

Nexia TS

Listening, Thinking, Growing, Asia.

Associated with



Lee Kuan Yew Fund For Bilingualism

(Incorporated in the Republic of Singapore)

(Company Registration No.: 201204335M)

(Institutions of Public Character No.: IPC000756)

Financial Statements

For the Financial Year Ended 31 March 2019

Nexia TS Public Accounting Corporation

UEN: 200507237N / Incorporated with limited liability
Singapore • China • Malaysia • Myanmar

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Lee Kuan Yew Fund For Bilingualism

Financial Statements

For the Financial Year Ended 31 March 2019

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The directors are pleased to present their statement together with the audited financial statements of Lee Kuan Yew Fund for Bilingualism (the "Fund") for the financial year ended 31 March 2019.

In the opinion of the directors,

- (a) the financial statements of the Fund are drawn up so as to give a true and fair view of the financial position of the Fund as at 31 March 2019 and the financial performance, changes in funds and cash flows of the Fund for the financial year ended on that date in accordance with provisions of the Singapore Companies Act, Chapter 50, the Singapore Charities Act, Chapter 37 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

Directors

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

Mr Ong Ye Kung	(Chairman)
Ms Low Yen Ling	(Vice-chairman)
Mr Clarence Tang	(Treasurer)
Mrs Mildred Tan	
Professor Eddie Kuo	
Ms Ho Peng	
Mrs Yu-Foo Yee Shoon	
Mr Anthony Tan	
Mr Chua Chim Kang	
Mr Hawazi Daipi	
Madam Rahayu Mahzam	
Mr R Rajaram	
Mr Wong Siew Hoong	

Arrangements to enable directors to acquire shares or debentures

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

Directors' interests in shares or debentures

The Fund is a company limited by guarantee and has no share capital. There were also no debentures issued by the Fund at the end of financial year.

Dividends

In accordance with the Memorandum of Association of the Fund, no dividend shall be paid to its members.

Share options

The Fund is a company limited by guarantee. As such, there are no share options or unissued ordinary shares.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the directors



Mr. Ong Ye Kung
Director



Mr. Clarence Tang
Director

Singapore

26 July 2019

**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 2019, and the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore 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 2019 and of the financial activities, changes in funds and cash flows of the Fund for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believed 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 Directors' Statement set out on pages 1 to 2, 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**

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, the Charities 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 Fund 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:

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

**Independent Auditor's Report to the Members of
Lee Kuan Yew Fund for Bilingualism**

Auditor's Responsibilities for the Audit of the Financial Statements

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

We communicate with the 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 financial year:

- (a) The use of donation monies was not in accordance with the objectives of the Fund 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 the regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

Nexia TS

**Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore

26 July 2019

	Note	2019 \$'000	2018 \$'000
Income			
Donation income	3	270	277
Interest income	4	460	344
Dividend income	5	1,053	1,213
Total income		1,783	1,834
Expenditure			
Cost of charitable activities (grants disbursements)	6	3,001	2,709
Other expenditure	7	99	1,217
Financial assets, available-for-sale			
- Loss on disposal, net		-	296
- Fair value losses reclassification from other comprehensive income on disposal, net	8	-	464
Total expenditure		3,100	4,686
Deficit for the financial year		(1,317)	(2,852)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value loss – equity investments	8	-	(115)
- Reclassification		-	464
Items that will not be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
- Fair value loss – equity investments	8	(512)	-
Other comprehensive income		(512)	349
Net movement in funds		(1,829)	(2,503)
Reconciliation of Funds			
Total funds brought forward		120,767	123,270
Total funds carried forward		118,938	120,767

