

# Inside this report

**1** Directors' Statement

**3** Independent Auditors' Report

**FS1** Balance Sheets

**FS3** Consolidated Income Statement

**FS7** Consolidated Statement Of Comprehensive Income

**FS9** Consolidated Statement Of Changes In Funds

**FS11** Consolidated statement Of Cash Flows

**FS12** Notes to the financial Statements

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS44 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in funds and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, the Singapore Charities Act, Chapter 37, and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

## Directors

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

|  |                               |
|--|-------------------------------|
| Dr Yaacob Ibrahim                              |                               |
| Mr Masagos Zulkifli Masagos Mohamad            | (Appointed on 1 October 2015) |
| Mdm Tuminah Sapawi                             |                               |
| Ms Rahayu Mahzam                               | (Appointed on 1 October 2015) |
| Mr Saktiandi Supaat                            | (Appointed on 1 October 2015) |
| Mr Abdul Jalil Muhammad Tahir                  |                               |
| Mr Abdul Razak Hassan Maricar                  |                               |
| Mr Arzami Salim                                |                               |
| Mr Farihullah S/O Abdul Wahab Safiullah        |                               |
| Mr Irianto Safari                              |                               |
| Mr Ismail Pantek                               |                               |
| Mr Mohamed Ismail Abdul Hakim                  |                               |
| Mr Mohamed Abdul Akbar bin Mohamed Abdul Kader |                               |
| Mr Mohammad Azree bin Rahim                    | (Appointed on 28 March 2015)  |
| Mr Mohammad Taufiq bin Mohamed Ismail          |                               |
| Dr Muhammad Fadzli Hassan                      |                               |
| Mr Muhammad Zahid bin Mohd Zin                 |                               |
| Ms Rahayu binte Mohamad                        |                               |
| Mr Sayid Shufyan Bin Jasin Amin Sahib          |                               |
| Mr Sallim bin Abdul Kadir                      |                               |

## Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), no director who held office at the end of the financial year (including those held by their spouses and infant children) had interests in shares or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

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

## Share options

The Company is limited by guarantee and has not issued any share options. During the financial year under review, there were no options granted, exercised or outstanding with respect to the subsidiaries.

## Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

- Mr Sallim bin Abdul Kadir (Chairman), non-executive director
- Mr Abdul Jalil bin Muhammad Tahir, non-executive director

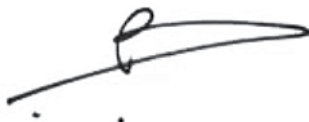
The Audit Committee was established by the Board of Directors. The members of the Audit Committee are all non-executive directors.

The Audit Committee has been given full access to, and received the co-operation of, management. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the internal accounting control system. The Audit Committee has also reviewed the related party transactions during the financial year and the financial statements of the Company and the consolidated financial statements of the Group for the financial year, together with the auditors' report thereon.

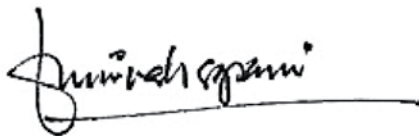
The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



**Dr Yaacob Bin Ibrahim**



**Mdm Tuminah Binte Sapawi**

27 May 2016



Members of the Company  
Yayasan MENDAKI and its subsidiaries

## **Report on the financial statements**

We have audited the accompanying financial statements of Yayasan MENDAKI (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2015, the income statement, statement of comprehensive income, statement of changes in funds and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS44.

### *Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act"), and Singapore Financial Reporting Standards, 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.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act, the Charities Act, and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in funds and cash flows of the Group for the year ended on that date.

### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

- (a) the use of the donation moneys was not in accordance with the objectives of the Company as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Company has not complied with the requirements of regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

*KPMG LLP*

**KPMG LLP**

*Public Accountants and  
Chartered Accountants*

**Singapore**

27 May 2016



|   | Note | Group              |                    | Company            |                    |
|---|------|--------------------|--------------------|--------------------|--------------------|
|   |      | 2015               | 2014               | 2015               | 2014               |
|   |      | \$                 | \$                 | \$                 | \$                 |
| <b>Non-current assets</b>   |      |                    |                    |                    |                    |
| Property and equipment  | 4    | 17,083,337         | 17,985,513         | 1,038,981          | 1,238,625          |
| Intangibles   | 5    | 787,720            | 784,130            | 787,720            | 784,130            |
| Investment in subsidiaries  | 6    | –                  | –                  | 10,809,000         | 10,809,000         |
| Interest in associate   | 7    | 250,000            | –                  | 250,000            | –                  |
| Unit trust investment   | 8    | 149,606            | 145,505            | 149,606            | 145,505            |
| Other financial assets  | 9    | 10,241,988         | 10,467,184         | 10,241,988         | 10,467,184         |
| Term loans  | 10   | 18,239,188         | 20,156,199         | 18,239,188         | 20,156,199         |
| <b>Non-current assets</b>   |      | <b>46,751,839</b>  | <b>49,538,531</b>  | <b>41,516,483</b>  | <b>43,600,643</b>  |
| <b>Current assets</b>   |      |                    |                    |                    |                    |
| Term loans  | 10   | 6,744,716          | 4,065,127          | 6,744,716          | 4,065,127          |
| Trade and other receivables   | 11   | 9,168,653          | 11,578,338         | 10,074,026         | 11,830,346         |
| Cash and cash equivalents   | 12   | 54,434,053         | 49,132,188         | 52,707,411         | 48,218,999         |
| <b>Current assets</b>   |      | <b>70,347,422</b>  | <b>64,775,653</b>  | <b>69,526,153</b>  | <b>64,114,472</b>  |
| <b>Total assets</b>   |      | <b>117,099,261</b> | <b>114,314,184</b> | <b>111,042,636</b> | <b>107,715,115</b> |
| <b>Funds and reserve</b>  |      |                    |                    |                    |                    |
| General Corpus Fund   | 13   | 2,000,000          | 2,000,000          | 2,000,000          | 2,000,000          |
| General Fund  |      | 7,235,135          | 6,735,120          | 6,235,302          | 5,408,230          |
| <b>Unrestricted funds</b>   |      | <b>9,235,135</b>   | <b>8,735,120</b>   | <b>8,235,302</b>   | <b>7,408,230</b>   |
| Education Development Fund (“EDF”)  | 14   | 75,993,192         | 76,442,583         | 75,993,192         | 76,442,583         |
| Malay/Muslim Community Development Fund (“MMCDF”)   | 15   | 1,053,527          | 1,076,930          | 1,053,527          | 1,076,930          |
| Education Trust Fund (“ETF”)  | 16   | 7,881,645          | 6,426,733          | 7,881,645          | 6,426,733          |
| Harun Ghani Education Fund (“HGEF”)   | 17   | 356,531            | 379,014            | 356,531            | 379,013            |
| Institute of Singapore Chartered Accountants Scholarship Fund   | 18   | 27,642             | 26,142             | 27,642             | 26,142             |
| <b>Restricted funds</b>   |      | <b>85,312,537</b>  | <b>84,351,402</b>  | <b>85,312,537</b>  | <b>84,351,401</b>  |
| Fair value reserve  | 19   | 821,834            | 1,450,603          | 821,834            | 1,450,603          |
| <b>Total funds and reserve, representing funds and reserve attributable to members of the Company</b> |      | <b>95,369,506</b>  | <b>94,537,125</b>  | <b>94,369,673</b>  | <b>93,210,234</b>  |

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

|  | Note | Group              |                    | Company            |                    |
|--|------|--------------------|--------------------|--------------------|--------------------|
|  |      | 2015<br>\$         | 2014<br>\$         | 2015<br>\$         | 2014<br>\$         |
| <b>Non-current liabilities</b>                                       |      |                    |                    |                    |                    |
| Bank borrowings  | 20   | 3,765,180          | 4,186,997          | -                  | -                  |
| <b>Current liabilities</b>   |      |                    |                    |                    |                    |
| Trade and other payables   | 21   | 17,343,982         | 14,152,437         | 16,477,158         | 13,533,197         |
| Tertiary tuition fee subsidy<br>advanced from<br>Government          | 22   | -                  | 529,835            | -                  | 529,835            |
| Malay Language Learning and<br>Promotion Committee<br>("MLLPC") Fund | 23   | 195,805            | 441,849            | 195,805            | 441,849            |
| Bank borrowings  | 20   | 424,788            | 465,941            | -                  | -                  |
| <b>Current liabilities</b>   |      | <b>17,964,575</b>  | <b>15,590,062</b>  | <b>16,672,963</b>  | <b>14,504,881</b>  |
| <b>Total liabilities</b>   |      | <b>21,729,755</b>  | <b>19,777,059</b>  | <b>16,672,963</b>  | <b>14,504,881</b>  |
| <b>Total funds and liabilities</b>                                   |      | <b>117,099,261</b> | <b>114,314,184</b> | <b>111,042,636</b> | <b>107,715,115</b> |

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

|  | Unrestricted Funds |                            | Restricted Funds                        |                      |                            |             |           | Total |
|--|--------------------|----------------------------|---|----------------------|----------------------------|-------------|-----------|-------|
|  | General Fund       | Education Development Fund | Malay/Muslim Community Development Fund | Education Trust Fund | Harun Ghani Education Fund | Other funds |           |       |
|  | \$                 | \$                         | \$                                      | \$                   | \$                         | \$          | \$        |       |
| <b>2015</b>  |                    |                            |   |                      |                            |             |           |       |
| <b>Incoming resources</b>  |                    |                            |   |                      |                            |             |           |       |
| <b>Incoming resources from generated funds</b>                     |                    |                            |   |                      |                            |             |           |       |
| Voluntary income:  |                    |                            |   |                      |                            |             |           |       |
| - Donation via CPF contribution                                    | 1,271,351          | -                          | 5,239,629                               | -                    | -                          | -           | 6,510,980 |       |
| - Donation income  | 103,263            | -                          | 784,846                                 | 4,139,436            | 4,491                      | -           | 5,032,036 |       |
| Investment and interest income                                     | 96,283             | 316,875                    | 290                                     | 553,813              | 275                        | -           | 967,536   |       |
| Other income   | 200,645            | 2,120                      | 4,931                                   | -                    | -                          | 1,500       | 209,196   |       |
|  | 1,271,555          | -                          | 284,815                                 | -                    | -                          | -           | 1,536,370 |       |
| <b>Incoming resources from charitable activities</b>               |                    |                            |   |                      |                            |             |           |       |
| Income from approved projects:                                     |                    |                            |   |                      |                            |             |           |       |
| - Fees   | -                  | -                          | -                                       | -                    | -                          | -           | -         |       |
| Government grants:   |                    |                            |   |                      |                            |             |           |       |
| - Ministry of Culture, Community and Youth ("MCCY") Matching Grant | -                  | -                          | 3,867,135                               | -                    | -                          | -           | 3,867,135 |       |
| - MCCY Self Help Group Additional Top Up                           | -                  | -                          | -                                       | 840,000              | -                          | -           | 840,000   |       |
| - MCCY GST output tax  | 33,336             | -                          | -                                       | -                    | -                          | -           | 33,336    |       |
| - MCCY Temporary occupation license fee                            | 318,355            | -                          | -                                       | -                    | -                          | -           | 318,355   |       |
| - MCCY Others  | 125,000            | -                          | -                                       | -                    | -                          | -           | 125,000   |       |
| - Ministry of Home Affairs ("MHA")                                 | -                  | -                          | 80,000                                  | -                    | -                          | -           | 80,000    |       |
| - Ministry of Social and Family Development ("MSF")                | -                  | -                          | 3,300                                   | -                    | -                          | -           | 3,300     |       |

