends to review its reserve policy annually which is to maintain a reserve not more than three years of its annual operating expenditure.

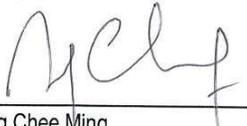
On behalf of the Society's Management Committee,



Seow Ser Fatt
President



Teo Hong Choon
Treasurer



Ong Chee Ming
Secretary

Date: 05 SEP 2025

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PUBLIC FREE CLINIC SOCIETY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Public Free Clinic Society (the "Society"), which comprise the statement of financial position as at 31 December 2024, the statement of income and expenditure and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information as set out on pages 7 to 33.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of Societies Act 1966 (the Societies Act) and Singapore Charities Act 1994 and other relevant regulations (the Charities Act and Regulations) and the Financial Reporting Standards in Singapore (FRSs) so as to present fairly in all material respects, the financial position of the Society as at 31 December 2024 and of the financial performance, changes in funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 18 to the financial statements which describes that during the year, the Society submitted its tax-exempt donations listing to the Inland Revenue Authority of Singapore ("IRAS") through the Donation Management System ("DMS") that contained duplicate and erroneous entries. While this matter does not affect the donation income recognised in the Society's financial statements, it represents non-compliance with the regulatory requirement for accurate reporting of tax-exempt donations to IRAS.

Our opinion is not modified in respect of this matter.

Other Information

The Management Committee is responsible for the other information. The other information comprises the Management Committee's statement set out on pages 1 to 3.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PUBLIC FREE CLINIC SOCIETY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management Committee for the Financial Statements

The Management Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Societies 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, the Management Committee is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Committee either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The Management Committee's responsibilities include overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PUBLIC FREE CLINIC SOCIETY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

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

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

We communicate with the Management Committee 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:

- a) the accounting and other records required to be kept by the Charity have been properly kept in accordance with the provisions of the Acts; and
- b) the fund-raising appeal held during the financial year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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

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



TAN & TEH
Public Accountants and Chartered Accountants

Date: 05 SEP 2025

PUBLIC FREE CLINIC SOCIETY

STATEMENT OF INCOME AND EXPENDITURES AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

	Note	2024 S\$	2023 S\$
Income			
<u>Donations and collections</u>			
Tax deductible donations	4	1,673,652	1,911,689
Non-tax deductible donations	4	1,130,398	1,087,227
Clinic branch collections		1,940,312	2,022,899
		<u>4,744,362</u>	<u>5,021,815</u>
<u>Other income</u>			
Course collection		1,872	1,074
Fixed deposit interest		40,932	145,224
Gain on disposal of fixed asset		-	2,300
Gain on lease modification		2,390	-
Government grant		314,898	113,003
Membership fee collection		661	900
Rental income		300,471	110,222
		<u>661,224</u>	<u>372,723</u>
Expenditures			
<u>Cost of charitable activities</u>			
Allowance for voluntary physician		106,890	106,220
Clinic applicances		62,371	52,350
Fund-raising expenses	4	263,699	97,648
Health products		7,020	-
Medicines		934,285	921,162
Staff salaries and bonus		2,820,487	2,649,989
Staff CPF		311,887	285,639
Staff training and welfare		22,326	28,348
		<u>4,528,965</u>	<u>4,141,356</u>
<u>Other expenditures</u>			
Advertisement		2,533	7,565
Audit fee		6,000	11,030
Bank charges		5,262	4,095
Computer and software expenses		6,183	15,928
Depreciation of property, plant and equipment		113,652	139,301
Depreciation of investment properties		272,846	80,862
Amortisation of right-of-use assets		3,392	4,148
Entertainment and refreshments		18,719	18,075
General expenses		17,904	20,184
Goods and service tax expenses		68,678	56,697
Interest on lease liabilities		709	704
Insurance		43,987	54,868
Investment properties expenses		47,218	10,181
Medical expenses		7,955	7,563
Minor assets expensed off		11,228	7,239
Other expenditures brought forward		<u>626,266</u>	<u>438,440</u>

PUBLIC FREE CLINIC SOCIETY

STATEMENT OF INCOME AND EXPENDITURES AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the financial year ended 31 December 2024

