Yayasan MENDAKI
and its Subsidiaries
Registration Number: 198902633C

Annual Report
Year ended 31 December 2018

Registered office

51 Kee Sun Avenue,
Singapore 457056

Auditors

KPMG LLP

Bankers

DBS Bank Ltd
12 Marina Boulevard, #42-00
DBS Asia Central@
Marina Bay Financial Centre Tower 3
Singapore 018982

United Overseas Bank Limited
80 Raffles Place,
UOB Plaza
Singapore 048624

Maybank Singapore
2 Battery Road
Maybank Tower
Singapore 049907

Standard Chartered Bank (Singapore) Limited
8 Marina Boulevard, #27-01
Marina Bay Financial Centre
Singapore 018981

CIMB Bank Berhad
50 Raffles Place, #09-01
Singapore Land Tower
Singapore 048623

Investment advisor

Fullerton Fund Management Company Ltd
3 Fraser Street #09-28
Duo Tower
Singapore 189352

Directors' statement

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 2018.

In our opinion:

(a) the financial statements set out on pages FS1 to FS54 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 2018 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 other relevant regulations 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:

Mr Masagos Zulkifli Masagos Mohamad	
Mr Zaqy Mohamad	Appointed on 14 May 2018
Mdm Rahayu Buang	
Ms Rahayu Mahzam	
Mr Saktiandi Supaat	
Mr Azriman Mansor	Appointed on 21 February 2019
Mr Esa Han Hsien Masood	Appointed on 1 January 2019
Mr Ahmad Firdaus Daud	
Mr Farihullah s/o Abdul Wahab Safiullah	
Mr Halil Haji Mansor	
Mr Mohamed Khairul Anwar Mohamed Abdul Alim	
Mr Mohamed Yunos Mohamed Shariff	
Mr Muhamad Nuzhan Abdul Halim	
Dr Muhammad Fadzli Hassan	
Dr Mustafa s/o Izzuddin	Appointed on 9 June 2018
Mr Norazlan Ibrahim	
Ms Nur Hani Nasir	Appointed on 9 June 2018
Ms Rahayu Mohamad	
Mr Sallim Abdul Kadir	
Ms Zarina Begam Abdul Razak	

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 at 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 Azriman Mansor (Chairman), non-executive director (Appointed on 1 April 2019)
- Mr Halil Haji Mansor, non-executive director
- Mr Sallim Abdul Kadir, 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 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.

Corporate governance

Board members and staff are required in their respective capacities to act at all times in the best interest of the Company. Policies and procedures are designed to prevent and address potential conflict of interest situation while promoting ethical conduct of officers and staff.

Auditors

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

On behalf of the Board of Directors

Mr Masagos Zulkifli Masagos Mohamad
Director

Mdm Rahayu Buang
Director

4 June 2019

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Members of the Company
Yayasan MENDAKI and its subsidiaries

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Yayasan MENDAKI ("the Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS54.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Companies Act"), the Charities Act, Chapter 37 and other relevant regulations ("the Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in funds and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

KPMG

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required to be kept by the Company 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 Companies Act and the Charities Act and Regulations.

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

(a) the Company has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

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

KPMG

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
4 June 2019

Statements of financial position
As at 31 December 2018

	Note	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Non-current assets					
Property and equipment	4	17,141,035	15,511,598	1,687,294	631,324
Intangibles	5	520,395	409,752	520,395	409,752
Investment in subsidiaries	6	–	–	10,809,000	10,809,000
Interest in associate	7	810,854	598,510	1,250,000	1,000,000
Unit trust investment	8	161,583	158,977	161,583	158,977
Other financial assets	9	3,195,328	3,682,971	3,195,328	3,682,971
Term loans	10	15,044,016	18,454,192	15,044,016	18,454,192
Non-current assets		36,873,211	38,816,000	32,667,616	35,146,216
Current assets					
Term loans	10	5,226,999	4,863,377	5,226,999	4,863,377
Trade and other receivables	11	10,215,009	10,441,025	10,523,437	10,624,385
Cash and cash equivalents	12	85,223,487	78,293,456	81,636,834	75,229,158
Current assets		100,665,495	93,597,858	97,387,270	90,716,920
Total assets		137,538,706	132,413,858	130,054,886	125,863,136
Funds and reserve					
General Corpus Fund	13	2,000,000	2,000,000	2,000,000	2,000,000
General Fund		4,911,043	3,750,596	3,189,249	2,501,648
Unrestricted funds		6,911,043	5,750,596	5,189,249	4,501,648
Education Development Fund (“EDF”)	14	94,776,813	90,076,970	94,276,264	89,815,580
Malay/Muslim Community Development Fund (“MMCDF”)	15	5,084,507	3,423,595	3,538,976	2,616,582
Education Trust Fund (“ETF”)	16	7,423,413	6,814,821	7,423,413	6,814,821
Harun Ghani Education Fund (“HGEF”)	17	214,030	266,549	214,030	266,549
Institute of Singapore Chartered Accountants Scholarship Fund (“ISCAF”)	18	27,642	27,642	27,642	27,642
Restricted funds		107,526,405	100,609,577	105,480,325	99,541,174
Fair value reserve	19	383,344	779,822	383,344	779,822
Total funds and reserve, representing funds and reserve attributable to members of the Company		114,820,792	107,139,995	111,052,918	104,822,644

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

Statements of financial position (continued)
As at 31 December 2018

		Group		Company	
	Note	**2018**	**2017**	**2018**	**2017**
		$	**$**	**$**	**$**
Non-current liabilities					
Bank borrowings	20	2,190,490	2,711,432	–	–
Deferred tax liabilities	21	20,440	20,440	–	–
		2,210,930	2,731,872	–	–
Current liabilities					
Trade and other payables	22	18,597,963	20,849,510	17,791,396	20,090,644
Malay Language Learning and Promotion Committee (“MLLPC”) Fund	23	1,210,572	949,848	1,210,572	949,848
Bank borrowings	20	513,239	502,696	–	–
Current tax payable		185,210	239,937	–	–
Current liabilities		20,506,984	22,541,991	19,001,968	21,040,492
Total liabilities		22,717,914	25,273,863	19,001,968	21,040,492
Total funds and liabilities		137,538,706	132,413,858	130,054,886	125,863,136

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

Consolidated income statement
Year ended 31 December 2018

	Note	Unrestricted Funds General Fund $	Restricted Funds EDF $	MMCDF $	ETF $	HGEF $	Total $
2018							
Incoming resources							
Incoming resources from generated funds							
Voluntary income:							
- Donations via CPF contribution		1,157,198	–	7,061,965	–	–	8,219,163
- Donation income		130,209	88,050	437,487	45,978	1,500	703,224
- Donation fundraising		–	–	110,531	844,722	–	955,253
Investment and interest income		28,069	754,523	21,981	69,274	176	874,023
Other income		147,367	212,536	7,070	–	–	366,973
Incoming resources from charitable activities							
Income from approved projects:							
- Fees	25	1,736,642	535,024	4,135	–	–	2,275,801
Government grants:							
- Ministry of Culture, Community and Youth ("MCCY") Matching Grant		1,600,000	–	2,600,000	–	–	4,200,000
- MCCY temporary occupation licence fee		319,921	–	–	–	–	319,921
- MCCY Self Help Group Additional Top Up		–	–	–	840,000	–	840,000
- MCCY others		12,699	208,058	–	–	–	220,757
- Ministry of Home Affairs ("MHA")				51,900			51,900
- Ministry of Social and Family Development ("MSF")		208,782	244,955	278,115	–	–	731,852
- Workforce Singapore ("WSG")		–	159,034	107,422	–	–	266,456
- Undisbursed tertiary tuition fees subsidy ("TTFS")	22	–	21,340,917	–	–	–	21,340,917
- Others		336,922	–	49,360	293,614	–	679,896
Total incoming resources		5,677,809	23,543,097	10,729,966	2,093,588	1,676	42,046,136