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



|   | Unrestricted Funds | Restricted Funds    |                            |  |                      |                            | Total               |
|---|--------------------|---------------------|----------------------------|--|----------------------|----------------------------|---------------------|
|   |                    | General Fund        | Education Development Fund | Malay/ Muslim Community Development Fund | Education Trust Fund | Harun Ghani Education Fund |                     |
| Note  | \$                 | \$                  | \$                         | \$                                       | \$                   | \$                         | \$                  |
| <b>2015</b>   |                    |                     |                            |  |                      |                            |                     |
| <b>Incoming resources (continued)</b>                                   |                    |                     |                            |  |                      |                            |                     |
| <b>Incoming resources from charitable activities (continued)</b>        |                    |                     |                            |  |                      |                            |                     |
| Government grants:  |                    |                     |                            |  |                      |                            |                     |
| - Singapore Workforce Development Agency ("WDA")                        | 13,918             | -                   | 377,359                    | -  | -                    | -                          | 391,277             |
| - Undisbursed tertiary tuition fees subsidy                             | -                  | 16,621,121          | -                          | -  | -                    | -                          | 16,621,121          |
| - Others  | 1,259,201          | 104,045             | 728,640                    | -  | -                    | -                          | 2,091,886           |
| Other Grants – Temasek Cares  | -                  | -                   | 44,227                     | -  | -                    | -                          | 44,227              |
| <b>Total incoming resources</b>   | <b>4,672,907</b>   | <b>17,044,161</b>   | <b>11,415,172</b>          | <b>5,533,249</b>                         | <b>4,766</b>         | <b>1,500</b>               | <b>38,671,755</b>   |
| <b>Resources expended</b>   |                    |                     |                            |  |                      |                            |                     |
| Costs of activities   | 25                 | (12,741,828)        | (6,565,417)                | (11,952,910)                             | (3,871,794)          | (27,248)                   | (35,159,197)        |
| Governance costs  |                    | (99,263)            | (40,722)                   | (33,042)                                 | -                    | -                          | (173,027)           |
| Temporary occupation license fee  |                    | (297,528)           | -                          | -  | -                    | -                          | (297,528)           |
| Finance costs   |                    | -                   | (1,133,881)                | (446,972)                                | -                    | -                          | (1,580,853)         |
| <b>Total resources expended</b>   |                    | <b>(13,138,619)</b> | <b>(7,740,020)</b>         | <b>(12,432,924)</b>                      | <b>(3,871,794)</b>   | <b>(27,248)</b>            | <b>(37,210,605)</b> |
| <b>Net (outgoing)/incoming resources before tax</b>                     | <b>27</b>          | <b>(8,465,712)</b>  | <b>9,304,141</b>           | <b>(1,017,752)</b>                       | <b>1,661,455</b>     | <b>(22,482)</b>            | <b>1,461,150</b>    |
| Tax expense   | <b>29</b>          | -                   | -                          | -  | -                    | -                          | -                   |
| <b>Net (outgoing)/incoming resources/Net (loss)/income for the year</b> |                    | <b>(8,465,712)</b>  | <b>9,304,141</b>           | <b>(1,017,752)</b>                       | <b>1,661,455</b>     | <b>(22,482)</b>            | <b>1,461,150</b>    |

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

|  | Unrestricted Funds |                            |   |                      |                            | Restricted Funds |       |   |   |   | Total     |
|--|--------------------|----------------------------|---|----------------------|----------------------------|------------------|-------|---|---|---|-----------|
|  | General Fund       | Education Development Fund | Malay/Muslim Community Development Fund | Education Trust Fund | Harun Ghani Education Fund | Other funds      | Total |   |   |   |           |
| <b>2014</b>  |                    |                            |   |                      |                            |                  |       |   |   |   |           |
| <b>Incoming resources</b>  |                    |                            |   |                      |                            |                  |       |   |   |   |           |
| <b>Incoming resources from generated funds</b>                     |                    |                            |   |                      |                            |                  |       |   |   |   |           |
| Voluntary income:  |                    |                            |   |                      |                            |                  |       |   |   |   |           |
| - Donation via CPF contribution                                    | 1,313,612          | -                          | 4,899,660                               | -                    | -                          | -                | -     | - | - | - | 6,213,272 |
| - Donation income  | 4,580              | -                          | 700,148                                 | 227,903              | 13,879                     | -                | -     | - | - | - | 946,510   |
| Investment and interest income                                     | 89,242             | 183,690                    | 241                                     | 143,133              | 405                        | -                | -     | - | - | - | 416,711   |
| Other income   | 577,047            | 47                         | 15,028                                  | 52,495               | -                          | -                | -     | - | - | - | 644,617   |
| <b>Incoming resources from charitable activities</b>               |                    |                            |   |                      |                            |                  |       |   |   |   |           |
| Income from approved projects:                                     |                    |                            |   |                      |                            |                  |       |   |   |   |           |
| - Fees   | 2,301,838          | -                          | 331,696                                 | -                    | -                          | -                | -     | - | - | - | 2,633,534 |
| Government grants:   |                    |                            |   |                      |                            |                  |       |   |   |   |           |
| - Ministry of Culture, Community and Youth ("MCCY") Matching Grant | -                  | -                          | 3,888,143                               | -                    | -                          | -                | -     | - | - | - | 3,888,143 |
| - MCCY Self Help Group Additional Top Up                           | -                  | -                          | -                                       | 1,400,000            | -                          | -                | -     | - | - | - | 1,400,000 |
| - MCCY GST output tax  | 26,212             | -                          | -                                       | -                    | -                          | -                | -     | - | - | - | 26,212    |
| - MCCY Temporary occupation license fee                            | 318,355            | -                          | -                                       | -                    | -                          | -                | -     | - | - | - | 318,355   |
| - MCCY Others  | -                  | -                          | 535                                     | -                    | -                          | -                | -     | - | - | - | 535       |
| - Ministry of Home Affairs ("MHA")                                 | -                  | -                          | 143,333                                 | -                    | -                          | -                | -     | - | - | - | 143,333   |
| - Ministry of Social and Family Development ("MSF")                | -                  | -                          | 2,200                                   | -                    | -                          | -                | -     | - | - | - | 2,200     |

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

|  | Unrestricted Funds |                            | Restricted Funds                         |                      |                            |                 | Total               |
|--|--------------------|----------------------------|--|----------------------|----------------------------|-----------------|---------------------|
|  | General Fund       | Education Development Fund | Malay/ Muslim Community Development Fund | Education Trust Fund | Harun Ghani Education Fund | Other funds     |                     |
| Note   | \$                 | \$                         | \$                                       | \$                   | \$                         | \$              | \$                  |
| <b>2014</b>  |                    |                            |  |                      |                            |                 |                     |
| <b>Incoming resources (continued)</b>                                    |                    |                            |  |                      |                            |                 |                     |
| <b>Incoming resources from charitable activities (continued)</b>         |                    |                            |  |                      |                            |                 |                     |
| Government grants:   |                    |                            |  |                      |                            |                 |                     |
| - Singapore Workforce Development Agency ("WDA")                         | 27,589             | -                          | -  | -                    | -                          | -               | 27,589              |
| - Undisbursed tertiary tuition fees subsidy                              | -                  | 18,054,049                 | -  | -                    | -                          | -               | 18,054,049          |
| - Others   | 266,229            | -                          | 303,871                                  | -                    | -                          | -               | 570,100             |
| Other Grants – Temasek Cares   | -                  | -                          | 1,044,922                                | -                    | -                          | -               | 1,044,922           |
| <b>Total incoming resources</b>  | <b>4,924,704</b>   | <b>18,237,786</b>          | <b>11,329,777</b>                        | <b>1,823,531</b>     | <b>14,284</b>              | <b>-</b>        | <b>36,330,082</b>   |
| <b>Resources expended</b>  |                    |                            |  |                      |                            |                 |                     |
| Costs of activities  | 25                 | (15,531,879)               | (8,735,946)                              | (9,184,656)          | (3,073,961)                | (73,720)        | (36,601,662)        |
| Governance costs   |                    | (82,337)                   | (40,336)                                 | (32,727)             | (40)                       | -               | (155,440)           |
| Temporary occupation license fee   |                    | (318,355)                  | -  | -                    | -                          | -               | (318,355)           |
| Finance costs  |                    | -                          | (1,993,837)                              | -                    | -                          | -               | (1,993,837)         |
| <b>Total resources expended</b>  |                    | <b>(15,932,571)</b>        | <b>(10,770,119)</b>                      | <b>(9,217,383)</b>   | <b>(3,074,001)</b>         | <b>(73,720)</b> | <b>(39,069,294)</b> |
| <b>Net (outgoing)/incoming resources before tax</b>                      | <b>27</b>          | <b>(11,007,867)</b>        | <b>7,467,667</b>                         | <b>2,112,394</b>     | <b>(1,250,470)</b>         | <b>(59,436)</b> | <b>(2,739,212)</b>  |
| Tax expense  | <b>29</b>          | <b>-</b>                   | <b>-</b>                                 | <b>-</b>             | <b>-</b>                   | <b>-</b>        | <b>-</b>            |
| <b>Net (outgoing)/incoming resources/ Net (loss)/income for the year</b> |                    | <b>(11,007,867)</b>        | <b>7,467,667</b>                         | <b>2,112,394</b>     | <b>(1,250,470)</b>         | <b>(59,436)</b> | <b>(2,739,212)</b>  |

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

|  | Unrestricted Funds |                            | Restricted Funds                        |                      |                            |             |                    | Total |
|--|--------------------|----------------------------|---|----------------------|----------------------------|-------------|--------------------|-------|
|  | General Fund       | Education Development Fund | Malay/Muslim Community Development Fund | Education Trust Fund | Harun Ghani Education Fund | Other funds | Fair value reserve |       |
|  | \$                 | \$                         | \$                                      | \$                   | \$                         | \$          | \$                 |       |
| <b>2015</b>  |                    |                            |   |                      |                            |             |                    |       |
| <b>Net (outgoing)/incoming resources/</b>  |                    |                            |   |                      |                            |             |                    |       |
| <b>Net (loss)/income for the year</b>  | (8,465,712)        | 9,304,141                  | (1,017,752)                             | 1,661,455            | (22,482)                   | 1,500       | –                  |       |
|  |                    |                            |   |                      |                            |             | 1,461,150          |       |
| <b>Other comprehensive income</b>  |                    |                            |   |                      |                            |             |                    |       |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>                    |                    |                            |   |                      |                            |             |                    |       |
| Net change in fair value of available-for-sale financial assets                                | –                  | –                          | –                                       | –                    | –                          | –           | (286,583)          |       |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | –                  | –                          | –                                       | –                    | –                          | –           | (342,186)          |       |
| <b>Total comprehensive income for the year</b>   | (8,465,712)        | 9,304,141                  | (1,017,752)                             | 1,661,455            | (22,482)                   | 1,500       | 832,381            |       |