	2024	2023
	S\$	S\$
Other expenditures (continued)		
Other expenditures carried forward	626,266	438,440
Nets service charges	3,080	344
Newspaper and periodicals	1,669	1,649
Penalty	16	574
Printing, postage and stationeries	54,951	20,748
Professional expenses	11,000	1,542
Property tax	3,480	4,350
Public relations expenses	2,668	-
Rental expenses	26,532	26,286
Repair and maintenance	149,239	164,843
Research expenses	1,613	-
Service and conservancy expenses	5,507	5,443
Skills development levy	6,753	6,388
TCM Clinical Training Programme expenses	91,200	-
Telecommunication	12,411	11,865
Transportation	8,449	3,884
Upkeep of motor vehicle	22,068	24,520
Utilities	110,340	110,588
	<u>1,137,242</u>	<u>821,464</u>
(Deficit)/Surplus for the year	<u>(260,621)</u>	<u>431,718</u>

PUBLIC FREE CLINIC SOCIETY

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 S\$	2023 S\$
ASSETS			
Non-current asset			
Property, plant and equipment	5	2,223,588	2,320,477
ROU assets	5	23,759	9,073
Investment properties	6	12,912,940	3,586,586
		<u>15,160,287</u>	<u>5,916,136</u>
Current assets			
Inventories	7	90,588	101,433
Other receivables	8	748,698	909,120
Cash and cash equivalents	9	3,107,362	7,918,158
Fixed deposits	10	1,050,000	5,550,000
		<u>4,996,648</u>	<u>14,478,711</u>
Total assets		<u>20,156,935</u>	<u>20,394,847</u>
FUNDS AND RESERVES			
General fund (unrestricted)	11	17,698,999	17,885,559
Asset capitalisation reserves	12	2,122,583	2,196,644
		<u>19,821,582</u>	<u>20,082,203</u>
LIABILITIES			
Non-current liabilities			
Borrowings	13	21,081	9,230
Current liabilities			
Trade payables	14	151,473	172,491
Other payables	15	158,963	128,174
Borrowings	13	3,836	2,749
		<u>314,272</u>	<u>303,414</u>
Total liabilities		<u>335,353</u>	<u>312,644</u>
Total funds and reserves and liabilities		<u>20,156,935</u>	<u>20,394,847</u>

PUBLIC FREE CLINIC SOCIETY

STATEMENT OF CHANGES IN FUNDS

For the financial year ended 31 December 2024

	General funds (Unrestricted) S\$	Asset capitalisation reserves S\$	Total funds S\$
At 1 January 2023	17,379,780	2,270,705	19,650,485
Surplus/(deficit) for the year	505,779	(74,061)	431,718
At 31 December 2023	17,885,559	2,196,644	20,082,203
At 1 January 2024	17,885,559	2,196,644	20,082,203
Deficit for the year	(186,560)	(74,061)	(260,621)
At 31 December 2024	17,698,999	2,122,583	19,821,582

PUBLIC FREE CLINIC SOCIETY

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

	Note	2024 S\$	2023 S\$
Cash flow from operating activities			
(Deficit)/Surplus for the year		(260,621)	431,718
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	5	113,652	139,301
Depreciation of investment properties	6	272,846	80,862
Amortisation of right-of-use assets	5	3,392	4,148
Gain on lease modification		(2,390)	-
Interest income		(40,932)	(145,224)
Interest on lease liabilities	13	709	704
Operating surplus before working capital changes		<u>86,656</u>	<u>511,509</u>
<u>Changes in working capital:</u>			
Inventories		10,845	(14,461)
Other receivables		160,422	(809,331)
Trade payables		(21,018)	(1,314)
Other payables		30,789	90
Net cash generated from/(used in) operating activities		<u>267,694</u>	<u>(313,507)</u>
Cash flows from investing activities			
Interest received		40,932	145,224
Purchase of property, plant and equipment	5	(16,763)	(63,315)
Purchase of investment properties	6	(9,599,200)	-
Net cash (used in)/generated from investing activities		<u>(9,575,031)</u>	<u>81,909</u>
Cash flows from financing activities			
Repayment of borrowings	13	(3,459)	(3,312)
Fixed deposits	10	4,500,000	4,000,000
Net cash generated from financing activities		<u>4,496,541</u>	<u>3,996,688</u>
Net (decrease)/increase in cash and cash equivalents		(4,810,796)	3,765,090
Cash and cash equivalents at beginning of the year		<u>7,918,158</u>	<u>4,153,068</u>
Cash and cash equivalents at end of the year	9	<u><u>3,107,362</u></u>	<u><u>7,918,158</u></u>

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

1. General information

Public Free Clinic Society (the "Society") is registered in Singapore under the Society Act 1966, and domiciled in the Republic of Singapore. It is also subject to the provision of the Charities Act 1994 and other relevant regulations. The Society is conferred the Institution of Public Character status (IPC no: HEF0042/G) for the period from 01 July 2024 to 30 June 2027. Accordingly, qualifying donors are granted tax deduction for the donations made to the Society.