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

Consolidated income statement (continued)
Year ended 31 December 2018

	Note	Unrestricted Funds General Fund $	Restricted Funds EDF $	MMCDF $	ETF $	HGEF $	Total $
2018							
Resources expended							
Costs of activities	26	(4,267,207)	(17,709,652)	(8,890,413)	(1,484,996)	(54,195)	(32,406,463)
Governance costs		(63,302)	(75,886)	(46,500)	–	–	(185,688)
Temporary occupation licence fee		(98,667)	(110,627)	(89,698)	–	–	(298,992)
Reversal of impairment loss on term loans and trade receivables		–	1,350,528	–	–	–	1,350,528
Finance costs		(21,834)	(66,799)	(18,792)	–	–	(107,425)
Total resources expended		(4,451,010)	(16,612,436)	(9,045,403)	(1,484,996)	(54,195)	(31,648,040)
Share of results of associate	7	(37,656)	–	–	–	–	(37,656)
Net incoming/(outgoing) resources before tax	27	1,189,143	6,930,661	1,684,563	608,592	(52,519)	10,360,440
Tax expense	29	(28,696)	(108,965)	(23,651)	–	–	(161,312)
Net income/(loss) for the year		1,160,447	6,821,696	1,660,912	608,592	(52,519)	10,199,128

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

Consolidated income statement (continued)
Year ended 31 December 2018

	Note	Unrestricted Funds General Fund $	Restricted Funds EDF $	MMCDF $	ETF $	HGEF $	Total $
2017							
Incoming resources							
Incoming resources from generated funds							
Voluntary income:							
- Donations via CPF contribution		1,116,594	–	6,558,951	–	–	7,675,545
- Donation income		62,900	52,090	416,328	123,455	600	655,373
- Donation fundraising		–	–	–	841,233	–	841,233
Investment and interest income		7,743	426,699	9,073	388,382	287	832,184
Other income		308,121	41,092	121,871	–	–	471,084
Incoming resources from charitable activities							
Income from approved projects:							
- Fees		1,028,032	765,638	689	–	–	1,794,359
Government grants:							
- MCCY Matching Grant		1,600,000	–	2,600,000	–	–	4,200,000
- MCCY temporary occupation licence fee		319,660	–	–	–	–	319,660
- MCCY Self Help Group Additional Top Up		–	–	–	1,680,000	–	1,680,000
- MCCY others		46,350	369,719	23,280	–	–	439,349
- MHA		–	–	49,650	–	–	49,650
- MSF		–	2,534	112,782	–	–	115,316
- WSG		6,469	30,825	160,997	–	–	198,291
- Undisbursed TTFS	22	–	22,661,883	–	–	–	22,661,883
- Others		227,024	90,335	59,066	–	–	376,425
Total incoming resources		4,722,893	24,440,815	10,112,687	3,033,070	887	42,310,352

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

Consolidated income statement (continued)
Year ended 31 December 2018

	Note	Unrestricted Funds General Fund $	----Restricted Funds---- EDF $	MMCDF $	ETF $	HGEF $	Total $
2017							
Resources expended							
Costs of activities	26	(3,615,351)	(18,388,145)	(8,213,639)	(2,775,935)	(44,835)	(33,037,905)
Governance costs		(81,697)	(105,131)	(59,681)	–	–	(246,509)
Temporary occupation licence fee		(98,163)	(119,711)	(81,403)	–	–	(299,277)
Finance costs		(13,237)	(70,134)	(14,292)	–	–	(97,663)
Total resources expended		(3,808,448)	(18,683,121)	(8,369,015)	(2,775,935)	(44,835)	(33,681,354)
Share of results of associate	7	(49,025)	–	–	–	–	(49,025)
Net incoming/(outgoing) resources before tax	27	865,420	5,757,694	1,743,672	257,135	(43,948)	8,579,973
Tax expense	29	(49,742)	(151,472)	(26,928)	–	–	(228,142)
Net income/(loss) for the year		815,678	5,606,222	1,716,744	257,135	(43,948)	8,351,831

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

Consolidated statement of comprehensive income
Year ended 31 December 2018

	Unrestricted Funds	**Restricted Funds**					
	General Fund	**EDF**	**MMCDF**	**ETF**	**HGEF**	**Fair value reserve**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
2018							
Net income/(loss) for the year	1,160,447	6,821,696	1,660,912	608,592	(52,519)	–	10,199,128
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Equity investments measured at fair value through other comprehensive income (“FVOCI”) – net change in fair value	–	–	–	–	–	(272,835)	(272,835)
Items that are or may be reclassified subsequently to profit or loss							
Debt investments at FVOCI – net change in fair value	–	–	–	–	–	(64,808)	(64,808)
Unit trust investment – reclassified to profit or loss	–	–	–	–	–	(58,835)	(58,835)
Total comprehensive income for the year	1,160,447	6,821,696	1,660,912	608,592	(52,519)	(396,478)	9,802,650

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

Consolidated statement of comprehensive income (continued)
Year ended 31 December 2018

	Unrestricted Funds	------ Restricted Funds			------		
	General Fund	**EDF**	**MMCDF**	**ETF**	**HGEF**	**Fair value reserve**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
2017							
Net income/(loss) for the year	815,678	5,606,222	1,716,744	257,135	(43,948)	–	8,351,831
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss							
Available-for-sale investments – net change in fair value	–	–	–	–	–	255,317	255,317
Available-for-sale investments – reclassified to profit or loss	–	–	–	–	–	(319,296)	(319,296)
Total comprehensive income for the year	815,678	5,606,222	1,716,744	257,135	(43,948)	(63,979)	8,287,852

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

Consolidated statement of changes in funds
Year ended 31 December 2018

	-- Unrestricted Funds --		---- Restricted Funds ----						
	General Corpus Fund $	**General Fund $**	**EDF $**	**MMCDF $**	**ETF $**	**HGEF $**	**ISCAF $**	**Fair value reserve $**	**Total funds and reserve $**
At 1 January 2018	2,000,000	3,750,596	90,076,970	3,423,595	6,814,821	266,549	27,642	779,822	107,139,995
Adjustment on initial application of FRS 109	–	–	(2,121,853)	–	–	–	–	–	(2,121,853)
Adjusted balance at 1 January 2018	2,000,000	3,750,596	87,955,117	3,423,595	6,814,821	266,549	27,642	779,822	105,018,142
Total comprehensive income for the year									
Net income/(loss) for the year	–	1,160,447	6,821,696	1,660,912	608,592	(52,519)	–	–	10,199,128
Other comprehensive income	–	–	–	–	–	–	–	(396,478)	(396,478)
Total comprehensive income for the year	–	1,160,447	6,821,696	1,660,912	608,592	(52,519)	–	(396,478)	9,802,650
At 31 December 2018	2,000,000	4,911,043	94,776,813	5,084,507	7,423,413	214,030	27,642	383,344	114,820,792