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

|  | ----- Restricted Funds ----- |                            |   |                      |                            |             | Total          |
|--|------------------------------|----------------------------|---|----------------------|----------------------------|-------------|----------------|
|  | Unrestricted Funds           | Education Development Fund | Malay/Muslim Community Development Fund | Education Trust Fund | Harun Ghani Education Fund | Other funds |                |
| <b>2014</b>  |                              |                            |   |                      |                            |             |                |
| <b>Net (outgoing)/incoming resources/<br/>Net (loss)/income for the year</b>                                   | \$ (11,007,867)              | \$ 7,467,667               | \$ 2,112,394                            | \$ (1,250,470)       | \$ (59,436)                | \$ (1,500)  | \$ (2,739,212) |
| <b>Other comprehensive income<br/>Items that are or may be reclassified<br/>subsequently to profit or loss</b> |                              |                            |   |                      |                            |             |                |
| Net change in fair value of available-for-sale financial assets  |                              |                            |   |                      |                            |             |                |
| <b>Total comprehensive income for the year</b>   | \$ (11,007,867)              | \$ 7,467,667               | \$ 2,112,394                            | \$ (1,250,470)       | \$ (59,436)                | \$ (1,500)  | \$ (2,428,784) |

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

| Note   | Unrestricted Funds  |              | Restricted Funds           |   |                      |                            |             |                    | Total funds and reserve |
|--|---------------------|--------------|----------------------------|---|----------------------|----------------------------|-------------|--------------------|-------------------------|
|  | General Corpus Fund | General Fund | Education Development Fund | Malay/Muslim Community Development Fund | Education Trust Fund | Harun Ghani Education Fund | Other funds | Fair value reserve |                         |
|  | \$                  | \$           | \$                         | \$                                      | \$                   | \$                         | \$          | \$                 | \$                      |
| At 1 January 2015  | 2,000,000           | 6,735,120    | 76,442,583                 | 1,076,930                               | 6,426,733            | 379,014                    | 26,142      | 1,450,603          | 94,537,125              |
| <b>Total comprehensive income for the year</b>             |                     |              |                            |   |                      |                            |             |                    |                         |
| Net (outgoing)/incoming resources/                         |                     |              |                            |   |                      |                            |             |                    |                         |
| Net (loss)/income for the year                             | -                   | (8,465,712)  | 9,304,141                  | (1,017,752)                             | 1,661,455            | (22,482)                   | 1,500       | -                  | 1,461,150               |
| Other comprehensive income                                 | -                   | -            | -                          | -                                       | -                    | -                          | -           | (628,769)          | (628,769)               |
| <b>Total comprehensive income for the year</b>             | -                   | (8,465,712)  | 9,304,141                  | (1,017,752)                             | 1,661,455            | (22,482)                   | 1,500       | (628,769)          | 832,381                 |
| Transfer to MMCDF  | -                   | -            | (3,184,144)                | 3,184,144                               | -                    | -                          | -           | -                  | -                       |
| Transfer of funds arising from intercompanies transactions | -                   | 8,965,727    | (6,569,388)                | (2,189,796)                             | (206,543)            | -                          | -           | -                  | -                       |
| At 31 December 2015  | 2,000,000           | 7,235,135    | 75,993,192                 | 1,053,526                               | 7,881,645            | 356,532                    | 27,642      | 821,834            | 95,369,506              |

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

|  | Unrestricted Funds |                            | Restricted Funds                        |                      |                            |             |           |             | Fair value reserve | Total funds and reserve |
|--|--------------------|----------------------------|---|----------------------|----------------------------|-------------|-----------|-------------|--------------------|-------------------------|
|  | General Fund       | Education Development Fund | Malay/Muslim Community Development Fund | Education Trust Fund | Harun Ghani Education Fund | Other funds |           |             |                    |                         |
| At 1 January 2014  | 2,000,000          | 75,709,261                 | 2,158,814                               | 7,740,358            | 438,450                    | 27,642      | 1,140,175 | 96,965,909  |                    |                         |
| <b>Total comprehensive income for the year</b>                   |                    |                            |   |                      |                            |             |           |             |                    |                         |
| Net (outgoing)/incoming resources/Net (loss)/income for the year | –                  | 7,467,667                  | 2,112,394                               | (1,250,470)          | (59,436)                   | (1,500)     | –         | (2,739,212) |                    |                         |
| Other comprehensive income                                       | –                  | –                          | –                                       | –                    | –                          | –           | 310,428   | 310,428     |                    |                         |
| <b>Total comprehensive income for the year</b>                   | –                  | 7,467,667                  | 2,112,394                               | (1,250,470)          | (59,436)                   | (1,500)     | 310,428   | (2,428,784) |                    |                         |
| Transfer of funds arising from intercompanies transactions       | –                  | (6,734,345)                | (3,194,278)                             | (63,155)             | –                          | –           | –         | –           |                    |                         |
| At 31 December 2014  | 2,000,000          | 76,442,583                 | 1,076,930                               | 6,426,733            | 379,014                    | 26,142      | 1,450,603 | 94,537,125  |                    |                         |

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

|   | Note | 2015<br>\$        | 2014<br>\$         |
|---|------|-------------------|--------------------|
| <b>Operating activities</b>                                 |      |                   |                    |
| Net incoming/(outgoing) resources before tax                |      | 1,461,150         | (2,739,212)        |
| Adjustments for:  |      |                   |                    |
| Investment and interest income                              |      | (967,536)         | (416,711)          |
| Interest expense arising from fair valuation of term loans  |      | 140,315           | 448,136            |
| Depreciation  |      | 1,338,003         | 1,359,812          |
| Amortisation  |      | 284,673           | 45,867             |
| Impairment losses on term loans                             |      | 993,566           | 1,545,701          |
| Impairment losses on trade and other receivables            |      | 284,504           | 440,682            |
| Loss on disposal of property, plant and equipment           |      | 67,693            | 99,425             |
| Gain on sale of other financial assets                      |      | (179,151)         | (205,085)          |
| Undisbursed tertiary tuition fee subsidies                  |      | (16,621,121)      | (18,054,049)       |
|   |      | (13,197,904)      | (17,475,434)       |
| Changes in:   |      |                   |                    |
| Trade and other receivables                                 |      | 2,125,181         | (971,099)          |
| Trade and other payables                                    |      | 3,191,545         | (7,620,740)        |
| Tertiary fee subsidy advances received                      |      | 50,511,669        | 55,852,256         |
| Refund of tertiary tuition fee subsidies                    |      | 42,630            | 124,196            |
| Disbursement/accrual of tertiary tuition fee subsidies      |      | (34,463,013)      | (32,124,717)       |
| Term loans granted  |      | (6,612,969)       | (7,737,490)        |
| Repayment of term loans                                     |      | 4,716,510         | 3,530,858          |
| MLLPC grants and donations received                         |      | 420,000           | 420,000            |
| Disbursement and interest to MLLPC Fund                     |      | (666,044)         | (411,127)          |
| <b>Cash flows from/(used in) operating activities</b>       |      | <b>6,067,605</b>  | <b>(6,413,297)</b> |
| <b>Investing activities</b>                                 |      |                   |                    |
| Investment income received                                  |      | 967,536           | 416,515            |
| Purchase of other financial assets                          |      | (757,183)         | (756,161)          |
| Proceeds from sale of other financial assets                |      | 528,660           | 3,226,506          |
| Purchase of property, plant and equipment                   |      | (668,040)         | (1,440,835)        |
| Purchase of intangible assets                               |      | (288,263)         | (829,997)          |
| Proceeds from sale of property plant and equipment          |      | 164,520           | -                  |
| Loan to associate   |      | (250,000)         | -                  |
| <b>Cash flows (used in)/from investing activities</b>       |      | <b>(302,770)</b>  | <b>616,028</b>     |
| <b>Financing activities</b>                                 |      |                   |                    |
| (Repayment of)/proceeds from bank borrowings                |      | (462,970)         | 1,182,051          |
| <b>Cash flows (used in)/from financing activities</b>       |      | <b>(462,970)</b>  | <b>1,182,051</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>5,301,865</b>  | <b>(4,615,218)</b> |
| Cash and cash equivalents at beginning of year              |      | 49,132,188        | 53,747,406         |
| <b>Cash and cash equivalents at end of year</b>             | 12   | <b>54,434,053</b> | <b>49,132,188</b>  |

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



These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 May 2016.

## 1 Domicile and activities

Yayasan MENDAKI (the “Company”) is incorporated in Singapore. The address of the Company’s registered office is 51 Kee Sun Avenue, Singapore 457056.

Yayasan MENDAKI is a public company limited by guarantee and not having a share capital. Each member’s liability is limited to \$100.

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group”).

The principal activities of the Company are to promote, foster, support, safeguard and protect the educational, social, economic, religious and cultural development and achievement of the Malay/Muslim community. On religious matters, the Company liaises and works closely with Majlis Ugama Islam Singapura. The principal activities of the subsidiaries are described in note 6 to the financial statements.

## 2 Basis of preparation

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

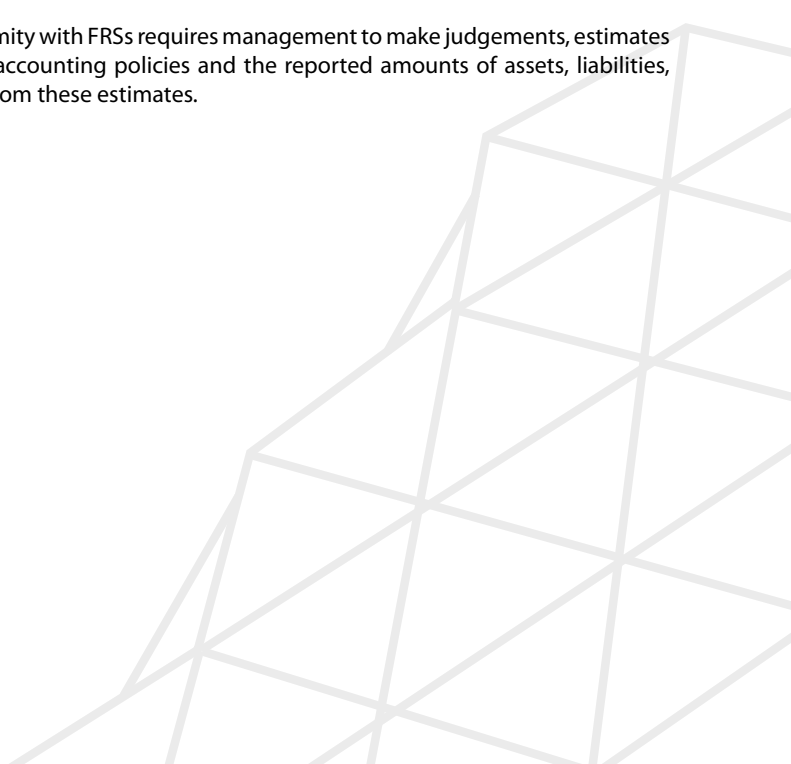
The financial statements have been prepared on the historical cost basis except as otherwise described below.

