

LEE KUAN YEW FUND FOR BILINGUALISM

(Registration No: 201204335M)

(Institutions of Public Character Number: IPC000756)

(Registered under the Charities Act, Chapter 37)

Statement by Directors and Financial Statements

Year Ended 31 March 2017

RSM Chio Lim LLP

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LEE KUAN YEW FUND FOR BILINGUALISM

Statement by Directors and Financial Statements

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LEE KUAN YEW FUND FOR BILINGUALISM

Statement by Directors

The directors of Lee Kuan Yew Fund for Bilingualism (the "Fund") are pleased to present the financial statements of the Fund for the reporting year ended 31 March 2017.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Fund for the reporting year covered by the financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

2 Directors

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

Mr Ng Chee Meng (Chairman)
Ms Low Yen Ling (Vice-chairman)
Ms Sim Beng Mei Mildred
Professor Kuo Chen-Yu Eddie
Ms Ho Peng
Mrs Yu-Foo Yee Shoon
Mr Rajaram Ramasubban
Mr Wan Shung Ming
Mr Yatiman bin Yusof @ Yatiman bin Naron
Mr Tan Lin Teck

3. Directors' interests in shares and debentures

The fund is a company limited by guarantee and has no share capital.

LEE KUAN YEW FUND FOR BILINGUALISM

4. Options

The fund is a company limited by guarantee. As such, there are no share options or unissued shares under option.

The board of directors approved and authorised these financial statements for issue.

On behalf of the directors



Ng Chee Meng
Director



Tan Lin Teck
Director

26 July 2017

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**Independent Auditor's Report to the Members of
LEE KUAN YEW FUND FOR BILINGUALISM**

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Lee Kuan Yew Fund For Bilingualism (the "fund"), which comprise the statement of financial position as at 31 March 2017, and the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the 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 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 fund as at 31 March 2017 and of the financial performance, changes in funds and cash flows of the fund 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 fund in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

**Independent Auditor's Report to the Members of
LEE KUAN YEW FUND FOR BILINGUALISM**

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Responsibilities of management and directors 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 Act 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 fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the fund'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:

- a) 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.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent Auditor's Report to the Members of
LEE KUAN YEW FUND FOR BILINGUALISM**

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

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

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

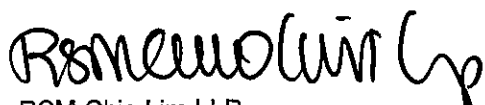
Report on other legal and regulatory requirements

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Woo E-Sah.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

26 July 2017

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LEE KUAN YEW FUND FOR BILINGUALISM

Statement of Financial Activities Year Ended 31 March 2017

	<u>Notes</u>	<u>2017</u> <u>\$'000</u>	<u>2016</u> <u>\$'000</u>
<u>INCOME</u>			
Donation income	4	284	6,162
Interest income	5	308	453
Dividend income	6	1,566	1,250
Other income		1	-
Total Income		<u>2,159</u>	<u>7,865</u>
<u>EXPENDITURE</u>			
Cost of charitable activities (grant disbursements)	7	1,515	949
Other expenditure		71	66
Total Expenditure		<u>1,586</u>	<u>1,015</u>
Net Income		<u>573</u>	<u>6,850</u>
<u>OTHER COMPREHENSIVE INCOME</u>			
Available-for-Sale Financial Assets	8	3,173	(2,126)
Net movement in funds		<u>3,746</u>	<u>4,724</u>
<u>Reconciliation of Funds</u>			
Total Funds Brought Forward		<u>119,524</u>	<u>114,800</u>
Total Funds Carried Forward		<u>123,270</u>	<u>119,524</u>

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

LEE KUAN YEW FUND FOR BILINGUALISM

Statement of Financial Position
As at 31 March 2017

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
ASSETS			
<u>Non-current assets</u>			
Other financial assets, non-current	10	91,714	86,423
Total non-current assets		<u>91,714</u>	<u>86,423</u>
<u>Current assets</u>			
Trade and other receivables	11	30	305
Cash and cash equivalents	12	31,540	32,810
Total current assets		<u>31,570</u>	<u>33,115</u>
Total assets		<u>123,284</u>	<u>119,538</u>
<u>Current liabilities</u>			
Other payables and accruals	13	14	14
Total current liabilities		<u>14</u>	<u>14</u>
Net assets		<u>123,270</u>	<u>119,524</u>
<u>Funds</u>			
General fund – unrestricted fund		120,989	120,416
Fair value reserve	8	2,281	(892)
Total funds		<u>123,270</u>	<u>119,524</u>