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

Consolidated statement of changes in funds (continued)
Year ended 31 December 2018

	-- Unrestricted Funds --		---- Restricted Funds ----						
	General Corpus Fund $	**General Fund $**	**EDF $**	**MMCDF $**	**ETF $**	**HGEF $**	**ISCAF $**	**Fair value reserve $**	**Total funds and reserve $**
At 1 January 2017	2,000,000	2,934,918	84,470,748	1,706,851	6,557,686	310,497	27,642	843,801	98,852,143
Total comprehensive income for the year									
/Net income/(loss) for the year	–	815,678	5,606,222	1,716,744	257,135	(43,948)	–	–	8,351,831
Other comprehensive income	–	–	–	–	–	–	–	(63,979)	(63,979)
Total comprehensive income for the year	–	815,678	5,606,222	1,716,744	257,135	(43,948)	–	(63,979)	8,287,852
At 31 December 2017	2,000,000	3,750,596	90,076,970	3,423,595	6,814,821	266,549	27,642	779,822	107,139,995

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

Consolidated statement of cash flows
Year ended 31 December 2018

	Note	2018 $	2017 $
Operating activities			
Net incoming resources before tax		10,360,440	8,579,973
Adjustments for:			
Investment and interest income		(874,023)	(832,184)
Gain arising from unwinding of term loans discount		(211,169)	(242,221)
Depreciation		(96,234)	993,458
Amortisation		337,100	458,249
Finance costs		107,425	97,663
(Reversal of) impairment losses on term loans	10	(1,481,242)	940,862
Impairment losses/(reversal of impairment) on trade receivables		130,714	(87,309)
Undisbursed TTFS	22	(21,340,917)	(22,661,883)
Share of loss of associate	7	37,656	49,025
		(13,030,250)	(12,704,367)
Changes in:			
Trade and other receivables		95,302	(996,618)
Trade and other payables		(2,595,782)	4,198,701
TTFS received		62,976,738	59,230,641
Refund of TTFS		218,860	135,713
Disbursement/accrual of TTFS		(41,854,681)	(36,704,471)
Term loans granted		(5,059,591)	(5,094,327)
Repayment of term loans		7,676,703	5,395,129
MLLPC grants and donations received		1,025,609	671,386
Disbursement and interest to MLLPC Fund		(764,885)	(722,415)
Tax paid		(216,039)	(75,712)
Net cash flows from operating activities		8,471,984	13,333,660
Investing activities			
Investment income received		109,635	93,003
Interest income received		702,947	323,797
Purchase of property and equipment		(1,188,968)	(305,062)
Purchase of intangibles		(447,743)	(213,656)
Proceeds from disposal of financial assets		150,000	6,931,133
Loan to associate		(250,000)	(500,000)
Fixed deposits placement as investment		(1,753,925)	(64,201,591)
Net cash flows used in investing activities		(2,678,054)	(57,872,376)
Financing activities			
Repayment of bank borrowings	20	(510,399)	(502,696)
Finance costs paid		(107,425)	(97,663)
Net cash flows used in financing activities		(617,824)	(600,359)
Net increase/(decrease) in cash and cash equivalents		5,176,106	(45,139,075)
Cash and cash equivalents at beginning of year		14,091,865	59,230,940
Cash and cash equivalents at end of year	12	19,267,971	14,091,865

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

Notes to the 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 4 June 2019.

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 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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

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

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 notes:

- Note 7 – interest in associate
- Note 9 – classification of other financial assets

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

- Note 7 – valuation of interest in associate
- Note 9 – valuation of other financial assets
- Note 10 – valuation of term loans

2.5 Changes in accounting policies

FRS 109 *Financial Instruments*

The Group has applied FRS 109 *Financial Instruments* which is applicable for annual periods beginning on 1 January 2018. FRS 109 sets out requirements for recognising and measuring financial assets and liabilities. It also introduces expected credit loss ("ECL") model.

The Group has elected not to restate information for 2017. Accordingly, the comparative information is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts resulting from the adoption of FRS 109 are recognised in funds and reserves as at 1 January 2018. Arising from this election, the Group is exempted from providing disclosures required from FRS 107 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of FRS 109.

Changes in accounting policies resulting from the adoption of FRS 109 have been generally applied by the Group retrospectively, except as described below:

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
  - The designation of an equity investment that is not held-for-trading as at FVOCI.

- If a debt investment has low credit risk at 1 January 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

The impact upon adoption of FRS 109 are described below.

Classification of financial assets and financial liabilities

Under FRS 109, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt investment, FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under FRS 109, see note 3.3. The adoption of FRS 109 has not had a significant effect on the Group's accounting policies for financial liabilities. The following table below explains the original measurement categories under FRS 39 and the new measurement categories under FRS 109 for each class of the Group's financial assets as at 1 January 2018.

			Group		**Company**	
1 January 2018	**Original classification under FRS 39**	**New classification under FRS 109**	**Original carrying amount under FRS 39**	**New carrying amount under FRS 109**	**Original carrying amount under FRS 39**	**New carrying amount under FRS 109**
			$	**$**	**$**	**$**
Loan to associate	Loans and receivable	Amortised cost	1,000,000	1,000,000	1,000,000	1,000,000
Loan to a subsidiary	Loans and receivable	Amortised cost	–	–	10,000,000	10,000,000
Other financial assets – equity investment	Available-for-sale	FVOCI – equity investment	2,094,704	2,094,704	2,094,704	2,094,704
Other financial assets – debt investment	Available-for-sale	FVOCI – debt investment	1,588,267	1,588,267	1,588,267	1,588,267
Unit trust investment	Available-for-sale	FVTPL	158,977	158,977	158,977	158,977
Term loans	Loans and receivables	Amortised cost	23,317,569	21,195,716	23,317,569	21,195,716
Trade and other receivables *	Loans and receivables	Amortised cost	10,381,181	10,381,181	10,624,385	10,624,385
Cash and cash equivalents	Loans and receivables	Amortised cost	78,293,456	78,293,456	75,229,158	75,229,158

** Excludes prepayments*

Impairment of financial assets

FRS 109 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to equity investments.

As a result of the adoption of FRS109, the Group presented impairment loss related to trade receivables and term loans, separately in the income statement. The application of FRS 109 impairment requirements at 1 January 2018 results in additional allowances for impairment as follows:

	Group and Company
	$
Loss allowance at 31 December 2017 under FRS 39	6,850,440
Adjustment on initial application of FRS 109	2,121,853
Loss allowance at 1 January 2018 under FRS 109	8,972,293

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. For an explanation of the effect over the Group's accounting policies, see note 3.9. The Group has adopted FRS 115 in its financial statements using the cumulative effect approach. The adoption of FRS 115 has no significant impact on the Group's financial statement.

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 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 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 and associates in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position 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 generally recognised in profit or loss.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, impairment and any gain or loss on derecognition are recognised in profit or loss.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Non-derivative financial assets – Policy applicable before 1 January 2018

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

Loans and receivables

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

Loans and receivables comprised loan to associate, loan to a subsidiary, cash and cash equivalents, term loans, and trade and other receivables.