### 2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Group’s and the Company’s functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

### 2.4 Use of estimates and judgements

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



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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Note 7 – interest in an associate;
- Note 9 – classification of financial assets – investments.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 9 – valuation of other financial assets
- Note 10 – valuation of term loans on initial recognition and impairment loss on term loans

Other financial assets are designated as available for sale. Fair values of the equity and debt securities are determined by reference to their quoted closing bid prices at the reporting date.

Term loans are discounted to present value based upon the market interest rate of similar loans.

## 2.5 Changes in accounting policies

On 1 January 2015, the Group adopted the new or amended FRSs and interpretations to FRSs (“INT FRSs”) that are mandatory for application from that date. Changes to the Group’s accounting policies have been made as required in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current and prior financial years.

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group, except as explained in note 2.5, which addresses changes in accounting policies.

### 3.1 Basis of consolidation

#### ***Business combinations***

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

### ***Subsidiaries***

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

### ***Loss of control***

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in the profit or loss.

### ***Investment in associate***

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% or more of the voting power of another entity.

Investment in an associate is accounted for using the equity accounting.

Investment in associate is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the Group's financial statements includes the Group's share of losses of equity accounted investee, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued.

**Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**Accounting for subsidiaries**

Investments in subsidiaries are stated in the Company's balance sheet at cost less accumulated impairment losses.

## 3.2 Foreign currency

**Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

## 3.3 Financial instruments

**Non-derivative financial assets**

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in balance sheets when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, term loans and tertiary tuition fee subsidy receivable from the Government of Singapore (the "Government") and trade and other receivables.

Cash and cash equivalents comprise cash balances and fixed deposits with original maturities of three months or less.

### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets (i.e fair value through profit or loss, held-to-maturity and loans and other receivables). Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale securities, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise investments in unit trusts, equity securities and debt securities.

### ***Non-derivative financial liabilities***

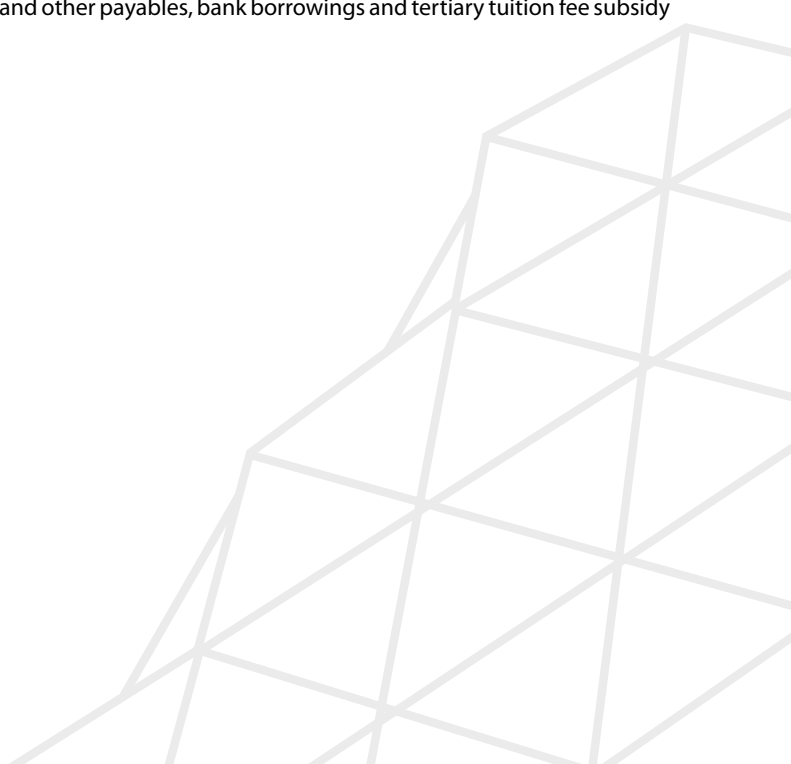
The Group initially recognises non-derivative financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in balance sheets when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities comprise trade and other payables, bank borrowings and tertiary tuition fee subsidy advance from Government.



### 3.4 Property and equipment

#### **Recognition and measurement**

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and is recognised net within other income/other operating expenses in profit or loss.

#### **Subsequent costs**

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Depreciation is recognised from the date that the property and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

|                          |           |
|--------------------------|-----------|
| ■ Buildings              | 50 years  |
| ■ Building improvements  | 5 years   |
| ■ Furniture and fittings | 5 years   |
| ■ Office equipment       | 5 years   |
| ■ Computer equipment     | 3 years   |
| ■ Books and materials    | 3-5 years |
| ■ Motor vehicles         | 5 years   |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### 3.5 Intangible assets

#### **Recognition and measurement**

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

#### **Amortisation**

Amortisation is calculated over the cost of the asset, less the residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

|                               |         |
|-------------------------------|---------|
| ■ Operation/management system | 3 years |
|-------------------------------|---------|

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

### 3.6 Impairment

#### **Non-derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

#### *Loans and receivables*

The Group considers evidence of impairment for loans and receivables at a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

#### **Non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.



The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.7 Employee benefits

#### **Compensated absences**

A liability is made for compensated absences arising from services rendered by employees up to the reporting date. Compensated absences expected to be settled within one year arising from annual leave have been measured at their nominal amount.

#### **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

#### **Short-term employee benefits**

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

### 3.8 Incoming resources

#### ***Donations***

Donations are recognised as and when the Group's entitlement to such income is established with certainty and the amount can be measured with sufficient reliability.

#### ***Investment and interest income***

Interest income is recognised using the effective interest method while dividend income is recognised when right to receive payment is established.

#### ***Fee income from approved projects***

Fee income is recognised on an accrual basis.

#### ***Grants***

Grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

### 3.9 Resources expended

All expenditures are accounted for on an accrual basis and have been classified under headings that aggregate all cost related to that activity. Costs comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be wholly attributable to an activity, they have been apportioned on a basis consistent with the use of resources.

#### ***Costs of generating funds***

These are the costs which are associated with generating income from all sources other than from undertaking charitable activities.

#### ***Costs of charitable activities***

Expenditure on charitable activities comprises all the resources applied by the Group in undertaking its work to meet its charitable objectives as opposed to the cost of raising the funds to finance these activities and governance costs. Such costs include the direct costs of the charitable activities together with those support costs incurred that enable these activities to be undertaken. Those costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs.

#### ***Governance costs***

Governance costs comprise all costs attributable to the general running of the Group, in providing the governance infrastructure and in ensuring public accountability. These costs include costs related to constitutional and statutory requirements.

#### ***Support costs***

Support costs include costs related to central functions and have been allocated to the respective charitable funds based on the respective level of activities.

### 3.10 Finance income

Finance income comprises interest income on fixed deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

### 3.11 Funds

The Group maintains unrestricted and restricted funds. Funds set up for specific purposes are classified as restricted funds. All income and expenses other than those attributable to restricted funds and common overheads are recorded in the unrestricted fund's income statement.

### 3.12 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements.

The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group.

The new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for the adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces a new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group. The Group has set up a process to assess the potential impact on its financial statements and to implement the standards. The Group does not plan to adopt these standards early.



## 4 Property and equipment

| Group                           | Land and building | Building improvements | Furniture and fittings | Office equipment | Computer equipment | Books and materials | Motor vehicles | Total      |
|---------------------------------|-------------------|-----------------------|------------------------|------------------|--------------------|---------------------|----------------|------------|
|                                 | \$                | \$                    | \$                     | \$               | \$                 | \$                  | \$             | \$         |
| <b>Cost</b>                     |                   |                       |                        |                  |                    |                     |                |            |
| At 1 January 2014               | 15,668,892        | 3,093,975             | 940,007                | 762,485          | 3,576,284          | 304,321             | 131,590        | 24,477,554 |
| Additions                       | -                 | 1,079,832             | 53,181                 | 10,032           | 297,790            | -                   | -              | 1,440,835  |
| Disposals                       | -                 | (293,356)             | (106,814)              | (37,809)         | (3,280)            | -                   | -              | (441,259)  |
| At 31 December 2014             | 15,668,892        | 3,880,451             | 886,374                | 734,708          | 3,870,794          | 304,321             | 131,590        | 25,477,130 |
| At 1 January 2015               | 15,668,892        | 3,880,451             | 886,374                | 734,708          | 3,870,794          | 304,321             | 131,590        | 25,477,130 |
| Additions                       | -                 | 156,171               | 27,934                 | 21,965           | 385,971            | 75,999              | -              | 668,040    |
| Disposals/write-offs            | -                 | (213,137)             | (93,745)               | (39,911)         | (144,190)          | -                   | -              | (490,983)  |
| At 31 December 2015             | 15,668,892        | 3,823,485             | 820,563                | 716,762          | 4,112,575          | 380,320             | 131,590        | 25,654,187 |
| <b>Accumulated depreciation</b> |                   |                       |                        |                  |                    |                     |                |            |
| At 1 January 2014               | -                 | 2,166,613             | 768,992                | 674,058          | 2,564,834          | 169,396             | 129,747        | 6,473,640  |
| Depreciation for the year       | 235,033           | 464,245               | 57,318                 | 29,068           | 504,332            | 67,973              | 1,843          | 1,359,812  |
| Disposals                       | -                 | (255,748)             | (60,882)               | (23,043)         | (2,162)            | -                   | -              | (341,835)  |
| At 31 December 2014             | 235,033           | 2,375,110             | 765,428                | 680,083          | 3,067,004          | 237,369             | 131,590        | 7,491,617  |
| At 1 January 2015               | 235,033           | 2,375,110             | 765,428                | 680,083          | 3,067,004          | 237,369             | 131,590        | 7,491,617  |
| Depreciation for the year       | 313,378           | 458,293               | 39,497                 | 20,802           | 482,005            | 24,028              | -              | 1,338,003  |
| Disposals/write-offs            | -                 | (103,958)             | (40,392)               | (19,940)         | (94,480)           | -                   | -              | (258,770)  |
| At 31 December 2015             | 548,411           | 2,729,445             | 764,533                | 680,945          | 3,454,529          | 261,397             | 131,590        | 8,570,850  |
| <b>Carrying amounts</b>         |                   |                       |                        |                  |                    |                     |                |            |
| At 1 January 2014               | 15,668,892        | 927,362               | 171,015                | 88,427           | 1,011,450          | 134,925             | 1,843          | 18,003,914 |
| At 31 December 2014             | 15,433,859        | 1,505,341             | 120,946                | 54,625           | 803,790            | 66,952              | -              | 17,985,513 |
| At 31 December 2015             | 15,120,481        | 1,094,040             | 56,030                 | 35,817           | 658,046            | 118,923             | -              | 17,083,337 |

At 31 December 2015, land and building with carrying amounts of \$15,120,481 (2014: \$15,433,859) is pledged as security to secure bank loans (see note 20).