	Note	2019 \$'000	2018 \$'000
ASSETS			
Non-current asset			
Financial assets, non-current	10	<u>91,671</u>	<u>87,952</u>
Current assets			
Other receivables	14	122	70
Cash and cash equivalents	15	<u>27,153</u>	<u>33,395</u>
		<u>27,275</u>	<u>33,465</u>
Total assets		<u>118,946</u>	<u>121,417</u>
LIABILITIES			
Current liability			
Other payables and accruals	16	<u>8</u>	<u>650</u>
		<u>8</u>	<u>650</u>
Total liability		<u>8</u>	<u>650</u>
Net assets		<u>118,938</u>	<u>120,767</u>
FUNDS			
General fund – unrestricted fund		114,420	118,137
Fair value reserve	8	<u>4,518</u>	<u>2,630</u>
Total funds		<u>118,938</u>	<u>120,767</u>

	Note	General Fund – Unrestricted Fund \$'000	Fair Value Reserve \$'000	Total \$'000
2019				
Beginning of financial year		118,137	2,630	120,767
Deficit for the financial year		(1,317)	-	(1,317)
Other comprehensive income		-	(512)	(512)
Transfer upon disposal of equity investments classified as financial assets, at FVOCI	8	(2,400)	2,400	-
End of financial year		114,420	4,518	118,938
2018				
Beginning of financial year		120,989	2,281	123,270
Deficit for the financial year		(2,852)	-	(2,852)
Other comprehensive income		-	349	349
End of financial year		118,137	2,630	120,767

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

	2019 \$	2018 \$
Cash flows from operating activities		
Deficit for the financial year	(1,317)	(2,852)
Interest income	(460)	(344)
Dividend income	(1,053)	(1,213)
Net loss on disposals of available-for-sale financial assets	-	760
	<u>(2,830)</u>	<u>(3,649)</u>
Change in working capital:		
- Other payables and accruals	(642)	636
Net cash used in operating activities	<u>(3,472)</u>	<u>(3,013)</u>
Cash flows from investing activities		
Proceeds from disposal of available-for-sale financial assets	12,572	27,000
Additions to financial assets, non-current	(16,803)	(23,649)
Interest received	408	304
Dividend received	1,053	1,213
Net cash (used in)/generated from investing activities	<u>(2,770)</u>	<u>4,868</u>
Net (decrease)/increase in cash and cash equivalents	(6,242)	1,855
Cash and cash equivalents		
Beginning of financial year	<u>33,395</u>	<u>31,540</u>
End of financial year	<u>27,153</u>	<u>33,395</u>

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Lee Kuan Yew Fund for Bilingualism (the "Fund") is incorporated, operates and domiciled in Singapore. The registered office address is at 1 North Buona Vista Drive, MOE Building, Singapore 138675. The Fund is registered as a charity organisation under Charities Act (Chapter 37) and has been accorded the Institutions of a Public Character ("IPC") status on 4 March 2012 (IPC Registration No. IPC000756). The status has since been renewed to 3 March 2021.

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.

Each member of the Fund has undertaken to contribute such amounts not exceeding \$1 to the assets of the Fund on 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.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations of FRS ("INT FRS") as issued by the Singapore Accounting Standard Council. The Fund is also subject to the provisions of the Singapore Companies Act, Chapter 50 and the Singapore Charities Act, Chapter 37. The financial statements are prepared on a going concern basis under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the management to exercise its judgement in the process of applying the Fund's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

Interpretations and amendments to published standards effective in 2018

On 1 April 2018, the Fund has adopted the new or revised FRSs and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Fund's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRSs and INT FRS.

The adoption of these new or amended FRSs and INT FRS did not result in substantial changes to the accounting policies of the Fund and had no material effect on the amounts reported for the current or prior financial year except for the following:

(a) Adoption of FRS 109 *Financial Instruments*

The Fund has adopted the new standard retrospectively from 1 April 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2018 are not restated. There is no material difference between the carrying amounts at 31 March 2018 and 1 April 2018.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.5.