Cash and cash equivalents comprised cash balances and fixed deposits.

Available-for-sale financial assets

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

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

Non-derivative financial liabilities

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Non-derivative financial liabilities comprise trade and other payables, bank borrowings and MLLPC Fund.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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/cost of activities 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 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. Freehold land is not depreciated.

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

- Building 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:

- Computer software 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 - Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- debt investments measured at FVOCI.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

Measurement of ECLs

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

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non derivative financial assets - Policy applicable before 1 January 2018

A financial asset not carried at FVTPL, including interest in associate, was assessed at the end of each reporting period to determine whether there was objective evidence that it was 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 investments) were impaired included 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 was objective evidence of impairment. The Group considered a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

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

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

An impairment loss in respect of a financial asset measured at amortised cost was 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 were recognised in profit or loss and reflected in an allowance account against loans and receivables. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. When a subsequent event (e.g. repayment by a debtor) caused the amount of impairment loss to decrease, the decrease in impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that was reclassified from equity to profit or loss was 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.

If, in a subsequent period, the fair value of an impaired available-for-sale debt investment increased and the increase was related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss was reversed in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity investment was recognised in OCI.

Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3.8 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.

3.9 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

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

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Income from approved projects

Revenue is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised service to the other party. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO. Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services.

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.

Capital grants

These grants are then recognised in profit or loss as income on a systematic basis over the useful life of the asset.

Income grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as income on a systematic basis in the same periods in which the expenses are recognised.

3.10 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 costs 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.

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.

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.

3.11 Finance costs

Finance costs comprise interest expenses that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

3.12 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 are recorded in the unrestricted fund's income statement.

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

FRS 116 *Leases*

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply FRS 116 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of funds and reserves at 1 January 2019, with no restatement of comparative information.

The Group has performed an assessment of the impact on its financial statements based on its existing lease arrangements (see note 31). The Group expects to measure lease liabilities by applying a single discount rate to the future lease payments of its Headquarters. The ROU assets recognised at date of initial application is expected to be equal to its lease liabilities. In addition, the nature of expenses related to these leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities. The approximate financial impact is subject to the discount rates and expected term of lease including renewal options.

4 Property and equipment

Group	Freehold land $	Building	Building improvements $	Furniture and fittings $	Office equipment $	Computer equipment $	Books and materials $	Motor vehicles $	Construction - in-progress $	Total $
Cost										
At 1 January 2017	11,243,364	4,425,528	3,970,945	816,487	713,745	4,174,170	400,820	131,590	–	25,876,649
Additions	–	–	81,449	3,979	9,295	157,588	–	52,751	–	305,062
Disposals/write-offs	–	–	–	–	–	(21,246)	–	–	–	(21,246)
At 31 December 2017	11,243,364	4,425,528	4,052,394	820,466	723,040	4,310,512	400,820	184,341	–	26,160,465
Additions	–	–	668,297	16,633	43,751	249,910	24,500	–	530,112	1,533,203
Disposals/write-offs	–	–	(183,066)	–	(293,023)	(179,394)	–	(55,290)	–	(710,773)
At 31 December 2018	11,243,364	4,425,528	4,537,625	837,099	473,768	4,381,028	425,320	129,051	530,112	26,982,895
Accumulated depreciation										
At 1 January 2017	–	861,789	3,147,913	779,254	686,952	3,761,324	307,833	131,590	–	9,676,655
Depreciation for the year	–	313,379	367,989	14,687	11,012	248,303	36,329	1,759	–	993,458
Disposals/write-offs	–	–	–	–	–	(21,246)	–	–	–	(21,246)
At 31 December 2017	–	1,175,168	3,515,902	793,941	697,964	3,988,381	344,162	133,349	–	10,648,867
Depreciation for the year	–	(754,742)	339,318	13,510	12,676	242,583	39,874	10,547	–	(96,234)
Disposals/write-offs	–	–	(183,066)	–	(293,023)	(179,394)	–	(55,290)	–	(710,773)
At 31 December 2018	–	420,426	3,672,154	807,451	417,617	4,051,570	384,036	88,606	–	9,841,860
Carrying amounts										
At 1 January 2017	11,243,364	3,563,739	823,032	37,233	26,793	412,846	92,987	–	–	16,199,994
At 31 December 2017	11,243,364	3,250,360	536,492	26,525	25,076	322,131	56,658	50,992	–	15,511,598
At 31 December 2018	11,243,364	4,005,102	865,471	29,648	56,151	329,458	41,284	40,445	530,112	17,141,035

During the year, a valuation on the land and building was carried out by an independent valuer to estimate the allocation of value between freehold land and building. Arising from this exercise, depreciation amounts were re-estimated.

At 31 December 2018, land and building with carrying amounts of $15,248,466 (2017: $14,493,724) is pledged as security to secure bank borrowings (see note 20).

	Building improvements $	Furniture and fittings $	Office equipment $	Computer equipment $	Books and materials $	Motor vehicles $	Construction - in-progress $	Total $
Company								
Cost								
At 1 January 2017	3,008,346	717,833	663,083	3,631,913	108,120	131,590	–	8,260,885
Additions	77,419	2,563	7,506	149,326	–	52,751	–	289,565
Disposals/write-offs	–	–	–	(21,246)	–	–	–	(21,246)
At 31 December 2017	3,085,765	720,396	670,589	3,759,993	108,120	184,341	–	8,529,204
At 1 January 2018	3,085,765	720,396	670,589	3,759,993	108,120	184,341	–	8,529,204
Additions	668,297	15,383	43,751	148,145	–	–	530,112	1,405,688
Disposals/write-offs	(183,066)	–	(293,023)	(179,394)	–	(55,290)	–	(710,773)
At 31 December 2018	3,570,996	735,779	421,317	3,728,744	108,120	129,051	530,112	9,224,119
Accumulated depreciation								
At 1 January 2017	2,615,676	703,033	651,911	3,364,210	76,571	131,590	–	7,542,991
Depreciation for the year	177,344	4,375	6,594	177,467	8,596	1,759	–	376,135
Disposals/write-offs	–	–	–	(21,246)	–	–	–	(21,246)
At 31 December 2017	2,793,020	707,408	658,505	3,520,431	85,167	133,349	–	7,897,880
At 1 January 2018	2,793,020	707,408	658,505	3,520,431	85,167	133,349	–	7,897,880
Depreciation for the year	149,445	5,176	8,452	167,502	8,596	10,547	–	349,718
Disposals/write-offs	(183,066)	–	(293,023)	(179,394)	–	(55,290)	–	(710,773)
At 31 December 2018	2,759,399	712,584	373,934	3,508,539	93,763	88,606	–	7,536,825
Carrying amounts								
At 1 January 2017	392,670	14,800	11,172	267,703	31,549	–	–	717,894
At 31 December 2017	292,745	12,988	12,084	239,562	22,953	50,992	–	631,324
At 31 December 2018	811,597	23,195	47,383	220,205	14,357	40,445	530,112	1,687,294

5 Intangibles

Group and Company	**Computer software $**
Cost	
At 1 January 2017	1,405,511
Additions	213,656
At 31 December 2017	1,619,167
Additions	447,743
At 31 December 2018	2,066,910
Accumulated amortisation	
At 1 January 2017	751,166
Amortisation charge	458,249
At 31 December 2017	1,209,415
Amortisation charge	337,100
At 31 December 2018	1,546,515
Carrying amounts	
At 1 January 2017	654,345
At 31 December 2017	409,752
At 31 December 2018	520,395

6 Investment in subsidiaries

	Company	
	2018 $	**2017 $**
Unquoted equity shares, at cost	809,000	809,000
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.