The registered address of the Society is at 10 Lorong 9 Geylang, Singapore 388758. Their places of activities includes the premise at its registered address and branches at:

- (i) 245 Tampines St. 21, #01-329, Singapore 521245
- (ii) 327 Clementi Ave 5, #01-189, Singapore 120327
- (iii) 539 Jurong West Avenue 1, #01-1028, Singapore 640539
- (iv) 140 Bedok North Street 2, #01-212, Singapore 460140

The principal activities of the Society are those of providing free medical services to the public and raising public health awareness and knowledge in Traditional Chinese Medicine. There have been no significant changes in the principal activities during the financial year.

The financial statements of the Society for the financial year ended 31 December 2024 were authorised for issue by the Management Committee on the date of the Management Committee's Statement.

2. Material accounting policy information

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared on the historical cost basis, except as otherwise disclosed in the accounting policies stated below.

The financial statements are presented in Singapore Dollars (S\$), which is the Society's functional and presentation currency. Assets and liabilities' balances are denominated in Singapore Dollar unless otherwise stated.

The financial statements of the Society 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 Society has adopted all the new and amended standards which are relevant to the Society and are effective for annual financial period beginning on 1 January 2024. The adoption of these standards did not have any material effect on the financial statements of the Society.

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

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

2.3 Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

The Management Committee expects that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.

Description	Effective for annual periods beginning on or after
Amendments to FRS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> : Lack of Exchangeability	1 Jan 2025
Amendments to FRS 109 <i>Financial Instruments</i> and FRS 107 <i>Financial Instruments: Disclosures</i> : Amendments to the Classification and Measurement of Financial Instruments	1 Jan 2026
Annual Improvement to FRSs Volume 11	1 Jan 2026
FRS 118 <i>Presentation and Disclosure in Financial Statements</i>	1 Jan 2027

2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Society and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.5 Property, plant and equipment and right-of-use (ROU) assets

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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>
Freehold property and renovations	5 to 50 years
Motor vehicles	5 to 10 years
Office equipment, furniture and fittings	3 to 10 years
ROU assets	Over the lease period of 5 years

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

2.5 Property, plant and equipment and right-of-use (ROU) assets (continued)

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in surplus or deficit in the year the asset is derecognised.

2.6 Investment properties

Investment properties are properties that are either owned by the Society and or ROU assets that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis, with useful life of 50 years.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition as gains or losses arising from the retirement or disposal of investment property.

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in surplus or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

2.8 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Society's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Society only has debt instruments at amortised cost.

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

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial liabilities at initial recognition.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

2.8 Financial instruments (continued)

(b) Financial liabilities (continued)

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

2.9 Impairment of financial assets

The Society recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

2.12 Provisions

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and 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 a current pre-tax rate that reflects, where appropriate, the risks 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.

2.13 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.14 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.15 Employee benefits

(a) Defined contribution plans

The Society makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2. Material accounting policy information (continued)

2.16 Leases

The Society assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Society applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Society recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7. The Society's right-of-use assets are presented within property, plant and equipment in Note 5.

Lease liabilities

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of penalties for terminating the lease, if the lease term reflects the Society exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Society uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Society's lease liabilities are presented under borrowings in Note 13.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

2.16 Leases (continued)

(a) As lessee (continued)

Short-term leases and leases of low-value assets

The Society applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Society does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Society's property and investment property is accounted for on a straight-line basis over the lease terms. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.17 Revenue recognition

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

Revenue is recognised when the Society satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Donations

Donations represents both tax and non-tax deductible donations received from general public or members. Donations are recognised on receipt basis.

Clinic branch collections

Revenue from clinic branch collections are recognised at a point in time when services are rendered.