The effects on adoption of FRS 109 are as follows:

	Note	Financial assets, available-for-sale (AFS) \$'000	Financial assets, at FVOCI (FVOCI) \$'000
Balance as at 31 March 2018 before adoption of FRS 109		80,952	-
Reclassification from AFS to FVOCI	(i)	<u>(80,952)</u>	<u>80,952</u>
Balance as at 1 April 2018 after adoption of FRS 109		<u>-</u>	<u>80,952</u>

(i) *Equity investments reclassified from AFS to FVOCI*

The Fund has elected to recognise changes in fair values of all its equity investments not held for trading and previously classified as AFS, in other comprehensive income. As a result, "Financial assets, available-for-sale" of \$80,952,000 were reclassified to "Financial assets, at FVOCI" on 1 April 2018.

2. Significant accounting policies

2.2 Fund accounting

In order to ensure observance to limitations and restrictions placed on the use of resources available to the Fund, the financial statements of the Fund are prepared substantively in accordance with the principles of “fund accounting”, under which resources are classified into specific funds to reflect the operating activities specified.

Funds restricted by outside sources are so indicated and are distinguished from unrestricted funds designated for specific purposes, if any, by the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through an appeal to redirect its use and are in contrast with unrestricted funds over which the management retains full control to use in achieving any of its institutional purposes.

Expenses directly attributable to operating activities are charged to the fund. Common expenses, if any, are allocated to the fund on a reasonable basis, based on a method most suitable to that common expense.

2.3 Income recognition

Income is 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.

(a) Donations

Income from donation is accounted for when received.

(b) Interest income

Interest income on bank current accounts and fixed deposits placed with banks are recognised on a time-proportion basis using the effective interest method.

(c) Dividend income

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

2.4 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.

2. Significant accounting policies

2.5 Financial assets

The accounting for financial assets before 1 April 2018 under FRS 39 are as follows:

(a) Classification

The Fund classifies its financial assets in the following categories: loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at the initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and other receivables include "Other receivables" (Note 14) and "Cash and cash equivalents" (Note 15) at the end of the financial year.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity. If the Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Fund commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the statement of financial activities. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the statement of financial activities.

2. Significant accounting policies

2.5 Financial assets

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Interest income on financial assets is recognised separately in the income and expenditure statement.

Available-for-sale financial assets are subsequently carried at fair value. Investment in equity instruments whose fair values cannot be reliably measured are measured at cost less impairment loss.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) *Impairment*

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

(i) *Loans and receivables/Held-to-maturity financial assets*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2. Significant accounting policies

2.5 Financial assets

(e) Impairment

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.6(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

The accounting for financial assets from 1 April 2018 under FRS 109 are as follows:

(a) Classification and measurement

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

- Amortised cost
- Fair value through other comprehensive income (FVOCI);

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Fund reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

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

2. Significant accounting policies

2.5 Financial assets

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise cash and cash equivalents, other receivables and debt securities.

Subsequent measurement categories, depending on the Fund's business model for managing the financial asset and the cash flow characteristics of the asset, are as follows:

Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method.

(ii) Equity investments

The Fund subsequently measures all its equity investments at their fair values. The Fund has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Fund considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as fair value gains/losses in other comprehensive income. Dividends from equity investments are recognised in profit or loss as dividend income.

(b) Impairment

The Fund assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since the initial recognition.

For receivables, the Fund applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. Significant accounting policies

2.5 Financial assets

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Fund commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment classified as FVOCI, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Other payables

Other payables represent liabilities for goods and services provided to the Fund prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies

2.8 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.9 Income taxes

As a charity, the Fund is exempt from income tax on income and gains under the Income Tax Act, Chapter 134 to the extent that these are applied to its charitable objects.

2.10 Provision for other liabilities and changes

Provisions for other liabilities and charges are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.11 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Fund.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the statement of financial activities. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Foreign exchange gains and losses impacting income and expenditure are presented in the statement of financial activities within "Other gains/(losses) – net", (if any).