| <b>Company</b>                  | <b>Building improvements</b> | <b>Furniture and fittings</b> | <b>Office equipment</b> | <b>Computer equipment</b> | <b>Books and materials</b> | <b>Motor vehicles</b> | <b>Total</b> |
|---------------------------------|------------------------------|-------------------------------|-------------------------|---------------------------|----------------------------|-----------------------|--------------|
|                                 | \$                           | \$                            | \$                      | \$                        | \$                         | \$                    | \$           |
| <b>Cost</b>                     |                              |                               |                         |                           |                            |                       |              |
| At 1 January 2014               | 2,561,087                    | 697,643                       | 653,101                 | 3,101,410                 | 65,121                     | 131,590               | 7,209,952    |
| Additions                       | 181,620                      | 6,335                         | 5,400                   | 164,833                   | -                          | -                     | 358,188      |
| At 31 December 2014             | 2,742,707                    | 703,978                       | 658,501                 | 3,266,243                 | 65,121                     | 131,590               | 7,568,140    |
| At 1 January 2015               | 2,742,707                    | 703,978                       | 658,501                 | 3,266,243                 | 65,121                     | 131,590               | 7,568,140    |
| Additions                       | 118,179                      | 9,278                         | 2,825                   | 294,019                   | 42,999                     | -                     | 467,300      |
| At 31 December 2015             | 2,860,886                    | 713,256                       | 661,326                 | 3,560,262                 | 108,120                    | 131,590               | 8,035,440    |
| <b>Accumulated depreciation</b> |                              |                               |                         |                           |                            |                       |              |
| At 1 January 2014               | 1,893,675                    | 669,744                       | 619,894                 | 2,268,202                 | 65,121                     | 129,747               | 5,646,383    |
| Depreciation for the year       | 251,123                      | 14,078                        | 13,575                  | 402,513                   | -                          | 1,843                 | 683,132      |
| At 31 December 2014             | 2,144,798                    | 683,822                       | 633,469                 | 2,670,715                 | 65,121                     | 131,590               | 6,329,515    |
| At 1 January 2015               | 2,144,798                    | 683,822                       | 633,469                 | 2,670,715                 | 65,121                     | 131,590               | 6,329,515    |
| Depreciation for the year       | 242,333                      | 11,985                        | 10,239                  | 399,537                   | 2,850                      | -                     | 666,944      |
| At 31 December 2015             | 2,387,131                    | 695,807                       | 643,708                 | 3,070,252                 | 67,971                     | 131,590               | 6,996,459    |
| <b>Carrying amounts</b>         |                              |                               |                         |                           |                            |                       |              |
| At 1 January 2014               | 667,412                      | 27,899                        | 33,207                  | 833,208                   | -                          | 1,843                 | 1,563,569    |
| At 31 December 2014             | 597,909                      | 20,156                        | 25,032                  | 595,528                   | -                          | -                     | 1,238,625    |
| At 31 December 2015             | 473,755                      | 17,449                        | 17,618                  | 490,010                   | 40,149                     | -                     | 1,038,981    |

## 5 Intangible assets

|                                 | <b>Computer software</b> |
|---------------------------------|--------------------------|
|                                 | <b>\$</b>                |
| <b>Group and Company</b>        |                          |
| <b>Cost</b>                     |                          |
| At 1 January 2014               | –                        |
| Additions                       | 829,997                  |
| At 31 December 2014             | 829,997                  |
| Additions                       | 288,263                  |
| At 31 December 2015             | 1,118,260                |
| <b>Accumulated amortisation</b> |                          |
| At 1 January 2014               | –                        |
| Amortisation charge             | 45,867                   |
| At 31 December 2014             | 45,867                   |
| Amortisation charge             | 284,673                  |
| At 31 December 2015             | 330,540                  |
| <b>Carrying amounts</b>         |                          |
| At 1 January 2014               | –                        |
| At 31 December 2014             | 784,130                  |
| At 31 December 2015             | 787,720                  |

## 6 Investment in subsidiaries

|                                   | <b>Company</b> |             |
|-----------------------------------|----------------|-------------|
|                                   | <b>2015</b>    | <b>2014</b> |
|                                   | <b>\$</b>      | <b>\$</b>   |
| Unquoted equity shares, at cost   | 809,000        | 809,000     |
| Quasi-equity loan to a subsidiary | 10,000,000     | 10,000,000  |
|                                   | 10,809,000     | 10,809,000  |

The quasi-equity loan to a subsidiary is interest free and forms part of the Company's net investment in the subsidiary. The loan is unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

Details of the subsidiaries, incorporated in Singapore, are as follows:

| <b>Name of subsidiary</b> | <b>Principal activities</b>   | <b>Ownership interest</b> |             |
|---------------------------|---|---------------------------|-------------|
|                           |   | <b>2015</b>               | <b>2014</b> |
|                           |   | %                         | %           |
| SENSE College Pte. Ltd.   | To promote the economic development of the Malay/ Muslim community in Singapore | 100                       | 100         |

| Name of subsidiary                                    | Principal activities  | Ownership interest |      |
|---|---|--------------------|------|
|   |   | 2015               | 2014 |
|   |   | %                  | %    |
| * MENDAKI Social Enterprise Network Singapore Pte Ltd | Provision of employment services, skills training programme, social enterprise, research, advisory, organising seminars and conferences and all activities relating to publishing | 100                | 100  |

\* MENDAKI Social Enterprise Network Singapore Pte Ltd is wholly-owned by SENSE College Pte. Ltd.

## 7 Interest in associate

|                         | 2015    | 2014 |
|-------------------------|---------|------|
|                         | \$      | \$   |
| Loan due from associate | 250,000 | –    |

Details of the associate are as follows:

| Name                                  | Principal activities                                   | Place of incorporation | Voting rights held |      |
|---------------------------------------|--|------------------------|--------------------|------|
|                                       |  |                        | 2015               | 2014 |
|                                       |  |                        | %                  | %    |
| Self Help Groups Student Care Limited | Operate school based student care centres in Singapore | Singapore              | 25                 | –    |

In October 2015, the Company entered into a memorandum of understanding (MOU), together with the Chinese Development Assistance Council, the Singapore Indian Development Association and the Eurasian Association (together Self-Help Groups (SHGs)), to incorporate Self Help Groups Student Care Limited (SHGSCL) (the "Associate").

Incorporation of the Associate is in line with the mandate of the SHGs to provide educational and family related support services to students from low income families. Programmes to be conducted by the Associate will be inclusive and multi-racial.

The Associate was incorporated in November 2015 and is a public company limited by guarantee. The Company has appointed two directors to the Board of Directors. The Company is entitled to 25% of total voting rights at the Board of Directors meetings.

Management has exercised judgement in determining the extent of its significant influence over SHGSCL, and concluded that the Company has significant influence over SHGSCL. Therefore, the Company recognised SHGSCL as an associate in the balance sheet.

As the operation has yet to commence, the Company has determined that the impact arising from the equity accounting of the Associate to be insignificant. The summarised unaudited financial information of the Associate which is prepared in accordance with FRS is as follows:

|  | <b>2015</b>     |
|--|-----------------|
|  | <b>\$</b>       |
| <u>Statement of comprehensive income</u>       |                 |
| Revenue  | 30,000          |
| Loss and total comprehensive loss for the year | (11,245)        |
| <b>Total comprehensive loss</b>                | <b>(11,245)</b> |
| <u>Balance sheet</u>                           |                 |
| Non-current assets                             | 94,432          |
| Current assets                                 | 1,046,609       |
| Non-current liabilities                        | (1,047,785)     |
| Current liabilities                            | (104,501)       |
| <b>Net deficit</b>                             | <b>(11,245)</b> |

The objective of setting up the Associate is for the SHGs to jointly operate student care centres in schools that serve students from all races. The investment in the Associate, in substance, is not meant to be a commercially-driven transaction with the purpose of profit takings.

The Memorandum of Association of SHGSCL prohibits the Company, together with other SHGs, from obtaining any variable returns in the form of profits, dividends, or residual interest in net assets in the event of liquidation or winding-down.

The Company's financial statements include the Company's share of losses of the Associate. The Company's exposure to losses is limited to the carrying amount of the investment, together with any long-term interests.

Loan due from associate represents the Company's commitment to the Associate which is made in the form of an unsecured and interest free loan. As the Associate has plans to scale up its operation, the settlement of the loan is not expected to occur in the foreseeable future. The loan is classified as non-current and stated at cost less accumulated impairment losses.

The SHGs also agree to continue providing funding support to the Associate while it scales up its operation. The additional projected funding commitment from Company is \$750,000.

## 8 Unit trust investment

|  | <b>Group and Company</b> |             |
|--|--------------------------|-------------|
|  | <b>2015</b>              | <b>2014</b> |
|  | <b>\$</b>                | <b>\$</b>   |
| Unit trust in Singapore, available-for-sale: |                          |             |
| Fullerton Short Term Interest Rate Fund      | 149,606                  | 145,505     |
| <i>Movement:</i>                             |                          |             |
| At beginning of year                         | 145,505                  | 140,931     |
| Fair value changes                           | 4,101                    | 4,574       |
| At end of year                               | 149,606                  | 145,505     |



## 9 Other financial assets

|  | <b>Group and Company</b> |             |
|--|--------------------------|-------------|
|  | <b>2015</b>              | <b>2014</b> |
|  | \$                       | \$          |
| <b>Available-for-sale financial assets</b> |                          |             |
| - Equity securities                        | 2,886,343                | 3,236,425   |
| - Debt securities                          | 7,217,246                | 7,039,652   |
| - Cash held with fund managers             | 138,399                  | 191,107     |
|  | 10,241,988               | 10,467,184  |
| <i>Represented by:</i>                     |                          |             |
| - externally managed by fund managers      | 3,588,094                | 3,568,352   |
| - internally managed                       | 6,653,894                | 6,898,832   |
|  | 10,241,988               | 10,467,184  |
| <i>Movement:</i>                           |                          |             |
| At beginning of year                       | 10,467,184               | 12,426,394  |
| Additions                                  | 757,183                  | 756,161     |
| Disposals                                  | (349,509)                | (3,021,225) |
| Fair value changes                         | (632,870)                | 305,854     |
| At end of year                             | 10,241,988               | 10,467,184  |

The Group's and the Company's exposure to credit and market risks are disclosed in note 32.

The fair values of equity and debt securities are determined by reference to their quoted closing bid prices at the reporting date.