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

LEE KUAN YEW FUND FOR BILINGUALISM

Statement of Changes in Funds Year Ended 31 March 2017

	General Fund – Unrestricted Fund \$'000	Fair Value Reserve \$'000	Total \$'000
Current Year:			
Opening Balance at 1 April 2016	120,416	(892)	119,524
Net surplus for the reporting year	573	–	573
Increase in fair value on available-for-sale investments through other comprehensive income	–	3,173	3,173
Balance as at 31 March 2017	<u>120,989</u>	<u>2,281</u>	<u>123,270</u>
Previous Year:			
Opening Balance at 1 April 2015	113,566	1,234	114,800
Net surplus for the reporting year	6,850	–	6,850
Decrease in fair value on available-for-sale investments through other comprehensive income	–	(2,126)	(2,126)
Balance as at 31 March 2016	<u>120,416</u>	<u>(892)</u>	<u>119,524</u>

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

LEE KUAN YEW FUND FOR BILINGUALISM

**Statement of Cash Flows
Year Ended 31 March 2017**

	<u>2017</u> \$'000	<u>2016</u> \$'000
<u>Cash flows from operating activities</u>		
Net surplus for the year	573	6,850
Interest income	(308)	(453)
Dividend income	(1,566)	(1,250)
Operating cash flows before changes in working capital	<u>(1,301)</u>	<u>5,147</u>
Other payables and accruals	–	1
Net cash flows (used in) from operating activities	<u>(1,301)</u>	<u>5,148</u>
<u>Cash flows from investing activities</u>		
Other financial assets, non-current – (decrease)	(2,118)	(11,258)
Interest received	583	234
Dividends received	1,566	1,250
Net cash flows from (used in) investing activities	<u>31</u>	<u>(9,774)</u>
Net decrease in cash and cash equivalents	(1,270)	(4,626)
Cash and cash equivalents, statement of cash flows, beginning balance	<u>32,810</u>	<u>37,436</u>
Cash and cash equivalents, statement of cash flows, ending balance (Note 12)	<u>31,540</u>	<u>32,810</u>

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

LEE KUAN YEW FUND FOR BILINGUALISM

Notes to the Financial Statements 31 March 2017

1. General

Lee Kuan Yew Fund for Bilingualism (the "Fund") was incorporated in Singapore on 22 February 2012 as a company limited by guarantee. The Fund is registered as a charity under the Charities Act, Chapter 37. The Fund was granted the status of an Institution of a Public Character on 4 March 2012 (IPC Registration No. IPC000756) under the Charities Act, Chapter 37 and the status has since been renewed to 3 March 2021. The financial statements are presented in Singapore dollars, recorded to the nearest thousand, unless otherwise stated.

The principal activities of the Fund are giving grants to proposals which aim to promote bilingualism among pre-schoolers and to support efforts by Ministry of Education in the teaching and learning of English and the Mother Tongue Languages.

The registered office address is: 1 North Buona Vista Drive, MOE Building, Singapore 138675. The Fund is situated in Singapore.

Each member of the Fund has undertaken to contribute such amounts not exceeding \$1 to the assets of the Fund in the event the Fund is wound up and the monies are required for payment of the liabilities of the Fund. The Fund had 1 member at the end of the reporting year.

The memorandum and articles of the Fund restricts the use of fund monies to the furtherance of the objects of the Fund. They prohibit the payment of dividends to members.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

LEE KUAN YEW FUND FOR BILINGUALISM

1. General (cont'd)

Basis of preparation of the financial statements

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

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

Revenues including donations, gifts and grants that provide core funding or are of general nature are recognised where there is (a) entitlement (b) certainty and (c) sufficient reliability of measurement. Such income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the Fund has unconditional entitlement. The revenue amount from services is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the Fund and it is shown net of related goods and services tax and subsidies.

(i) Donations

Revenue from cash donations are recognised as and when received.

(ii) Interest Income

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

(iii) Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established.

Gifts-in-kind

A gift-in-kind (if any) is included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received. No value is ascribed to volunteer services.

LEE KUAN YEW FUND FOR BILINGUALISM

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

2A. Significant accounting policies (cont'd)

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Income tax

As a charity, the Fund is exempt from tax on income and gains falling within section 13U(1) of the Income Tax Act to the extent that these are applied to its charitable objects.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

LEE KUAN YEW FUND FOR BILINGUALISM

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

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention and ability to hold to maturity. Financial assets that upon initial recognition are designated as at fair value through profit or loss or available-for-sale and those that meet the definition of loans and receivables are not classified in this category. These assets are carried at amortised costs using the effective interest method minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. Impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. Non-current investments in bonds and debt securities are usually classified in this category.