The Company has appointed Mdm Rahayu Buang to the Board of Directors of the subsidiaries. Details of the subsidiaries, incorporated in Singapore, are as follows:

Name of subsidiaries	**Principal activities**	**Ownership interest 2018 %**	**Ownership interest 2017 %**
SENSE College Pte Ltd	To promote the economic development of the Malay/ Muslim community in Singapore. The subsidiary was dormant during the year.	100	100

Name of subsidiaries	Principal activities	Ownership interest 2018 %	2017 %
* MENDAKI Social Enterprise Network Singapore Pte Ltd ("MSPL")	Provision of employment services, skills training programme, social enterprise, research, advisory, organising seminars and conferences and all activities relating to publishing	100	100

* MSPL is wholly-owned by SENSE College Pte Ltd.

7 Interest in associate

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

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.

SHGSCL's mandate is to provide educational and family related support services to students from low income families. Programmes to be conducted by SHGSCL will be inclusive and multi-racial.

SHGSCL is a company limited by guarantee. The Company has appointed Mr Sallim Abdul Kadir and Mdm Rahayu Buang to the Board of Directors of SHGSCL. The Company is entitled to 25% of total voting rights at the Board of Directors meetings of SHGSCL.

Management has exercised judgement in determining the extent of its significant influence over SHGSCL, and concluded that the Company has significant influence over SHGSCL. Accordingly, SHGSCL is accounted for as an associate in the consolidated financial statements of the Group.

Details of the associate are as follows:

Name	Principal activities	Place of incorporation	Voting rights held 2018 %	2017 %
SHGSCL	Operate school based student care centres in Singapore	Singapore	25	25

The summarised financial information of the associate which is prepared in accordance with FRS is as follows:

	2018	**2017**
	$	**$**
Statement of comprehensive income		
Revenue	6,781,143	4,193,732
Loss and total comprehensive income for the year	(150,627)	(196,100)
Statement of financial position		
Non-current assets	396,547	407,327
Current assets	5,035,129	3,634,456
Non-current liabilities	–	(4,000,000)
Current liabilities	(7,188,262)	(1,647,742)
Net deficit	(1,756,586)	(1,605,959)
Interest in net assets of investee at beginning of the year	(401,490)	(352,465)
Share of total comprehensive income	(37,656)	(49,025)
Interest in net assets of investee at end of the year	(439,146)	(401,490)
Loan to associate	1,250,000	1,000,000
	810,854	598,510

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 Group's financial statements include its share of losses of the associate at 25%, based on the Company's proportionate share of loan commitment to the associate as set out in the MOU. The Company does not account for its share of profits, as the investment is not meant to be a commercially-driven transaction with the purpose of profit takings. The Company's exposure to losses is limited to the carrying amount of the investment, together with its loan to associate.

Loan to 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.

At 31 December 2018, there is no additional projected funding commitment from the Company (2017: $250,000).

Key source of estimation uncertainty

The Company evaluates SHGSCL's ability to repay the loan within a reasonable period by assessing its overall operations viability. Similarly, the Company evaluates, amongst other factors, the financial health of SHGSCL and its cash flow projections, to assess the recoverable amounts of its interest in SHGSCL. Differences between the actual performance and management's annual impairment review will affect the results of the period in which such differences are determined. An increase in impairment losses will increase expenses and decrease non-current assets.

8 Unit trust investment

	Group and Company	
	2018	**2017**
	$	**$**
Fullerton Short Term Interest Rate Fund		
- Available-for-sale	–	158,977
- FVTPL	161,583	–

9 Other financial assets

	Group and Company	
	2018	**2017**
	$	**$**
Internally managed quoted available-for-sale financial assets		
- Equity	–	2,094,704
- Debt	–	1,588,267
Internally managed quoted FVOCI financial assets		
- Equity	1,671,869	–
- Debt	1,523,459	–
	3,195,328	3,682,971

At 1 January 2018, the Group designated certain financial assets as equity investments at FVOCI because these investments represent investments that the Group intends to hold for long-term strategic purposes. These investments were previously classified as available-for-sale.

Credit risk assessment is performed based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements and available press information). Such assessment requires experienced credit judgement.

In the prior year, the classification of financial assets required critical judgment to determine if it should be classified as held-to-maturity or available-for-sale. The Group does not classify any financial asset as held-to-maturity if during the current or two preceding financial years, it sold or reclassified more than an insignificant amount of held-to-maturity investments before and not close to their maturity. If the conditions were not complied with, the investments will be classified as available-for-sale and measured at fair value.

The Group followed the guidance of FRS 39 in determining when an investment in other financial asset is other than temporarily impaired. The Group evaluated, among other factors, the duration and extent to which the fair value of an investment is less than its cost; internal and external sources of information, and whether significant changes with an adverse effect on the entity have taken place during the period. The determination of what was significant or prolonged required judgement.

10 Term loans

	Group and Company	
	2018	**2017**
	$	**$**
Term loans	27,505,091	30,168,009
Allowance for impairment losses	(7,234,076)	(6,850,440)
	20,271,015	23,317,569

	Group and Company	
	2018	2017
	$	$
Represented by:		
Current loans	5,226,999	4,863,377
Non-current loans	15,044,016	18,454,192
	20,271,015	23,317,569

The Company provides interest-free study loans to the Malay/Muslim community. The current loan recipients are from the general public with no relationship with the Company and Directors. Each study loan is supported by 2 guarantors. Generally, repayment term starts 6 months after completion of study.

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	
	2018	2017
	$	$
At beginning of the year	6,850,440	5,909,578
Adjustment on initial application of FRS 109 at beginning of the year	2,121,853	–
Impairment losses (reversed)/recognised	(1,481,242)	940,862
Amounts written off	(256,975)	–
At end of the year	7,234,076	6,850,440

Judgment is required when determining the amount of impairment loss as a result of the inability of the loan recipients to make the required payments. The Group determines the estimates based on the ageing of loans receivables, credit-worthiness, changes in macro-economic conditions and historical write-off experience. If the financial conditions of the loan recipients were to deteriorate, actual write-offs would be higher than estimated.