## 10 Term loans

|   | <b>Group and Company</b> |             |
|---|--------------------------|-------------|
|   | <b>2015</b>              | <b>2014</b> |
|   | \$                       | \$          |
| Study loans                                       | 25,125,205               | 22,996,057  |
| Supplementary Assistance Loans                    | 3,928,574                | 4,240,858   |
| Open University Distance Learning Programme Loans | 165,936                  | 191,945     |
| Skills Training Loans                             | 32,104                   | 40,628      |
| Fine Arts Loans                                   | 133,737                  | 159,924     |
|   | 29,385,556               | 27,629,412  |
| Impairment losses                                 | (4,401,652)              | (3,408,086) |
|   | 24,983,904               | 24,221,326  |
| <i>Represented by:</i>                            |                          |             |
| Loans receivable within 12 months                 | 6,744,716                | 4,065,127   |
| Loans receivable after 12 months                  | 18,239,188               | 20,156,199  |
|   | 24,983,904               | 24,221,326  |

Movements in allowance for impairment losses in respect of term loans of the Group and the Company during the year are as follows:

|                              | Group and Company |           |
|------------------------------|-------------------|-----------|
|                              | 2015              | 2014      |
|                              | \$                | \$        |
| At beginning of year         | 3,408,086         | 1,862,385 |
| Impairment losses recognised | 993,566           | 1,545,701 |
| At the end of year           | 4,401,652         | 3,408,086 |

The Group's and the Company's primary exposure to credit risk are disclosed in note 32.

### 11 Trade and other receivables

|   | Group     |            | Company    |            |
|---|-----------|------------|------------|------------|
|   | 2015      | 2014       | 2015       | 2014       |
|   | \$        | \$         | \$         | \$         |
| Donations/grants receivable:                |           |            |            |            |
| - Government matching grants                | 6,300,000 | 6,632,865  | 6,300,000  | 6,632,865  |
| - Donations receivable via CPF arrangements | 1,721,040 | 2,181,040  | 1,721,040  | 2,181,040  |
| - Other grants receivable                   | 520,784   | 1,045,311  | 147,359    | 549,445    |
| Amount due from subsidiaries:               |           |            |            |            |
| - Trade                                     | -         | -          | 1,661,303  | 1,428,903  |
| Trade receivables                           | 595,334   | 1,326,019  | 420,816    | 879,652    |
| Less: Impairment losses                     | (300,659) | (440,682)  | (274,883)  | (424,527)  |
| Net donations/grants and other receivables  | 8,836,499 | 10,744,553 | 9,975,635  | 11,247,378 |
| Deposits                                    | 266,921   | 327,370    | 74,381     | 109,675    |
| Prepayments                                 | 65,233    | 506,415    | 24,010     | 473,293    |
|   | 9,168,653 | 11,578,338 | 10,074,026 | 11,830,346 |

The Group's and the Company's primary exposure to credit and market risks are disclosed in note 32.

Donations and grants receivable are mainly due from the Government and donations via CPF arrangements. The movement in the allowance for impairment in respect of trade and other grant receivables during the year is as follows:

|                                  | Group     |         | Company   |         |
|----------------------------------|-----------|---------|-----------|---------|
|                                  | 2015      | 2014    | 2015      | 2014    |
|                                  | \$        | \$      | \$        | \$      |
| At beginning of the year         | 440,682   | 424,527 | 424,527   | 424,527 |
| Impairment losses recognised     | 284,504   | 16,155  | 274,883   | -       |
| Utilisation of impairment losses | (424,527) | -       | (424,527) | -       |
| At end of the year               | 300,659   | 440,682 | 274,883   | 424,527 |

## 12 Cash and cash equivalents

|                          | Group      |            | Company    |            |
|--------------------------|------------|------------|------------|------------|
|                          | 2015       | 2014       | 2015       | 2014       |
|                          | \$         | \$         | \$         | \$         |
| Cash at bank and in hand | 12,547,230 | 8,321,258  | 10,891,560 | 7,478,985  |
| Fixed deposits           | 41,886,823 | 40,810,930 | 41,815,851 | 40,740,014 |
|                          | 54,434,053 | 49,132,188 | 52,707,411 | 48,218,999 |

The interest rates per annum relating to fixed deposits at the balance sheet date are between 0.05% to 1.70% (2014: 0.05% to 1.08%). Interest rate is re-priced at interval of 3 to 6 months (2014: 3 to 6 months).

The Group's and the Company's primary exposures to credit and market risks are disclosed in note 32.

## 13 General Corpus Fund (Unrestricted)

The General Corpus Fund was formed from transfers from the accumulated funds of Yayasan MENDAKI, the predecessor society, following the dissolution of that society in 1989, and further transfer from the accumulated funds in 1991.

Income from the investment of the General Corpus Fund is used to meet the expenses of the Company and is recorded in the General Fund's income statement.

## 14 Education Development Fund (Restricted)

The Education Development Fund ("EDF") is made up of income earned on the Tertiary Tuition Fee Subsidy Advance and undisbursed tertiary tuition fee subsidy each year. It is used for education-related activities aimed at raising the educational level of the Malays. The fund is used to finance scholarships, awards and financial assistance schemes and to provide subsidies for selected education programmes to make such programmes more affordable, provided that at least 75% of the aggregate total of all participants of the programmes are Malays. Only interest and investment income of the Education Development Fund are utilised for subsidising non-Malay Muslim participation in such programmes.

The Company undertakes transfers between various funds as permitted under various funds' mandate. During the year, the Company transferred a sum of \$3,184,144 from EDF to MMCDF (2014: Nil).



**15 Malay/Muslim Community Development Fund (Restricted)**

The Malay/Muslim Community Development Fund (“MMCDF”) was set up to provide financial assistance to programmes which support the mission objectives of the Group and the Company, which can make a difference to the performance of the Malay/Muslim Community. The fund comes from additional monthly contributions through the CPF arrangements, donations and income raised from approved projects with the Government providing matching grants for such contributions, donations and income raised. The donations for MMCDF are accounted for as described in note 3.8 pending the Government’s approval. A corresponding receivable is set up for the Government matching grant in the financial statements. Adjustments are made during the year for amounts claimed for matching grants but not approved by the Government.

With effect from 2014, 10% of the monthly contributions through the CPF arrangements, along with other donations raised by institutional members of MENDAKI, are entitled to a matching grant from the Government subject to a maximum cap of \$2.6 million of state funds per annum. The application of such funds will be made through the Malay/Muslim Community Development Fund Committee under MENDAKI.

Portion of the funds are to be utilised for the approved projects of the institutional members subject to the approval of Malay/Muslim Community Development Fund Committee under MENDAKI.

**16 Education Trust Fund (Restricted)**

The Education Trust Fund (“ETF”) was set up to provide financial assistance for the education of the children of low income Malay/Muslim families. This fund was initiated by the Malay/Muslim members of the Parliament and endorsed by the Prime Minister. The ETF arises from the donations from the public and the income generated therefrom. All disbursements are in accordance with the strict guidelines formulated by the ETF Committee. The ETF will not be used to fund MENDAKI’s operations.

**17 Harun Ghani Education Fund (Restricted)**

The Harun Ghani Education Fund (“HGEF”) was set up to provide financial assistance to children of drug offenders, former drug offenders and counsellors to complete their school education. The HGEF will not be used to fund MENDAKI’s operations.

**18 Institute of Singapore Chartered Accountants Scholarship (“ISCA”) Fund (Restricted)**

The ISCA Scholarship Fund was set up by ISCA to provide scholarships to qualifying individuals pursuing studies in accountancy.

**19 Fair value reserve**

The fair value reserve represents the accumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

## 20 Bank borrowings

|                          | <b>Group</b>     |                  |
|--------------------------|------------------|------------------|
|                          | <b>2015</b>      | <b>2014</b>      |
|                          | <b>\$</b>        | <b>\$</b>        |
| <b>Secured bank loan</b> |                  |                  |
| Non-current portion      | 3,765,180        | 4,186,997        |
| Current portion          | 424,788          | 465,941          |
|                          | <b>4,189,968</b> | <b>4,652,938</b> |

The bank loan is used to finance the purchase of the land and building of the Group and is secured by the property purchased.

The terms and conditions of the outstanding borrowings are as follows:

|                   | <b>Nominal interest rate</b> | <b>Year of maturity</b> | <b>2015</b>       |                        | <b>2014</b>       |                        |
|-------------------|------------------------------|-------------------------|-------------------|------------------------|-------------------|------------------------|
|                   |                              |                         | <b>Face value</b> | <b>Carrying amount</b> | <b>Face value</b> | <b>Carrying amount</b> |
|                   |                              |                         | <b>\$</b>         | <b>\$</b>              | <b>\$</b>         | <b>\$</b>              |
| Secured bank loan | 3-month SIBOR + 1%           | 2024                    | 4,189,968         | 4,189,968              | 4,652,938         | 4,652,938              |

## 21 Trade and other payables

|  | <b>Group</b>      |                   | <b>Company</b>    |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | <b>2015</b>       | <b>2014</b>       | <b>2015</b>       | <b>2014</b>       |
|  | <b>\$</b>         | <b>\$</b>         | <b>\$</b>         | <b>\$</b>         |
| Short-term accumulating compensated absence            | 197,261           | 211,380           | 197,261           | 211,380           |
| Trade payables   | 2,074,452         | 3,033,635         | 1,771,808         | 2,899,347         |
| Tertiary tuition fee payable to education institutions | 10,556,893        | 7,990,078         | 10,556,893        | 7,990,078         |
| Accruals   | 4,515,376         | 2,917,344         | 3,951,196         | 2,432,392         |
|  | <b>17,343,982</b> | <b>14,152,437</b> | <b>16,477,158</b> | <b>13,533,197</b> |

## 22 Tertiary tuition fee subsidy advanced from Government

This subsidy is granted by the Government under certain guidelines for the disbursement of tuition fee subsidies to Malay students.

Undisbursed tertiary tuition fee is the difference between tuition fee granted based on all Malay students studying in approved local tertiary institutions in the academic year and the tuition fee subsidy disbursed in accordance with the Government guidelines. Under these guidelines, any undisbursed amounts are to be transferred to the Education Development Fund and to be utilised for education related activities for the Malay community.

Tertiary tuition fee subsidies are refunded to the Group and the Company for students who have prematurely terminated their studies in tertiary institutions.

|  | Group and Company |              |
|--|-------------------|--------------|
|  | 2015              | 2014         |
|  | \$                | \$           |
| Advanced from the Government   | -                 | (529,835)    |
| At beginning of year   | (529,835)         | 5,267,851    |
| Amount received from the Government  | (50,511,669)      | (55,852,256) |
| Tertiary tuition fee subsidies disbursed/accrued for current academic year | 34,463,013        | 32,124,717   |
| Undisbursed tertiary tuition fee subsidies transferred to EDF              | 16,621,121        | 18,054,049   |
| Refund of tertiary tuition fee subsidies                                   | (42,630)          | (124,196)    |
| At end of year   | -                 | (529,835)    |

### 23 Malay Language Learning and Promotion Committee Fund ("MLLPC") (Restricted)

The MLLPC Fund was set up by the Ministry of Education ("MOE") in February 2006 to rally the support of Malay language community organisations to promote the use of Malay language beyond school. The Company acts as the host organisation to administer the MLLPC Fund. MOE provides a grant of \$420,000 (2014: \$420,000) per year for a period of 5 years since 2011. The funds received are in custody of the Company and to be utilised for Malay language, literature and cultural programmes that will promote closer community engagement in education to help in the teaching and learning of the Malay language. These are not reflected in the Income Statement of the Group.

|  | Group and Company |           |
|--|-------------------|-----------|
|  | 2015              | 2014      |
|  | \$                | \$        |
| At beginning of year                                     | 441,849           | 432,976   |
| Grants received from MOE                                 | 420,000           | 420,000   |
| Interest earned  | 422               | 421       |
| Donation received  | 11,500            | -         |
| Disbursements  | (677,966)         | (411,548) |
| At end of year   | 195,805           | 441,849   |
| <i>Represented by:</i>                                   |                   |           |
| Cash at bank   | 186,636           | 435,835   |
| Accounts payable to the Group and the Company            | 9,169             | 6,014     |
|  | 195,805           | 441,849   |
| Disbursements for the year were for the following items: |                   |           |
| Programmes, administrative and support costs             | 452,624           | 182,748   |
| Grants to other organisations                            | 225,342           | 228,800   |
|  | 677,966           | 411,548   |

### 24 Tax-exempt donations

Tax-exempt donations received during the year amounted to \$11,503,354 (2014: \$7,159,782).