Interest income

Interest income is recognised using the effective interest method.

Rental income

Rental income is recognised on a straight-line basis over the period of agreement.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (continued)

2.18 Taxation

(a) Current income tax

The Society is registered as a Charity under the Charities Act and its income is exempted from income tax under the provisions of the Singapore Income Tax Act 1947.

(b) Good and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

2.19 Fund accounting

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

2.20 Contingent liabilities and contingent assets

Contingent liabilities are not recognised in the financial statements but are disclosed where a present obligation exists from past events and where an outflow of resources embodying economic benefits is possible, though not probable. Contingent liabilities are not disclosed if the possibility of outflow is remote.

Contingent assets are not recognised in the financial statements but are disclosed where an inflow of economic benefits is probable. When the realisation of income is virtually certain, the related asset and income are recognised in the financial statements.

3. Significant accounting judgements and estimates

The preparation of the Society's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. Significant accounting judgements and estimates (continued)

3.1 Judgements made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Society, judgement is used by the Society to determine the currency of the primary economic environment in which the Society operates. Consideration factors include the currency that mainly influences sales prices of services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its services.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value.

The carrying amount of the Company's inventories as at 31 December 2024 was S\$90,588 (2023: S\$101,433). If the future expected realisable value lower by 10% of its carrying amount, the carrying amount of the Company's inventories would have been S\$9,058 lower (2023: S\$10,433 lower).

Useful lives of property, plant and equipment and investment properties

Property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amounts of the Society's property, plant and equipment as at 31 December 2024 are stated in Note 5.

Investment properties

Management estimates the useful lives of these investment properties by reference to expected usage of the investment properties, expected repair and maintenance, technical or commercial obsolescence arising from changes or significantly as a result of the changes in these factors. The carrying amounts of the Society's investment properties as at 31 December 2024 are stated in Note 6.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

4. Fundraising

The Society is required to comply with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

The total fund-raising expense of an institution of a public character for the financial year, and for every subsequent financial year, shall not exceed 30% of the total receipts from fund raising and sponsorships for that financial year.

	2024	2023
	S\$	S\$
Tax deductible donations	951,460	328,826
Non-tax deductible donations	258,914	393,462
Total donations	<u>1,210,374</u>	<u>722,288</u>
Less: Fundraising expenses	<u>(263,699)</u>	<u>(97,648)</u>
Net income from fundraising	<u><u>946,675</u></u>	<u><u>624,640</u></u>
Percentage of fundraising expenses over total donations	<u>22%</u>	<u>14%</u>

During the year, the Society conducted the following fundraising activities:

- 50th Anniversary
- 7th Month Events
- Deity Birthday Events
- Street Collections

The Society complies with all relevant fundraising regulations under Charity Act.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5. Property, plant and equipment and ROU assets

	Freehold property and renovations S\$	Motor vehicles S\$	Office equipment, furniture and fittings S\$	Total S\$	# ROU assets S\$
Cost					
At 1 January 2023	4,678,367	463,539	630,398	5,772,304	16,585
Additions	-	41,985	21,330	63,315	-
Disposals	-	(75,582)	(5,200)	(80,782)	-
At 31 December 2023	4,678,367	429,942	646,528	5,754,837	16,585
Additions	-	-	16,763	16,763	19,211
Disposals	-	-	-	-	(7,177)
At 31 December 2024	4,678,367	429,942	663,291	5,771,600	28,619
Accumulated depreciation and amortisation					
At 1 January 2023	2,407,662	410,871	557,308	3,375,841	3,364
Depreciation/amortisation	74,061	18,793	46,447	139,301	4,148
Disposal	-	(75,582)	(5,200)	(80,782)	-
At 31 December 2023	2,481,723	354,082	598,555	3,434,360	7,512
Depreciation/amortisation	74,061	18,794	20,797	113,652	3,392
Disposal	-	-	-	-	(6,044)
At 31 December 2024	2,555,784	372,876	619,352	3,548,012	4,860
Carrying amount					
At 31 December 2023	2,196,644	75,860	47,973	2,320,477	9,073
At 31 December 2024	2,122,583	57,066	43,939	2,223,588	23,759

ROU assets comprise of three photocopiers

The title deeds of the freehold property at 10 Lorong 9 Geylang, Singapore 388758 are held in trust by four members of the management committee.