11 Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Trade receivables	507,815	933,438	440,666	843,276
Less: Impairment losses	(152,547)	(338,390)	(144,006)	(316,557)
Net trade receivables	355,268	595,048	296,660	526,719
Amount due from subsidiaries (trade)	–	–	895,108	576,054
Other receivables:				
- Government matching grants	6,300,000	6,300,000	6,300,000	6,300,000
- Donations via CPF contribution	2,484,364	3,047,551	2,484,364	3,047,551
- Others	771,592	262,543	295,973	–
Deposits	48,794	176,039	60,340	174,061
	9,960,018	10,381,181	10,332,445	10,624,385
Prepayments	254,991	59,844	190,992	–
	10,215,009	10,441,025	10,523,437	10,624,385

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Group		Company	
	2018*	**2017**	**2018***	**2017**
	$	**$**	**$**	**$**
At beginning of the year	338,390	425,699	316,557	388,544
Impairment losses recognised	152,547	318,556	144,006	316,557
Reversal of impairment losses	(21,833)	(405,865)	–	(388,544)
Amount written off	(316,557)	–	(316,557)	–
At end of the year	152,547	338,390	144,006	316,557

* *Lifetime ECL*

12 Cash and cash equivalents

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Cash at bank and in hand	19,267,971	14,091,865	16,752,601	11,398,744
Fixed deposits	65,955,516	64,201,591	64,884,233	63,830,414
Cash and cash equivalents in the statements of financial position	85,223,487	78,293,456	81,636,834	75,229,158
Investments in fixed deposits	(65,955,516)	(64,201,591)	(64,884,233)	(63,830,414)
Cash and cash equivalents in the consolidated statement of cash flows	19,267,971	14,091,865	16,752,601	11,398,744

The interest rates per annum relating to fixed deposits at the balance sheet date are between 0.10% to 1.60% (2017: 0.05% to 1.35%). Interest rate is re-priced at interval of 1 to 6 months (2017: 3 to 6 months).

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.

14 Education Development Fund ("EDF") (Restricted)

The EDF is mainly made up of income earned on undisbursed TTFS 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.

15 Malay/Muslim Community Development Fund ("MMCDF") (Restricted)

The 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. Portion of the funds are utilised for the approved projects of the institutional members subject to the approval of MMCDF Committee. The fund comes from monthly contributions through the CPF arrangements, donations and income raised from approved projects and corresponding government matching grants for such contributions.

With effect from 2014, a portion of the monthly contributions through the CPF arrangements, along with other donations raised by institutional members of the Company, are entitled to a matching grant from the Government subject to a maximum cap of $2.6 million per annum. The application of such funds is made through the MMCDF Committee.

16 Education Trust Fund ("ETF") (Restricted)

The 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 Parliament and endorsed by the Prime Minister. The ETF arises from the donations from the public and government grants. All disbursements are in accordance with the strict guidelines formulated by the ETF Committee. The ETF will not be used to fund the Group's operations.

17 Harun Ghani Education Fund ("HGEF") (Restricted)

The HGEF was set up to provide financial assistance to children of drug offenders, former drug offenders and counsellors to complete their school education. The source of fund is from donations. The HGEF will not be used to fund the Group's operations.

18 Institute of Singapore Chartered Accountants Scholarship Fund ("ISCAF") (Restricted)

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

19 Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity investments designated at FVOCI (2017: available-for-sale financial assets); and
- the cumulative net change in fair value of debt investments at FVOCI (2017: available-for-sale financial assets) until the assets are derecognised or reclassified. This amount is reduced by the amount of loss allowance.

20 Bank borrowings

	Group 2018 $	Group 2017 $
Secured bank borrowings		
Non-current	2,190,490	2,711,432
Current	513,239	502,696
	2,703,729	3,214,128

The bank borrowings is used to finance the purchase of the building of the Group and is secured by the property purchased. The terms and conditions of the outstanding borrowings are as follows:

	Nominal floating interest rate %	Year of maturity	2018 Face value $	2018 Carrying amount $	2017 Face value $	2017 Carrying amount $
Secured bank borrowings	2.58	2023	2,703,729	2,703,729	3,214,128	3,214,128

Reconciliation of movement to cash flows arising from financing activities

	Group $
Balance at 1 January 2017	3,716,824
Repayment of borrowings	(502,696)
Balance at 31 December 2017	3,214,128
Balance at 1 January 2018	3,214,128
Repayment of borrowings	(510,399)
Balance at 31 December 2018	2,703,729

21 Deferred tax liabilities

Movement in deferred tax during the year

	At 1 January 2017 $	Recognised in profit or loss $	At 31 December 2017 $	Recognised in profit or loss $	At 31 December 2018 $
Group					
Property and equipment	(20,440)	–	(20,440)	–	(20,440)

22 Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Trade payables	2,411,116	1,450,541	2,051,249	1,106,240
Short-term accumulating compensated absence	294,370	281,923	226,619	226,619
TTFS payable to education institutions	11,298,321	13,003,194	11,298,321	13,003,194
Accruals	3,277,546	4,068,240	2,898,597	3,836,867
	17,281,353	18,803,898	16,474,786	18,172,920
Deferred grant income	1,316,610	2,045,612	1,316,610	1,917,724
	18,597,963	20,849,510	17,791,396	20,090,644

TTFS

This subsidy is granted by the Ministry of Culture, Community and Youth ("MCCY") 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 MCCY guidelines. Under these guidelines, any undisbursed amounts are to be transferred to the EDF and to be utilised for education related activities for the Malay community.

	Group and Company	
	2018	2017
	$	$
At beginning of the year	–	–
Amount received from the Government	(62,976,738)	(59,230,641)
TTFS disbursed/accrued for current academic year	41,854,681	36,704,471
Undisbursed TTFS transferred to EDF	21,340,917	22,661,883
Refund of TTFS	(218,860)	(135,713)
At end of the year	–	–

TTFS are refunded by tertiary institutions to the Group and the Company for students who have prematurely terminated their studies in tertiary institutions.

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 up to $1 million per year for a period of 5 years since 2016 (2015: $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 profit or loss.

	Group and Company 2018 $	2017 $
At beginning of the year	949,848	1,000,877
Grants received from MOE	1,025,609	671,386
Interest earned	124	110
Disbursements	(765,009)	(722,525)
At end of the year	1,210,572	949,848
Represented by:		
Cash at bank	1,210,572	938,139
Accounts payable to the Group and the Company	–	11,709
	1,210,572	949,848

24 Tax-exempt donation

Tax-exempt donations received during the year amounted to $9,629,184 (2017: $8,789,000).

25 Income from approved projects

Revenue represents the invoiced value of services rendered to the customer. The following table provides information about the nature and timing of the satisfaction of PO in revenue contracts with customers, including significant payment terms, and the related revenue recognition policies:

Nature of goods or services	The Group generates revenue from provision of tuition, skills training programme, seminars and conferences.
When revenue is recognised	Revenue is recognised over the course of service rendered.
Significant payment terms	The Group provides credit terms of 30 days to their customers which is common market credit terms. In cases whereby the Group received cash paid in advance of services delivered and to the extent they remain not rendered at reporting date, the Group defers recognition of revenue and recognise such amount in the statement of financial position as contract liabilities.

Disaggregation of revenue from contracts with customers

Group	**2018** **$**
Tuition fee	439,610
Employment and community	137,913
Workfare Skills Qualification ("WSQ")	224,038
Non-WSQ	117,510
Fee income received via SkillsFuture Singapore ("SSG")/Workforce Singapore ("WSG") grants	1,065,540
Others	291,190
	2,275,801

26 Costs of activities

Group	General Fund $	EDF $	MMCDF $	ETF $	HGEF $	2018 Total $	2017 Total $
Youth	–	359,583	966,102	–	–	1,325,685	1,414,453
Family	–	943,850	319,119	–	–	1,262,969	1,030,984
Employability	591,045	–	46,479	–	–	637,524	304,806
Education/Scholarship/ Awards/Education Assistance Scheme	511	10,812,127	106,999	1,484,996	54,195	12,458,828	13,987,308
Enhance research capability	–	788,835	–	–	–	788,835	834,140
Strengthening partnership and relationship	–	325,682	4,073,772	–	–	4,399,454	4,486,243
Support costs	3,675,651	4,479,575	3,377,942	–	–	11,533,168	10,979,971
Total	4,267,207	17,709,652	8,890,413	1,484,996	54,195	32,406,463	33,037,905

Directly attributable costs are allocated to the respective Funds. Support costs are allocated using the department headcount and number of students/participants as basis of allocation.