LEE KUAN YEW FUND FOR BILINGUALISM

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

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However, for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. These financial assets are classified as non-current assets unless management intends to dispose of the investments within 12 months of the end of the reporting year. Usually non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates.

LEE KUAN YEW FUND FOR BILINGUALISM

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

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value. For unquoted equity instruments impairment losses are not reversed. Changes in the fair value of non-functional currency denominated investments classified as available-for-sale are analysed between translation differences and other changes in the carrying amount of the investments. The translation differences on monetary investments are recognised in profit or loss measured based on the amortised cost of the monetary investments; translation differences on non-monetary investments are recognised in other comprehensive income. Interest income calculated using the effective interest method and dividends are recognised in profit or loss. Other changes in the carrying amount of the investments classified as available-for-sale are recognised in other comprehensive income.

Cash and cash equivalents

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

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

LEE KUAN YEW FUND FOR BILINGUALISM

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

2A. Significant accounting policies (cont'd)

Financial liabilities (cont'd)

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

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

LEE KUAN YEW FUND FOR BILINGUALISM

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

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes if any by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses if any are allocated on a reasonable basis to the funds based on a method most suitable to that common expense.

2C. Critical judgements, assumptions and estimation uncertainties

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

3. Related parties relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Related parties:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise.

The related party transactions were made on terms equivalent to those that prevail as far as practicable based on market prices.

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

3A. Related parties: (cont'd)

It is not the practice for the trustees/office bearers, people or companies connected with them, to receive remuneration, or other benefits, from the Fund for which they are responsible, or from institutions connected with the Fund, except as disclosed below:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Disbursement of grants to related parties	-	(337)
Sponsorship of events organised by a related party	(14)	(11)
Donation received from a related entity	<u>-</u>	<u>5,005</u>

There are volunteer services and office space provided by Ministry of Education free-of-charge. No value is ascribed to these activities.

3B. Key management compensation:

Key management personnel are the directors having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The directors did not receive any remuneration.

4. Donation income

	<u>2017</u> \$'000	<u>2016</u> \$'000
Donation income	<u>284</u>	<u>6,162</u>

5. Interest income

	<u>2017</u> \$'000	<u>2016</u> \$'000
Interest income	<u>308</u>	<u>453</u>

6. Dividend income

	<u>2017</u> \$'000	<u>2016</u> \$'000
Dividend income from quoted corporations	<u>1,566</u>	<u>1,250</u>

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7. Cost of charitable activities		
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Grant disbursed	<u>1,515</u>	<u>949</u>
8. Fair value reserve		
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
At beginning of year	(892)	1,234
Gain (loss) on remeasuring available-for-sale financial assets (Note 10)	<u>3,173</u>	<u>(2,126)</u>
At end of the year	<u>2,281</u>	<u>(892)</u>
9. Tax-exempt receipts		
<p>The Fund enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times (3 times for calendar year 2015) tax deduction for the donations made to the Fund. The status was renewed for 4 years with effect from 4 March 2017 under the Institutions of a Public Character (IPC) Scheme.</p>		
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
The Fund issued tax deductible receipts for donations collected	<u>103</u>	<u>1,161</u>
10. Other financial assets, non-current		
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Balance is made up of:		
Available-for-sale investment (Note 10A)	89,714	86,423
Held-to-Maturity investment at amortised cost (Note 10B)	<u>2,000</u>	<u>-</u>
Total at end of the year	<u>91,714</u>	<u>86,423</u>
10A Available-for-sale investment		
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Movements during the year:		
Fair value at beginning of the year	86,423	77,291
Additions	118	11,258
Increase (decrease) in fair value through other comprehensive income (Note 8)	<u>3,173</u>	<u>(2,126)</u>
Fair Value at end of the year	<u>89,714</u>	<u>86,423</u>

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10. Other financial assets, non-current (cont'd)

10A Available-for-sale investment (cont'd)

Balance is made up of:

Investments as available-for-sale at fair value through other comprehensive income:

<u>Available-for-sale investments held by the Fund:</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Unquoted funds (Level 2)	86,488	83,628
Quoted equities (Level 1)	<u>3,226</u>	<u>2,795</u>

The fair value of the unquoted funds is based on the latest available redemption price of the units of the Funds, as determined by the administrator of the funds.