During the year, depreciation amounting to \$74,061 are charged against asset capitalisation reserves.

A portion of the building space of the freehold property is rented out. Majority of the building space is occupied by the Society for its own operations.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

6. Investment properties

	Freehold properties and renovations S\$
Cost	
At 1 January 2023	3,824,310
Additions	-
At 31 December 2023	<u>3,824,310</u>
Additions	9,599,200
At 31 December 2024	<u><u>13,423,510</u></u>
Accumulated depreciation	
At 1 January 2023	156,862
Depreciation	80,862
At 31 December 2023	<u>237,724</u>
Depreciation	272,846
At 31 December 2024	<u><u>510,570</u></u>
Carrying amount	
At 31 December 2023	<u><u>3,586,586</u></u>
At 31 December 2024	<u><u>12,912,940</u></u>

The following amounts are recognised in the statement of income and expenditure and other comprehensive income:

	2024	2023
	S\$	S\$
Rental income from investment properties	265,671	75,422
Direct operating expenses arising from investment properties that generated rental income	(47,218)	(10,181)
Depreciation	<u>(272,846)</u>	<u>(80,862)</u>

The title deed of the all investment properties are held in trust by four members of the management committee.

Location	Floor area (Square metres)	Tenure
643 Geylang Road Singapore 389573	117	Freehold
645 Geylang Road Singapore 389575	119	Freehold
647 Geylang Road Singapore 389577	118	Freehold

The fair value of the investment properties as at 31 December 2024 is S\$17,555,730 (2023: S\$3,889,049).

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

7. Inventories

	2024	2023
	S\$	S\$
Statement of financial position		
Medicines	<u>90,588</u>	<u>101,433</u>
	2024	2023
	S\$	S\$
Statement of income and expenditure		
Inventories recognised as an expense in cost of sales	<u>934,285</u>	<u>921,162</u>

8. Other receivables

	2024	2023
	S\$	S\$
Deposits	15,988	879,508
GST recoverable	678,303	-
Interest receivables	19,710	29,540
Prepayment	34,697	-
Other receivables	-	72
	<u>748,698</u>	<u>909,120</u>

9. Cash and cash equivalents

	2024	2023
	S\$	S\$
Cash at bank	3,012,279	2,571,609
Cash on hand	95,083	346,549
Fixed deposit	-	5,000,000
	<u>3,107,362</u>	<u>7,918,158</u>

10. Fixed deposits

	2024	2023
	S\$	S\$
Fixed deposits	<u>1,050,000</u>	<u>5,550,000</u>

The fixed deposits bear interest rates at a range from 1.50% to 3.30% (2023: 0.10% to 3.60%) per annum and have maturity period of 12 months (2023: 12 months).

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

11. General fund (unrestricted)

General fund is used in accordance with charitable objectives of the Society at the discretion of the Management Committee.

12. Asset capitalisation reserves

	2024	2023
	S\$	S\$
As at 1 January	2,196,644	2,270,705
Additions during the year	-	-
Depreciation for the year (Note 5)	(74,061)	(74,061)
As at 31 December	<u>2,122,583</u>	<u>2,196,644</u>

Asset capitalisation reserves pertains to building fund used to acquire the Society's freehold property located at 10 Lorong 9 Geylang, Singapore 388758 and payment of major renovations (Note 5). The annual depreciation charge of those said assets will then be utilised against this fund.

13. Borrowings

	2024	2023
	S\$	S\$
Current:		
- Lease liabilities (Note 16)	3,836	2,749
Non-current:		
- Lease liabilities (Note 16)	<u>21,081</u>	<u>9,230</u>
	<u>24,917</u>	<u>11,979</u>

A reconciliation of liabilities arising from financing activities excluding bank overdrafts is as follows:

	1 January 2024	Cash flows	Non-cash changes				31 December 2024
	S\$	S\$	Acquisition	Modification of lease	Accretion of interests	Other	S\$
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Lease liabilities							
- current	2,749	(3,459)	19,211	(3,523)	709	(11,851)	3,836
- non-current	9,230	-	-	-	-	11,851	21,081
	<u>11,979</u>	<u>(3,459)</u>	<u>19,211</u>	<u>(3,523)</u>	<u>709</u>	<u>-</u>	<u>24,917</u>