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

3. Donation income

	2019 \$'000	2018 \$'000
Tax deductible	4	104
Non-tax deductible	266	173
	<u>270</u>	<u>277</u>

4. Interest income

	2019 \$'000	2018 \$'000
Interest income from bank deposits	303	259
Interest income from bonds	157	85
	<u>460</u>	<u>344</u>

5. Dividend income

	2019 \$'000	2018 \$'000
Dividend income from financial assets	<u>1,053</u>	<u>1,213</u>

6. Cost of charitable activities

	2019 \$'000	2018 \$'000
Grant disbursed	<u>3,001</u>	<u>2,709</u>

7. Other expenditure

	2019 \$'000	2018 \$'000
Advertising and publicity	38	1,167
Professional fees	7	30
Others	54	20
	<u>99</u>	<u>1,217</u>

8. Fair value reserve

	2019	2018
	\$'000	\$'000
At beginning of the financial year	2,630	2,281
Fair value loss on available-for-sale financial assets	-	(115)
Fair value loss on financial assets, at FVOCI	(512)	-
Reclassification to profit or loss upon disposal of available-for-sale financial assets	-	464
Transfer to retained earnings upon disposal of equity investments classified as financial assets, at FVOCI	2,400	-
At end of the financial year	<u>4,518</u>	<u>2,630</u>

9. Tax-exempt receipts

Tax deductible receipts issued by the Fund for donations received during the financial year, pursuant to its Institution of a Public Character ("IPC") status, are recorded as follows:

	2019	2018
	\$'000	\$'000
Donations (Note 3)	<u>4</u>	<u>104</u>

The Fund has renewed its Institution of a Public Character status for a period of 4 years, with effect from 4 March 2017 and is permitted to issue tax-deductible receipts for qualifying donations made to the Fund. For the financial years ended 31 March 2019 and 2018, qualifying donations are granted 2.5 times tax deduction.

10. Financial assets, non-current

	2019	2018
	\$'000	\$'000
Available-for-sale financial assets (Note 11)	-	80,952
Financial assets, at FVOCI (Note 12)	84,671	-
Held-to-maturity investment at amortised cost (Note 13)	7,000	7,000
	<u>91,671</u>	<u>87,952</u>

11. Available-for-sale financial assets

	2019	2018
	\$'000	\$'000
Beginning of financial year	80,952	89,714
Additions	-	18,649
Disposals	-	(27,296)
Fair value loss recognised in other comprehensive income	-	(115)
Reclassification at 1 April 2018 (Note 2.1a)	(80,952)	-
End of financial year	<u>-</u>	<u>80,952</u>

Available-for-sale financial asset is analysed as follows:

	2019	2018
	\$'000	\$'000
Unquoted funds (Level 2)	-	71,738
Quoted equities (Level 1)	<u>-</u>	<u>9,214</u>

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

12. Financial assets, at FVOCI

	2019	2018
	\$'000	\$'000
Beginning of financial year	-	-
Reclassification at 1 April 2018 (Note 2.1a)	80,952	-
Additions	16,803	-
Disposals	(12,572)	-
Fair value loss recognised in other comprehensive income	(512)	-
End of financial year	<u>84,671</u>	<u>-</u>

Financial assets, at FVOCI is analysed as follows:

	2019	2018
	\$'000	\$'000
Unquoted funds (Level 2)	60,239	-
Quoted equities (Level 1)	<u>24,432</u>	<u>-</u>

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

During the financial year ended 31 March 2018, the Fund disposed certain listed equity investment as the industry in which the investee operates in, is not one of those within the Fund's renewed investment strategy. These investments had a fair value of \$12,572,000 at the date of disposal. The cumulative loss on disposal of \$2,400,000 was reclassified from fair value reserve to retained earnings.

13. Held-to-maturity investment at amortised cost

	2019	2018
	\$'000	\$'000
Listed debt securities		
- Bond with fixed interest of 2.23% and maturity date of 21 February 2022 – Singapore	2,000	2,000
- Bond with fixed interest of 2.25% and maturity date of 21 November 2024 – Singapore	5,000	5,000
End of financial year	<u>7,000</u>	<u>7,000</u>

The fair values of the bonds approximate its carrying amount and are within Level 1 of the fair values hierarchy which is based on price in the active market at the end of the reporting period.