27 Net incoming resources before tax

The following items have been included in arriving at net incoming resources before tax:

	Group 2018 $	Group 2017 $
Depreciation	(96,234)	993,458
Amortisation	337,100	458,249
Employee benefits expense	11,428,367	10,604,995
(Reversal of)/impairment losses on term loans	(1,481,242)	940,862
Impairment losses/(reversal of impairment) on trade receivables	130,714	(87,309)
Operating lease expense	387,589	337,450
Net gain arising from unwinding of term loans discount	(211,169)	(242,221)
Employee benefits expense		
Salaries, wages and other benefits	9,923,676	9,172,315
Contributions to defined contribution plans	1,504,691	1,432,680
	11,428,367	10,604,995

Included in staff costs is the Executive Director's remuneration comprising:

	2018 $	2017 $
Salaries, wages and other benefits	249,570	230,836
Contributions to defined contribution plans	18,665	17,780
	268,235	248,616
Investment and interest income		
Dividend income:		
- available-for-sale	–	96,968
- FVOCI	109,635	–
Interest income:		
- Fixed deposits placement	634,203	346,960
- available-for-sale	–	68,960
- FVOCI	68,744	–
Financial assets at FVTPL – net change in fair value	2,606	–
Unit trust investment – reclassified from OCI	58,835	–
Derecognition of available-for-sale investment – reclassified from OCI	–	319,296
	874,023	832,184

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 during the year is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
Number of employees/director in bands:				
$100,000 to $200,000	7	8	6	7
$200,001 to $300,000	1	1	1	1

The number of permanent staff employed by the Company and the Group as at 31 December 2018 was 103 (2017: 99) and 157 (2017: 153), respectively. There were no paid staff who were close members of the family of the Chairman or Board Members, who each received more than $50,000 during the year.

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. The tax expense of the Group arises from the subsidiaries.

	Group	
	2018	**2017**
	$	**$**
Current tax expense		
Current year	154,477	224,509
Underprovided in prior year	6,835	3,633
	161,312	228,142
Tax expense	161,312	228,142

Reconciliation of effective tax rate

	2018	2017
Net incoming resources before tax	10,360,440	8,579,973
Tax using the Singapore tax rate of 17% (2017: 17%)	1,761,275	1,458,595
Tax exemption for charity	(1,630,616)	(1,273,504)
Non-deductible expenses	60,625	83,445
Tax incentives	(37,833)	(44,582)
Underprovided in prior year	6,835	3,633
Deferred tax not recognised	1,026	555
	161,312	228,142

At the reporting date, a subsidiary had unutilised tax losses and capital allowance amounting to approximately $961,525 (2017: $955,490) which are available for set-off against future taxable income, subject to the agreement of the Comptroller of Income Tax and compliance with the provisions of Section 37 of the Singapore Income Tax Act, Chapter 134. Deferred tax benefits have not been recognised in the financial statements because it is not probable that future taxable profits will be available against which the subsidiary can utilise the benefits.

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 $255,931 (2017: $375,401).

31 Commitments

Operating lease commitment

	Group and Company	
	2018	**2017**
	$	**$**
Operating lease expense:		
Within 1 year	320,935	368,269
After 1 year but within 5 years	13,286	402,899
	334,221	771,168

Term loans commitment

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

	Group and Company	
	2018	**2017**
	$	**$**
Undrawn term loans commitment:		
Within 1 year	3,197,155	3,334,669
After 1 year but within 5 years	1,886,606	2,147,303
	5,083,761	5,481,972

Capital commitment

Capital expenditures relating to property, plant and equipment that are contracted for at the balance sheet date but not recognised in the financial statements amounted to $277,791 (2017:$ nil).

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 statements of financial position 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 do 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 receivables. This is performed on an ongoing basis.

Cash is placed with financial institutions which are regulated.

The Group limits its exposure to credit risk by investing in a diversified multi-asset class portfolio. At the reporting date, there were no significant concentration of credit risk.

ECL assessment for trade receivables and term loans as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables and term loans, which comprise a very large number of small balances.

Loss rates for term loans are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Loss rates are based on actual credit loss experience over the past 5 years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

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

		2018		
Group	**Loss rate %**	**Gross carrying amount $**	**Impairment loss allowance $**	**Credit impaired**
Not past due	*	320,663	(60)	No
1 - 90 days	5.6	34,379	(1,936)	No
91 - 365 days	98.5	152,773	(150,551)	Yes
		507,815	(152,547)	

Company	Loss rate %	2018 Gross carrying amount $	Impairment loss allowance $	Credit impaired
Not past due	*	296,660	*	No
91 - 365 days	100.0	144,006	(144,006)	Yes
		440,666	(144,006)	

* *insignificant*

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

Group and Company

Loans that deteriorated (wholly/partially) to the age bracket of:	Loss rate %	2018 Gross carrying amount $	Impairment loss allowance $	Credit impaired
0 - 90 days	2.2	19,664,583	(438,226)	No
91 - 365 days	45.2	689,492	(311,973)	No
> 365 days	90.7	7,151,016	(6,483,877)	Yes
		27,505,091	(7,234,076)	

Comparative information under FRS 39

The ageing of trade receivables at the reporting date is:

Group	2017 Gross carrying amount $	Impairment loss allowance $
Not past due	526,719	–
1 - 90 days	43,470	–
91 - 365 days	363,249	(338,390)
	933,438	(338,390)

Company	Gross carrying amount $	Impairment loss allowance $
Not past due	526,719	–
91 - 365 days	316,557	(316,557)
	843,276	(316,557)

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

Group and Company	**2017** Gross carrying amount $	**2017** Impairment loss allowance $
Individually and collectively impaired	6,850,440	(6,850,440)
Past due but not impaired:		
0 - 30 days	146,648	–
31 - 60 days	90,329	–
61 - 90 days	70,380	–
> 91 days	388,037	–
	695,394	–
Neither past due nor impaired	21,060,555	–
Accounts with renegotiated terms	1,561,620	–
	30,168,009	(6,850,440)

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.

ECL assessment for debt investments as at 1 January and 31 December 2018

12 months and lifetime probabilities of default are based on historical data supplied by Moody's for each credit rating and industry corporate default rate reports by Standard & Poor (where ratings for the investment is not available). Loss given default ("LGD") parameters generally reflect an assumed recovery rate of approximately 33% except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The exposure to credit risk for debt investments at FVOCI at the reporting date by credit rating is as shown:

Group and Company

Credit rating	**2018** $
BBB+ to AAA	783,630
Not available	739,829
	1,523,459

ECL assessment for other receivables, loan to a subsidiary, loan to associate and cash and cash equivalents as at 1 January and 31 December 2018

Impairment on these financial assets has been measured on the 12-month expected loss basis. The Group considers such financial assets to have low credit risk based on the credit ratings of the counterparties. The amount of the allowance on these balances are negligible. The Group uses a similar approach of ECL assessment for these balances to those used for debt investments.