**25 Costs of activities**

| Note  | General Fund | Education Development Fund | Malay/Muslim Community Development Fund | Education Trust Fund | Harun Ghani Education Fund | Other funds | 2015       |            | 2014  |    |
|---|--------------|----------------------------|---|----------------------|----------------------------|-------------|------------|------------|-------|----|
|   |              |                            |   |                      |                            |             | Total      | \$         | Total | \$ |
| <b>Youth</b>  |              |                            |   |                      |                            |             |            |            |       |    |
|   | -            | 1,375,467                  | 1,455,513                               | -                    | -                          | -           | 2,830,980  | 2,099,114  |       |    |
| 26  | -            | 253,938                    | 183,870                                 | -                    | -                          | -           | 437,808    | 294,806    |       |    |
|   | -            | 1,629,405                  | 1,639,383                               | -                    | -                          | -           | 3,268,788  | 2,393,920  |       |    |
| <b>Family</b>   |              |                            |   |                      |                            |             |            |            |       |    |
|   | -            | -                          | 1,080,235                               | -                    | -                          | -           | 1,080,235  | 2,460,619  |       |    |
| 26  | -            | -                          | 136,462                                 | -                    | -                          | -           | 136,462    | 348,847    |       |    |
|   | -            | -                          | 1,216,697                               | -                    | -                          | -           | 1,216,697  | 2,809,466  |       |    |
| <b>Employability</b>  |              |                            |   |                      |                            |             |            |            |       |    |
|   | 1,590,298    | -                          | 2,716,024                               | -                    | -                          | -           | 4,306,322  | 3,249,316  |       |    |
| 26  | -            | -                          | 343,106                                 | -                    | -                          | -           | 343,106    | 460,926    |       |    |
|   | 1,590,298    | -                          | 3,059,130                               | -                    | -                          | -           | 4,649,428  | 3,710,242  |       |    |
| <b>Education/Scholarship/Awards/Education Assistance Scheme</b> |              |                            |   |                      |                            |             |            |            |       |    |
|   | 9,754,331    | 1,974,637                  | 1,346,928                               | 3,871,794            | 27,248                     | -           | 16,974,938 | 20,309,058 |       |    |
| 26  | -            | 1,577,396                  | 446,782                                 | -                    | -                          | -           | 2,024,178  | 2,138,791  |       |    |
|   | 9,754,331    | 3,552,033                  | 1,793,710                               | 3,871,794            | 27,248                     | -           | 18,999,116 | 22,447,849 |       |    |

| Note  | General Fund      | Education Development Fund | Malay/Muslim Community Development Fund | Education Trust Fund | Harun Ghani Education Fund | Other funds | 2015              |                   | 2014  |       |
|---|-------------------|----------------------------|---|----------------------|----------------------------|-------------|-------------------|-------------------|-------|-------|
|   |                   |                            |   |                      |                            |             | \$                | \$                | Total | Total |
| <b>Enhance research capability</b>                |                   |                            |   |                      |                            |             |                   |                   |       |       |
|   | 922,478           |                            |   |                      |                            |             | 922,478           | 873,615           |       |       |
| Costs undertaken directly                         |                   |                            |   |                      |                            |             |                   |                   |       |       |
| Support costs                                     | 314,067           | -                          | -                                       | -                    | -                          | -           | 314,067           | 125,582           |       |       |
|   | 1,236,545         | -                          | -                                       | -                    | -                          | -           | 1,236,545         | 999,197           |       |       |
| <b>Strengthening partnership and relationship</b> |                   |                            |   |                      |                            |             |                   |                   |       |       |
|   | 119,850           | 1,168,290                  | 3,767,993                               | -                    | -                          | -           | 5,056,133         | 3,552,500         |       |       |
| Costs undertaken directly                         |                   |                            |   |                      |                            |             |                   |                   |       |       |
| Support costs                                     | 40,804            | 215,689                    | 475,997                                 | -                    | -                          | -           | 732,490           | 688,488           |       |       |
|   | 160,654           | 1,383,979                  | 4,243,990                               | -                    | -                          | -           | 5,788,623         | 4,240,987         |       |       |
| <b>Total</b>                                      | <b>12,741,828</b> | <b>6,565,417</b>           | <b>11,952,910</b>                       | <b>3,871,794</b>     | <b>27,248</b>              | <b>-</b>    | <b>35,159,197</b> | <b>36,601,662</b> |       |       |



**26 Support costs**

|                   | Youth   | Family  | Employability | Education/<br>Scholarship/<br>Awards/<br>Educational<br>assistance scheme | Enhance research<br>capability | Strengthening<br>partnership<br>and<br>relationship | 2015<br>Total | 2014<br>Total |
|-------------------|---------|---------|---------------|---|--------------------------------|---|---------------|---------------|
| \$                | \$      | \$      | \$            | \$  | \$                             | \$  | \$            | \$            |
| Administration    | 253,517 | 81,133  | 203,991       | 1,161,351   | 256,028                        | 438,744   | 2,394,764     | 2,184,879     |
| Human<br>resource | 58,450  | 18,730  | 47,093        | 267,631   | 15,238                         | 95,523  | 502,665       | 484,602       |
| Finance           | 125,841 | 36,599  | 92,022        | 595,196   | 42,801                         | 198,223   | 1,090,682     | 1,387,959     |
|                   | 437,808 | 136,462 | 343,106       | 2,024,178   | 314,067                        | 732,490   | 3,988,111     | 4,057,440     |

Support costs are allocated to charitable activities (i.e., youth, family, employability, education, enhance research capability and strengthening partnership and relationship) based on the level of activities.

**27 Net (outgoing)/incoming resources before tax**

The following items have been included in arriving at net (outgoing)/incoming resources before tax:

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2015</b>  | <b>2014</b> |
|  | <b>\$</b>    | <b>\$</b>   |
| Depreciation   | 1,338,003    | 1,359,812   |
| Amortisation   | 284,763      | 45,867      |
| Loss on disposal on property and equipment                 | 67,693       | 145,396     |
| Interest expense arising from fair valuation of term loans | 140,315      | 448,136     |
| Investment and interest income                             | (967,536)    | (416,711)   |
| Temporary occupation license fee                           | 297,528      | 318,355     |
| Employee benefits expense                                  | 10,143,985   | 10,081,610  |
| Impairment losses on term loans                            | 993,566      | 1,545,701   |
| Impairment losses on trade and other receivables           | 284,504      | 16,155      |
| Operating lease expense                                    | 383,164      | 221,089     |

***Employee benefits expense***

|   |                   |                   |
|---|-------------------|-------------------|
| Salaries, wages and other benefits          | 8,790,683         | 8,804,526         |
| Contributions to defined contribution plans | 1,353,302         | 1,277,084         |
|   | <b>10,143,985</b> | <b>10,081,610</b> |

Included in staff costs is an executive director's remuneration comprising of:

|   | <b>Group and Company</b> |                |
|---|--------------------------|----------------|
|   | <b>2015</b>              | <b>2014</b>    |
|   | <b>\$</b>                | <b>\$</b>      |
| Salaries, wages and other benefits          | 193,198                  | 137,631        |
| Contributions to defined contribution plans | 12,600                   | 8,958          |
|   | <b>205,798</b>           | <b>146,589</b> |

**28 Employees'/Director's remuneration**

Key management personnel of the Group are those having the authority and responsibility for planning, directing and controlling the activities of the Group. The Board of Directors, members of the Audit Committee and the executive director of the Group are considered as key management personnel of the Group. Other than as disclosed in note 27, the Board of Directors and members of the Audit Committee did not receive any form of compensation during the year.

The number of employees and director whose remuneration amounted to over \$100,000 in the year is as follows:

|  | Group |      | Company |      |
|--|-------|------|---------|------|
|  | 2015  | 2014 | 2015    | 2014 |
| Number of employees/director in bands: |       |      |         |      |
| \$100,000 to \$200,000                 | 7     | 9    | 6       | 9    |
| \$200,001 to \$300,000                 | 1     | -    | 1       | -    |

The number of staff employed by the Company and the Group as at 31 December 2015 was 96 (2014: 98) and 156 (2014: 186), respectively.

## 29 Tax expense

The Company is an approved charity organisation under the Charities Act, Chapter 37 and an Institution of a Public Character under the Income Tax Act, Chapter 134.

No provision for tax has been made in the financial statements as the Company is exempt from income tax.

## 30 Related parties

For the purpose of financial statements, parties are considered to be related to the Group if the Group has the ability, directly, or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than as disclosed elsewhere in the financial statements, the significant transactions between the Company and its related parties at terms agreed by the parties involved during the financial year include grants paid to MENDAKI Club amounting to \$383,194 (2014: \$308,857).

## 31 Commitments

### *Operating lease commitment*

|                                 | Group   |           | Company |         |
|---------------------------------|---------|-----------|---------|---------|
|                                 | 2015    | 2014      | 2015    | 2014    |
|                                 | \$      | \$        | \$      | \$      |
| Operating lease expense:        |         |           |         |         |
| Within 1 year                   | 334,756 | 847,845   | 334,756 | 323,100 |
| After 1 year but within 5 years | 22,241  | 385,245   | 22,241  | 317,478 |
|                                 | 356,997 | 1,233,090 | 356,997 | 640,578 |

### **Term loans commitment**

Term loans commitment refers to the term loans the Company has approved to be disbursed to students as at 31 December.

Undrawn term loans commitment:  
 Within 1 year  
 After 1 year but within 5 years

| <b>Group and Company</b> |                  |
|--------------------------|------------------|
| <b>2015</b>              | <b>2014</b>      |
| <b>\$</b>                | <b>\$</b>        |
| 3,400,288                | 4,607,855        |
| 1,762,620                | 2,851,845        |
| <b>5,162,908</b>         | <b>7,459,700</b> |

## **32 Financial risk management**

### **Overview**

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

- Credit risk
- Market risk
- Liquidity risk

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

### **Financial risk management objectives and policies**

Exposure to credit, market and liquidity risks arise in the normal course of the Group's operations. The Group has informal risk management policies and guidelines that set out the overall strategies, tolerance of risk and general risk. The management of these risks are discussed below.

### **Credit risk**

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

The carrying amount of financial assets in the balance sheet represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of its financial assets except for term loans which mostly have personal guarantees being provided to the Group.