10B. Held-to-Maturity investment at amortised cost

	<u>2017</u> \$'000	<u>2016</u> \$'000
Movements during the year – at amortised cost:		
Amortised cost at beginning of the year	–	–
Additions at cost – quoted bond in corporation with fixed interest of 2.23% and maturing on 21 February 2022	<u>2,000</u>	<u>–</u>
Amortised cost at end of the year (Level 1)	<u>2,000</u>	<u>–</u>

The fair value of quoted bond is based on price in an active market at the end of the reporting year.

11. Trade and other receivables

	<u>2017</u> \$'000	<u>2016</u> \$'000
Accrued Interest	<u>30</u>	<u>305</u>

12. Cash and cash equivalents

	<u>2017</u> \$'000	<u>2016</u> \$'000
Cash and bank balances	17,522	3,342
Fixed deposits	<u>14,018</u>	<u>29,468</u>
Cash and cash equivalents for statement of cash flows purposes at end of the year	<u>31,540</u>	<u>32,810</u>

The rate of interest for the cash on interest earning accounts is between 0.5% to 1.58% (2016: 0.5% to 1.58%).

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13. Other payables and accruals

	<u>2017</u> \$'000	<u>2016</u> \$'000
Other accruals	<u>14</u>	<u>14</u>

14. Reserves policy

The reserves of the Fund provide financial stability and a means for the development of the Fund's activities. The Fund intends to maintain the reserves at no less than 5 years of operating expenditure. The Board of Directors reviews the level of reserves regularly for the Fund's continued obligations.

15. Financial instruments: information on financial risks

15A. Categories of financial assets and liabilities

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

	<u>2017</u> \$'000	<u>2016</u> \$'000
<u>Financial assets:</u>		
Cash and cash equivalents	31,540	32,810
Trade and other receivables	30	305
Held-to-maturity investments	2,000	–
Available-for-sale financial assets	<u>89,714</u>	<u>86,423</u>
At end of the year	<u>123,284</u>	<u>119,538</u>
<u>Financial liabilities:</u>		
Trade and other payables measured at amortised cost	<u>14</u>	<u>14</u>
At end of the year	<u>14</u>	<u>14</u>

Further quantitative disclosures are included throughout these financial statements.

15B. Financial risk management

The Fund's investment in financial instruments exposes it to financial risks such as credit risk, liquidity risk, interest rate risk and foreign currency risk. The Investment Advisory Committee sets out investment principles including diversifying investments where practical to minimize risks due to concentrated holdings and investing cash to provide safety, liquidity and return. The risk exposure in long-term financial investments is controlled by the allocation of funds to various asset classes. The financial risk management activities are carried out by the Investment Advisory Committee.

15C. Fair values of financial instruments

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

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

15D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables, and certain other financial assets. The available-for-sale assets in the form of investments in equity securities have no exposure to credit risk. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Note 12 discloses the maturity of the cash and cash equivalents balances.

15E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. There are no non-current financial liabilities at the end of the reporting year. It is expected that all the liabilities will be settled at their contractual maturity.

All non-derivative financial liabilities comprising trade and other payables have remaining contractual maturities (contractual and undiscounted cash flows) of less than 1 year.

The Fund has sufficient cash balances to support cash commitments from its existing liabilities. The Fund does not have any bank borrowings.

15F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant.

15G. Foreign currency risk

Analysis of amounts denominated in non-functional currency:

	<u>US dollars</u>
	\$'000
<u>2017</u>	
<u>Financial assets:</u>	
Available-for-sale investments in quoted equities	<u>687</u>
<u>2016</u>	
<u>Financial assets:</u>	
Available-for-sale investments in quoted equities	<u>518</u>

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

15G. Foreign currency risk (cont'd)

Sensitivity analysis:	<u>2017</u> \$'000	<u>2016</u> \$'000
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A hypothetical 10% strengthening in the exchange rate of the functional currency S\$ against the United States Dollars with all other variables held constant would have a favourable effect on post-tax profit of

69	52
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The above table shows sensitivity to a hypothetical percentage variation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

16. Commitments

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

	<u>2017</u> \$'000	<u>2016</u> \$'000
Contractual obligations for approved grants	4,779	5,725

17. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements

<u>FRS No.</u>	<u>Title</u>
FRS 1	Amendments to FRS 1: Disclosure Initiative

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

For the future reporting years new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
FRS 109	Financial Instruments	1 Jan 2018