14. Other receivables

	2019	2018
	\$'000	\$'000
Accrued interest receivable	<u>122</u>	<u>70</u>

15. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Short-term fixed deposits	20,714	24,220
Bank balance	6,439	9,175
	<u>27,153</u>	<u>33,395</u>

The rate of interest for the cash on interest earning accounts is between 0.5% to 2.12% (2018: 0.5% to 1.24%).

16. Other payables and accruals

	2019	2018
	\$'000	\$'000
Accrued advertisement and promotion	-	642
Other accruals	8	8
	<u>8</u>	<u>650</u>

17. 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.

18. 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.

(a) Market risk

(i) Currency risk

The Fund does not have significant exposure to currency risk since all its financial assets and liabilities as at the financial years ended 31 March 2018 and 2019 are denominated in Singapore Dollar except for the following:

	2019 US\$'000	2018 US\$'000
Financial assets, at FVOCI	15,479	-
Available-for-sale financial assets	-	6,380

Sensitivity analysis

If the US\$ has weakened/strengthened by 10% (2018: 10%) against the S\$ with all other variables held constant, the recalculated deficit for the financial year would have been S\$ 1,547,900 higher/lower (2018: deficit would have been lower/higher by S\$ 638,000), mainly as a result of foreign exchange losses/gains on translation of US\$ denominated assets.

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of the Fund's financial instruments will fluctuate because of changes in market prices (other than interest and exchange rates). The Fund is exposed to price risk arising from its financial assets, at FVOCI / available-for-sale financial assets for which, prices in the future are uncertain. The fair values of these assets are disclosed in Note 11 and 12.

If prices for financial assets, at FVOCI / available-for-sale financial assets had changed by 10% (2018: 10%) with all other variables being held constant, the effects on other comprehensive income would have been higher/lower by \$8,467,100 (2018: \$8,095,200).

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Fund's interest rate risk is primarily from short-term deposits that will mature from 1 to 3 months. These short-term deposits are placed on a short-term basis according to the Fund's cash flow requirements, and hence the Fund does not hedge against interest rate fluctuations. The Fund is not exposed to changes in interest rates for fixed rate financial assets.

18. Financial risk management

(b) Credit risk

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, receivables, and certain other financial assets. The financial assets, at FVOCI / 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 loss allowance

There is no expected credit loss on cash balances with banks and any other financial instruments as the counter-parties are entities with acceptable credit ratings.

The Fund's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

For receivables, the Fund uses a provision matrix to measure the lifetime expected credit loss allowance. In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics. In calculating the expected credit loss rates, the Fund considers historical loss rates for each category of receivables and adjusts to reflect current and forward-looking macroeconomic factors affecting the collectability. As at 31 December 2018, the Fund has assessed that there is no expected credit loss on receivables.

(c) Liquidity risk

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 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 other payables and accruals 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.

18. Financial risk management

(d) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets for liabilities (Level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Fair value measurements using		
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
2019			
Financial assets, at FVOCI	24,432	60,239	-
2018			
Available-for-sale financial assets	9,214	71,738	-

As at 31 March 2019, the investment in private equity investment fund (the "Fund") held as financial assets, at FVOCI is categorised as Level 2 in hierarchy. There were no transfers of investment made among different levels during the financial year. The fair value of held-to-maturity investment at amortised cost is disclosed in Note 14 to the financial statements.

19. Related party transactions

(a) 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 practices

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:

	2019	2018
	\$'000	\$'000
Disbursement of grants to related parties	-	(161)
Sponsorship of events organized by a related party	-	(15)

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

19. Related party transactions

(b) Key management personnel 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.

20. Commitments

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

	2019	2018
	\$'000	\$'000
Approved amount for future grant expenditures	<u>8,369</u>	<u>7,611</u>

21. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginnings on or after 1 April 2019 or later periods and which the Fund has not early adopted. These new standards, amendments and interpretations are not expected to have any material impact on the financial statement of the Fund.

22. Authorisation of financial statements

The financial statements for the year ended 31 March 2019 were authorised for issue by the Board of Directors on 26 July 2019.