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

13. Borrowings (continued)

	1 January 2023	Cash flows	Non-cash changes				31 December 2023
			Acquisition	Modification of lease	Accretion of interests	Other	
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Lease liabilities							
- current	2,608	(3,312)	-	-	704	2,749	2,749
- non-current	11,979	-	-	-	-	(2,749)	9,230
	<u>14,587</u>	<u>(3,312)</u>	<u>-</u>	<u>-</u>	<u>704</u>	<u>-</u>	<u>11,979</u>

14. Trade payables

	2024	2023
	S\$	S\$
Third parties	<u>151,473</u>	<u>172,491</u>

Trade payables are non-interest bearing and are normally settled on 30 days (2023: 30 days) terms.

15. Other payables

	2024	2023
	S\$	S\$
Accrued expenses	97,055	75,964
Deposits received	61,908	19,536
GST payables	-	32,674
	<u>158,963</u>	<u>128,174</u>

Other payables are non-interest bearing, non-trade and are repayable on demand.

16. Leases

As a lessee

The Society has lease contracts for office equipment. The Society's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

a) The carrying amount of ROU assets is disclosed with property, plant and equipment in Note 5.

b) Lease liabilities

The carrying amounts of lease liabilities and the movement during the year are disclosed in Note 13 and the maturity analysis of the lease liabilities is disclosed in Note 20.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

16. Leases (continued)

As a lessee (continued)

c) Amount recognised in profit and loss

	2024	2023
	S\$	S\$
Amortisation of right-of-use assets	3,392	4,148
Interest on lease liabilities	709	704
Lease expense not capitalised in lease liabilities		
- Expense relating to short-term leases (included in operating expenses)	26,532	26,286
Total amount recognised in profit or loss	<u>30,633</u>	<u>31,138</u>

d) Total cash outflow

The Society had a total cash outflow for leases of S\$29,991 (2023: S\$29,598).

As a lessor

The Society has entered into operating leases on the freehold property (Note 5) and investment property (Note 6) with tenants. The leases are negotiated on terms of two to three years. All leases include a clause to enable upward revision of the rental charge on a lease term basis accordingly, to prevailing market conditions.

The future minimum rental receivables under non-cancellable operating lease contracted for at the reporting period are as follows:

	2024	2023
	S\$	S\$
Not later than 1 year	248,800	112,800
Later than 1 year but not later than 5 years	286,900	60,800
	<u>535,700</u>	<u>173,600</u>

17. Significant related party transactions

Income and expenditures

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2024	2023
	S\$	S\$
Income		
- Tax deductible donations	<u>510</u>	<u>915</u>

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

17. Significant related party transactions (continued)

Income and expenditures (continued)

	2024	2023
	S\$	S\$
Expenses		
- Entertainment and refreshments	<u>378</u>	<u>-</u>

Compensation of key management personnel

	2024	2023
	S\$	S\$
Salaries and bonus	198,584	235,210
CPF contributions	24,934	27,293
Other short-term benefits	10,155	4,295
	<u>233,673</u>	<u>266,798</u>

Number of key management personnel in remuneration bands

	2024	2023
S\$50,001 to S\$100,000	2	4
Below or equal to S\$50,000	2	-
	<u>4</u>	<u>4</u>

There are no staff relating to the management committee earning more than S\$50,000.

18. Contingent liabilities

During the year, the Society identified discrepancies between the accounting records and the tax-exempt donations listing submitted to the Inland Revenue Authority of Singapore ("IRAS") via the Donation Management System ("DMS"), primarily due to duplicate and administrative errors.

While the financial statements properly reflect actual donations received, the inaccurate reporting constitutes a potential non-compliance with IRAS reporting requirements. This matter is described in the Emphasis of Matter paragraph in the independent auditor's report.

As at the date of this report, no penalties or regulatory actions have been imposed by IRAS. Should IRAS impose penalties, the Society may be required to settle such amounts. The possible financial effect of any penalty cannot be reasonably estimated at this stage.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

19. Fair value of assets and liabilities

Assets and liabilities not measured at fair value

Cash and cash equivalents, fixed deposits, other payables and other receivables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade payables

The carrying amounts of these payables approximate their fair values as they are subject to normal trade credit terms.