The Group has a credit policy in place and the exposure to credit risk is monitored through the tracking of the performance and credit ratings of investment securities and loans and receivables. This is performed on an ongoing basis.

Cash is placed with financial institutions which are regulated.

### Investment securities

The Group limits its exposure to credit risk by investing in investment grade securities as defined by Standard & Poor's and Moody's.

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

|                              | Note | Group      |            | Company    |            |
|------------------------------|------|------------|------------|------------|------------|
|                              |      | 2015       | 2014       | 2015       | 2014       |
|                              |      | \$         | \$         | \$         | \$         |
| Unit trust investment        | 8    | 149,606    | 145,505    | 149,606    | 145,505    |
| Other financial assets       | 9    | 10,241,988 | 10,467,184 | 10,241,988 | 10,467,184 |
| Term loans, net of provision | 10   | 24,983,904 | 24,221,326 | 24,983,904 | 24,221,326 |
| Trade and other receivables* | 11   | 8,962,707  | 11,071,923 | 9,909,303  | 11,357,053 |
|                              |      | 44,338,205 | 45,905,938 | 45,284,801 | 46,191,068 |

\* Excludes prepayments

The following table sets out the Group's and the Company's credit exposure arising from term loans:

|                                  | Group and Company |                          |            |                          |
|----------------------------------|-------------------|--------------------------|------------|--------------------------|
|                                  | Gross loan        | Allowance on loan losses | Gross loan | Allowance on loan losses |
|                                  | 2015              | 2015                     | 2014       | 2014                     |
|                                  | \$                | \$                       | \$         | \$                       |
| Individually impaired            | 4,401,652         | (4,401,652)              | 3,408,086  | (3,408,086)              |
| Past due but not impaired:       |                   |                          |            |                          |
| 0 - 30 days                      | 217,912           | -                        | 165,868    | -                        |
| 31 - 60 days                     | 180,159           | -                        | 131,844    | -                        |
| 61 - 90 days                     | 127,484           | -                        | 115,014    | -                        |
| 91 - 150 days                    | 105,058           | -                        | 186,560    | -                        |
|                                  | 630,613           |                          | 599,286    |                          |
| Neither past due nor impaired    | 20,652,080        | -                        | 21,683,372 | -                        |
| Accounts with renegotiated terms | 3,701,211         | -                        | 1,938,669  | -                        |
|                                  | 24,353,291        | -                        | 23,622,041 | -                        |
|                                  | 29,385,556        | (4,401,652)              | 27,629,413 | (3,408,086)              |

Based on historical default rate, the Group believes that no impairment allowance is necessary in respect of term loans not past due, or past due up to 150 days.

Term loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured, impairment will be considered if the borrower is unable to meet its new repayment schedule.

### Market risk

Market risk is the risk that changes in market price, such as interest rates and equity prices will affect the Group's income or value of its holdings of financial instruments.

#### Equity price risk

The Group manages the equity price risk by engaging an established portfolio manager with effective risk management policies to manage part of its investment.

#### Sensitivity analysis - equity price risk

All of the Group's and the Company's equity securities are listed on the Stock Exchange in Singapore.

With the assumption that all other variables remain constant, a 10% increase/(decrease) in the underlying equity prices for quoted equity securities at the reporting date would increase/(decrease) the consolidated fair reserve by \$288,634 (2014: \$323,643).

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's main sources of funding are various grants and donations received. The Group manages its liquidity risk by maintaining a high level of cash and cash equivalents, mainly in the form of fixed deposits.

The contractual maturities of financial liabilities, including estimated interest payments, are as follows:

| Note                     | Carrying amount | Cash flows             |               |                     |                   |           |
|--------------------------|-----------------|------------------------|---------------|---------------------|-------------------|-----------|
|                          |                 | Contractual cash flows | Within 1 year | Within 1 to 5 years | More than 5 years |           |
|                          | \$              | \$                     | \$            | \$                  | \$                |           |
| <b>Group</b>             |                 |                        |               |                     |                   |           |
| <b>2015</b>              |                 |                        |               |                     |                   |           |
| Bank borrowings          | 20              | 4,189,968              | 4,350,164     | 584,984             | 1,882,590         | 1882,590  |
| Trade and other payables | 21              | 17,343,982             | 17,343,982    | 17,343,982          | -                 | -         |
|                          |                 | 21,533,950             | 21,694,146    | 17,928,966          | 1,882,590         | 1,882,590 |
| <b>2014</b>              |                 |                        |               |                     |                   |           |
| Bank borrowings          | 20              | 4,652,938              | 4,891,590     | 543,510             | 2,174,040         | 2,174,040 |
| Trade and other payables | 21              | 14,152,437             | 14,152,437    | 14,152,437          | -                 | -         |
|                          |                 | 18,805,375             | 19,044,027    | 14,695,947          | 2,174,040         | 2,174,040 |
| <b>Company</b>           |                 |                        |               |                     |                   |           |
| <b>2015</b>              |                 |                        |               |                     |                   |           |
| Trade and other payables | 21              | 16,477,158             | 16,477,158    | 16,477,158          | -                 | -         |
| <b>2014</b>              |                 |                        |               |                     |                   |           |
| Trade and other payables | 21              | 13,533,197             | 13,533,197    | 13,533,197          | -                 | -         |

**Accounting classifications and fair values**

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

|                              | Note | Loans and receivables<br>\$ | Available-for-sale<br>\$ | Other financial liabilities within scope of FRS 39<br>\$ | Total carrying amount<br>\$ | Fair value<br>\$ |
|------------------------------|------|-----------------------------|--------------------------|--|-----------------------------|------------------|
| <b>Group</b>                 |      |                             |                          |  |                             |                  |
| <b>2015</b>                  |      |                             |                          |  |                             |                  |
| Unit trust investment        | 8    | –                           | 149,606                  | –  | 149,606                     | 149,606          |
| Other financial assets       | 9    | –                           | 10,241,988               | –  | 10,241,988                  | 10,241,988       |
| Term loans                   | 10   | 24,983,904                  | –                        | –  | 24,983,904                  | 24,983,904       |
| Trade and other receivables* | 11   | 9,103,420                   | –                        | –  | 9,103,420                   |                  |
|                              |      | <u>34,087,324</u>           | <u>10,391,594</u>        | <u>–</u>   | <u>44,478,918</u>           |                  |
| Bank borrowings              | 20   | –                           | –                        | 4,189,968  | 4,189,968                   | 4,189,968        |
| Trade and other payables     | 21   | –                           | –                        | 17,343,982   | 17,343,982                  |                  |
|                              |      | <u>–</u>                    | <u>–</u>                 | <u>21,533,950</u>  | <u>21,533,950</u>           |                  |
| <b>2014</b>                  |      |                             |                          |  |                             |                  |
| Unit trust investment        | 8    | –                           | 145,505                  | –  | 145,505                     | 145,505          |
| Other financial assets       | 9    | –                           | 10,467,184               | –  | 10,467,184                  | 10,467,184       |
| Term loans                   | 10   | 24,221,326                  | –                        | –  | 24,221,326                  | 24,221,326       |
| Trade and other receivables* | 11   | 11,071,923                  | –                        | –  | 11,071,923                  |                  |
|                              |      | <u>35,293,249</u>           | <u>10,612,689</u>        | <u>–</u>   | <u>45,905,938</u>           |                  |
| Bank borrowings              | 20   | –                           | –                        | 4,652,938  | 4,652,938                   | 4,652,938        |
| Trade and other payables     | 21   | –                           | –                        | 14,152,437   | 14,152,437                  |                  |
|                              |      | <u>–</u>                    | <u>–</u>                 | <u>18,805,375</u>  | <u>18,805,375</u>           |                  |
| <b>Company</b>               |      |                             |                          |  |                             |                  |
| <b>2015</b>                  |      |                             |                          |  |                             |                  |
| Unit trust investment        | 8    | –                           | 149,606                  | –  | 149,606                     | 149,606          |
| Other financial assets       | 9    | –                           | 10,241,988               | –  | 10,241,988                  | 10,241,988       |
| Term loans                   | 10   | 24,983,904                  | –                        | –  | 24,983,904                  | 24,983,904       |
| Trade and other receivables* | 11   | 10,050,016                  | –                        | –  | 10,050,016                  |                  |
|                              |      | <u>35,033,920</u>           | <u>10,391,594</u>        | <u>–</u>   | <u>45,425,514</u>           |                  |
| Trade and other payables     | 21   | –                           | –                        | 16,477,159   | 16,477,159                  |                  |
| <b>2014</b>                  |      |                             |                          |  |                             |                  |
| Unit trust investment        | 8    | –                           | 145,505                  | –  | 145,505                     | 145,505          |
| Other financial assets       | 9    | –                           | 10,467,184               | –  | 10,467,184                  | 10,467,184       |
| Term loans                   | 10   | 24,221,326                  | –                        | –  | 24,221,326                  | 24,221,326       |
| Trade and other receivables* | 11   | 11,357,053                  | –                        | –  | 11,357,053                  |                  |
|                              |      | <u>35,578,379</u>           | <u>10,612,689</u>        | <u>–</u>   | <u>46,191,068</u>           |                  |
| Trade and other payables     | 21   | –                           | –                        | 13,533,197   | 13,533,197                  |                  |

\* Excludes prepayments

**Estimation of fair value**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the reporting dates.

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value by valuation method as at 31 December 2015. The different levels have been defined as follows:

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

|                                     | Level 1    | Level 2 | Level 3 | Total      |
|-------------------------------------|------------|---------|---------|------------|
|                                     | \$         | \$      | \$      | \$         |
| <b>Group and Company</b>            |            |         |         |            |
| <b>2015</b>                         |            |         |         |            |
| Available-for-sale financial assets | 10,241,988 | 149,606 | –       | 10,391,594 |
|                                     | 10,241,988 | 149,606 | –       | 10,391,594 |
| <b>2014</b>                         |            |         |         |            |
| Available-for-sale financial assets | 10,467,184 | 145,505 | –       | 10,612,689 |
|                                     | 10,467,184 | 145,505 | –       | 10,612,689 |

**Reserves management**

The reserves of the Group and Company are the unrestricted funds available to the Group and Company (also referred to as "General Funds"). The Company receives funds on an annual basis and the unrestricted net operating expenditure will be planned accordingly. Unutilised funds for each year will be transferred to the reserves of the Company.

There were no changes in the Group's approach to reserves management during the year.

The Company and its subsidiaries are not subjected to externally imposed reserve/capital requirements.



### 33 Comparative information

It was noted that in the prior year statement of cash flows, the proceeds from disposal of other financial assets of \$3,226,506 was wrongly accounted for in the operating cash flows instead of investing cash flows. The statement of cash flows for the year ended 31 December 2014 was accordingly adjusted.

|  | <u>Previously stated</u> | <u>Restated</u> |
|--|--------------------------|-----------------|
|  | \$                       | \$              |
| Cash flows used in operating activities        | (3,186,791)              | (6,413,297)     |
| Cash flows (used in)/from investing activities | (2,610,478)              | 616,028         |



This page is intentionally left blank

This page is intentionally left blank

This page is intentionally left blank