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

All of the Group's and the Company's equity investments are listed on the Stock Exchange in Singapore. Management monitors the mix of debt and equity investments in its portfolio based on market indices.

With the assumption that all other variables remain constant, a 10% increase/(decrease) in the underlying prices for quoted equity investments at the reporting date would increase/(decrease) the fair value reserve by $167,187 (2017: $209,470).

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the placement in fixed deposits and bank borrowings. The Group does not hedge against this risk exposure.

	Group		**Company**	
	2018	**2017**	**2018**	**2017**
Fixed deposits	65,955,516	64,201,591	64,884,233	63,830,414
Bank borrowings	(2,703,729)	(3,214,128)	(2,703,729)	(3,214,128)
	63,251,787	60,987,463	62,180,504	60,616,286

An increase of 100 basis points in interest rates at the reporting date would have increased net income for the year by $632,518 (2017: $609,875). This analysis assumes that all other variables remain constant.

A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant. The analysis is performed on the same basis for 2017.

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.

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

			Cash flows			
	Note	Carrying amount $	Contractual cash flows $	Within 1 year $	Within 1 to 5 years $	More than 5 years $
Group						
2018						
Bank borrowings	20	2,703,729	2,973,844	576,954	2,396,890	–
Trade and other payables*	22	17,281,353	17,281,353	17,281,353	–	–
MLLPC Fund	23	1,210,572	1,210,572	1,210,572	–	–
		21,195,654	21,465,769	19,068,879	2,396,890	–
2017						
Bank borrowings	20	3,214,128	3,504,394	566,336	2,220,489	717,569
Trade and other payables*	22	18,803,898	18,803,898	18,803,898	–	–
MLLPC Fund	23	949,848	949,848	949,848	–	–
		22,967,874	23,258,140	20,320,082	2,220,489	717,569
Company						
2018						
Trade and other payables*	22	16,474,786	16,474,786	16,474,786	–	–
MLLPC Fund	23	1,210,572	1,210,572	1,210,572	–	–
		17,685,358	17,685,358	17,685,358	–	–
2017						
Trade and other payables*	22	18,172,920	18,172,920	18,172,920	–	–
MLLPC Fund	23	949,848	949,848	949,848	–	–
		19,122,768	19,122,768	19,122,768	–	–

** excludes deferred grant income*

Accounting classifications and fair values

Fair value hierarchy

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)
-

Estimation of fair value

Bank borrowings and term loans

The fair value of bank borrowings and term loans is calculated based on the present value of future principal and interest cash flows (where applicable), discounted at market rate of interest at the reporting dates. The fair value measurement is categorised under Level 2. Key input corresponds to reliability of cash outflows and discount rate.

Equity and debt investments

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

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with maturity of less than one year are assumed to approximate fair values because of the short period to maturity.

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

		Carrying amount					Fair value		
	Note	**Amortised cost $**	**FVTPL $**	**FVOCI $**	**Other financial liabilities $**	**Total $**	**Level 1 $**	**Level 2 $**	**Level 3 $**
Group									
2018									
Loan to associate	7	1,250,000	–	–	–	1,250,000			
Unit trust investment	8	–	161,583	–	–	161,583	–	161,583	–
Other financial assets	9	–	–	3,195,328	–	3,195,328	3,195,328	–	–
Term loans	10	20,271,015	–	–	–	20,271,015	–	20,271,015	–
Trade and other receivables*	11	9,960,018	–	–	–	9,960,018			
Cash and cash equivalents	12	85,223,487	–	–	–	85,223,487			
		116,704,520	161,583	3,195,328	–	120,061,431			
Bank borrowings	20	–	–	–	2,703,729	2,703,729	–	2,703,729	–
Trade and other payables^	22	–	–	–	17,281,353	17,281,353			
MLLPC Fund	23	–	–	–	1,210,572	1,210,572			
		–	–	–	21,195,654	21,195,654			

	Note	**Loans and receivables $**	**Available-for-sale $**	**Other financial liabilities $**	**Total $**	**Level 1 $**	**Level 2 $**	**Level 3 $**
2017								
Loan to associate	7	1,000,000	–	–	1,000,000			
Unit trust investment	8	–	158,977	–	158,977	–	158,977	–
Other financial assets	9	–	3,682,971	–	3,682,971	3,682,971	–	–
Term loans	10	23,317,569	–	–	23,317,569	–	23,317,569	–
Trade and other receivables*	11	10,381,181	–	–	10,381,181			
Cash and cash equivalents	12	78,293,456	–	–	78,293,456			
		112,992,206	3,841,948	–	116,834,154			
Bank borrowings	20	–	–	3,214,128	3,214,128	–	3,214,128	–
Trade and other payables^	22	–	–	18,803,898	18,803,898			
MLLPC Fund	23	–	–	949,848	949,848			
		–	–	22,967,874	22,967,874			

* *Excludes prepayments*
^ *Excludes deferred grant income*

		Carrying amount					Fair value		
	Note	Amortised cost $	FVTPL $	FVOCI $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $
Company									
2018									
Loan to a subsidiary	6	10,000,000	–	–	–	10,000,000			
Loan to associate	7	1,250,000	–	–	–	1,250,000			
Unit trust investment	8	–	161,583	–	–	161,583	–	161,583	–
Other financial assets	9	–	–	3,195,328	–	3,195,328	3,195,328	–	–
Term loans	10	20,271,015	–	–	–	20,271,015	–	20,271,015	–
Trade and other receivables*	11	10,332,445	–	–	–	10,332,445			
Cash and cash equivalents	12	81,636,834	–	–	–	81,636,834			
		123,490,294	161,583	3,195,328	–	126,847,205			
Trade and other payables^	22	–	–	–	16,474,786	16,474,786			
MLLPC Fund	23	–	–	–	1,210,572	1,210,572			
		–	–	–	17,685,358	17,685,358			
	Note	Loans and receivables $	Available-for-sale $	Other financial liabilities $	Total $		Level 1 $	Level 2 $	Level 3 $
2017									
Loan to a subsidiary	6	10,000,000	–	–	10,000,000				
Loan to associate	7	1,000,000	–	–	1,000,000				
Unit trust investment	8	–	158,977	–	158,977		–	158,977	–
Other financial assets	9	–	3,682,971	–	3,682,971		3,682,971	–	–
Term loans	10	23,317,569	–	–	23,317,569		–	23,317,569	–
Trade and other receivables*	11	10,624,385	–	–	10,624,385				
Cash and cash equivalents	12	75,229,158	–	–	75,229,158				
		120,171,112	3,841,948	–	124,013,060				
Trade and other payables^	22	–	–	18,172,920	18,172,920				
MLLPC Fund	23	–	–	949,848	949,848				
		–	–	19,122,768	19,122,768				

* *Excludes prepayments*
^ *Excludes deferred grant income*

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 subject to externally imposed reserve/capital requirements.

33 Fund raising

During the year, the Group and Company held fund raising activities to raise funds for its ETF and MMCDF. The activities include a charity golf event, charity concert, climbathon and donation drive at mosques. Total income donation of $955,253 (2017: $841,233) was collected.