Borrowings

The carrying amounts of the lease liabilities are approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

20. Financial risk management

The Society's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk, and market risk (including foreign currency risk and interest rate risk).

The Management Committee reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Society policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Society's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Society's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counter party will default on its contractual obligations resulting in a loss to the Society. The Society's exposure to credit risk arises primarily from other receivables. For other financial assets including cash, the Society minimises credit risk by dealing exclusively with high credit rating counterparties.

The Society has adopted a policy of only dealing with creditworthy counterparties. The Society performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Society considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Society's credit risk during the year is insignificant.

PUBLIC FREE CLINIC SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

20. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Society's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market interest rates. The Society's exposure to interest rate risk arises primarily from their cash and cash equivalents and borrowings.

The Society does not expect any significant effect on the Society's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the reporting date, if the interest rates had been 50 (2023: 50) basis points higher/lower with all other variables held constant, the Society's profit before tax would have been S\$125 (2023: S\$60) higher/lower, arising mainly as a result of higher/lower interest income/expenses on floating rate cash at bank and floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Foreign currency risk

The Society's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Society has no significant exposure in respect of financial assets and liabilities held in foreign currency as its transactions are mainly in its functional currency.

Liquidity risk

Liquidity risk refers to the risk that the Society will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Society's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Society's objective is to maintain a balance between continuity of funding through donations and offering. The Society's operations are financed mainly through funds. The Management Committee is satisfied that funds are available to finance the operations of the Society.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Society's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

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20. Financial risk management (continued)

Liquidity risk (continued)

	Carrying amount S\$	Contractual cash flows S\$	Within one year S\$	Within two to five years S\$
2024				
<u>Financial assets</u>				
Other receivables	35,698	35,698	35,698	-
Cash and cash equivalents	3,107,362	3,107,362	3,107,362	-
Fixed deposits	1,050,000	1,050,000	1,050,000	-
Total undiscounted financial assets	4,193,060	4,193,060	4,193,060	-
<u>Financial liabilities</u>				
Trade payables	151,473	151,473	151,473	-
Other payables	158,963	158,963	158,963	-
Borrowings	24,917	3,312	5,052	23,630
Total undiscounted financial liabilities	335,353	313,748	315,488	23,630
Total net undiscounted financial assets / (liabilities)	3,857,707	3,879,312	3,877,572	(23,630)
2023				
<u>Financial assets</u>				
Other receivables	29,612	29,612	29,612	-
Cash and cash equivalents	7,918,158	7,918,158	7,918,158	-
Fixed deposits	5,550,000	5,550,000	5,550,000	-
Total undiscounted financial assets	13,497,770	13,497,770	13,497,770	-
<u>Financial liabilities</u>				
Trade payables	172,491	172,491	172,491	-
Other payables	95,500	95,500	95,500	-
Borrowings	11,979	13,150	3,312	9,838
Total undiscounted financial liabilities	279,970	281,141	271,303	9,838
Total net undiscounted financial assets / (liabilities)	13,217,800	13,216,629	13,226,467	(9,838)

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21. Financial instruments by category

As at 31 December 2024, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	2024	2023
	S\$	S\$
Financial assets measured at amortised cost		
Other receivables	35,698	29,612
Cash and cash equivalents	3,107,362	7,918,158
Fixed deposits	1,050,000	5,550,000
Total financial assets measured at amortised cost	<u>4,193,060</u>	<u>13,497,770</u>
Financial liabilities measured at amortised cost		
Trade payables	151,473	172,491
Other payables	158,963	95,500
Borrowings	24,917	11,979
Total financial liabilities measured at amortised cost	<u>335,353</u>	<u>279,970</u>

22. Fund management

The Society's objectives when managing its funds are to safeguard and maintain adequate working capital to meet its day-to-day operations. It is also to ensure long-term financial stability in order that its programmes and activities are being continually developed. The Company review its reserve annually to maintain a reserve not more than three years of its annual operating expenditures.

	2024	2023	Increase/ (Decrease)
	S\$	S\$	
<i>Unrestricted fund</i>			
- General funds	<u>17,698,999</u>	<u>17,885,559</u>	-1%
Total annual operating expenditure	<u>5,666,207</u>	<u>4,962,820</u>	14%
Ratio of funds and reserve to annual operating expenditure	<u>3.12</u>	<u>3.60</u>	