Yayasan MENDAKI
and its Subsidiaries
Registration Number: 198902633C

Annual Report

Year ended 31 December 2019

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

Lawyer

Dentons Rodyk & Davidson LLP
80 Raffles Place
#33-00 UOB Plaza 1
Singapore 048624

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 2019.

In our opinion:

(a) the financial statements set out on pages FS1 to FS55 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 2019 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	
Mdm Zuraidah Abdullah	(Appointed on 1 April 2020)
Ms Rahayu Mahzam	
Mr Saktiandi Supaat	
Mr Azriman Mansor	(Appointed on 21 February 2019)
Mr Esa Han Hsien Masood	(Appointed on 1 January 2019)
Ms Faridah Mohd Saad	(Appointed on 28 March 2020)
Mr Farihullah s/o Abdul Wahab Safiullah	
Mr Halil Haji Mansor	
Mr Mohamed Yunos Mohamed Shariff	
Mr Mohammad Bahrul-Ulum Buang	(Appointed on 22 June 2019)
Dr Muhammad Fadzli Hassan	
Dr Mustafa s/o Izzuddin	
Mr Norazlan Ibrahim	
Ms Nur Hani Nasir	
Ms Rahayu Mohamad	
Mr Sallim Abdul Kadir	
Mr Zahidi Abd Rahman	(Appointed on 22 June 2019)
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 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
- 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

Zuraida

Mdm Zuraidah Abdullah
Director

21 July 2020

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

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Independent auditors' report

Members of the Company
Yayasan MENDAKI

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 2019, 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 FS55.

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 2019 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.

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.

KPMG

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 LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
21 July 2020

Statements of financial position
As at 31 December 2019

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		$	**$**	**$**	**$**
Non-current assets					
Property and equipment	4	17,843,314	17,141,035	2,565,319	1,687,294
Right-of-use assets	5	1,198,103	–	1,151,804	–
Intangibles	6	379,991	520,395	379,991	520,395
Investment in subsidiaries	7	–	–	10,809,000	10,809,000
Interest in associate	8	970,344	810,854	1,250,000	1,250,000
Unit trust investment	9	–	161,583	–	161,583
Other financial assets	10	1,549,965	3,195,328	1,549,965	3,195,328
Term loans	11	13,216,541	15,044,016	13,216,541	15,044,016
Non-current assets		35,158,258	36,873,211	30,922,620	32,667,616
Current assets					
Term loans	11	4,174,078	5,226,999	4,174,078	5,226,999
Trade and other receivables	12	10,219,989	10,215,009	11,158,383	10,523,437
Cash and cash equivalents	13	102,154,055	85,223,487	97,636,161	81,636,834
Current assets		116,548,122	100,665,495	112,968,622	97,387,270
Total assets		151,706,380	137,538,706	143,891,242	130,054,886
Funds and reserve					
General Corpus Fund	14	2,000,000	2,000,000	2,000,000	2,000,000
General Fund		6,156,582	4,911,043	4,009,836	3,189,249
Unrestricted funds		8,156,582	6,911,043	6,009,836	5,189,249
Education Development Fund (“EDF”)	15	102,692,965	94,776,813	101,943,219	94,276,264
Malay/Muslim Community Development Fund (“MMCDF”)	16	6,667,866	5,084,507	4,832,302	3,538,976
Education Trust Fund (“ETF”)	17	6,793,909	7,423,413	6,793,909	7,423,413
ETF Corpus Fund	18	2,500,000	–	2,500,000	–
Harun Ghani Education Fund (“HGEF”)	19	161,871	214,030	161,871	214,030
Institute of Singapore Chartered Accountants Scholarship Fund (“ISCAF”)	20	27,642	27,642	27,642	27,642
Restricted funds		118,844,253	107,526,405	116,258,943	105,480,325
Fair value reserve	21	446,526	383,344	446,526	383,344
Total funds and reserve		127,447,361	114,820,792	122,715,305	111,052,918

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

Statements of financial position (continued)
As at 31 December 2019

	Note	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Non-current liabilities					
Bank borrowings	22	1,673,605	2,190,490	–	–
Lease liabilities	23	819,343	–	788,020	–
Deferred tax liabilities	24	20,440	20,440	–	–
		2,513,388	2,210,930	788,020	–
Current liabilities					
Trade and other payables	25	19,730,975	18,597,963	19,067,945	17,791,396
Malay Language Learning and Promotion Committee (“MLLPC”) Fund	26	919,562	1,210,572	919,562	1,210,572
Bank borrowings	22	516,300	513,239	–	–
Lease liabilities	23	416,522	–	400,410	–
Current tax payable		162,272	185,210	–	–
Current liabilities		21,745,631	20,506,984	20,387,917	19,001,968
Total liabilities		24,259,019	22,717,914	21,175,937	19,001,968
Total funds and liabilities		151,706,380	137,538,706	143,891,242	130,054,886

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

Consolidated income statement
Year ended 31 December 2019

	Note	Unrestricted Funds General Fund $	Restricted Funds EDF $	MMCDF $	ETF $	HGEF $	Total $
2019							
Income							
Income from generated funds							
Voluntary income:							
- Donations via CPF contribution		1,167,881	–	7,368,135	–	–	8,536,016
- Donation income		18,857	490	304,723	78,317	850	403,237
- Donation fundraising		–	–	65,546	1,174,843	–	1,240,389
Investment and interest income		75,627	922,794	34,640	69,035	554	1,102,650
Other income		168,243	48,816	–	–	–	217,059
Income from charitable activities							
Income from approved projects:							
- Fees	28	1,730,800	542,632	–	–	–	2,273,432
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 others		22,710	–	–	–	–	22,710
- Ministry of Social and Family Development (“MSF”)		127,538	251,347	121,465	–	–	500,350
- Others		206,311	2,670	68,066	–	–	277,047
- Undisbursed tertiary tuition fees subsidy (“TTFS”)	25	–	25,792,971	–	–	–	25,792,971
Other grants:		49,769	102,505	–	664	–	152,938
Total income		5,487,657	27,664,225	10,562,575	1,322,859	1,404	45,038,720

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

Consolidated income statement (continued)
Year ended 31 December 2019

	Note	Unrestricted Funds General Fund $	-----Restricted Funds----- EDF $	MMCDF $	ETF $	HGEF $	Total $
2019							
Expenditures							
Costs of activities	30	(4,259,264)	(17,271,908)	(8,846,830)	(1,952,363)	(53,563)	(32,383,928)
Governance costs		(94,807)	(131,054)	(90,155)	–	–	(316,016)
Reversal of impairment loss on term loans and trade receivables		1,548	297,878	1,252	–	–	300,678
Finance costs	29	(19,877)	(53,240)	(20,171)	–	–	(93,288)
Total expenditures		(4,372,400)	(17,158,324)	(8,955,904)	(1,952,363)	(53,563)	(32,492,554)
Share of results of associate	8	159,490	–	–	–	–	159,490
Net income/(loss) before tax	31	1,274,747	10,505,901	1,606,671	(629,504)	(52,159)	12,705,656
Tax expense	33	(29,208)	(89,749)	(23,312)	–	–	(142,269)
Net income/(loss) for the year		1,245,539	10,416,152	1,583,359	(629,504)	(52,159)	12,563,387

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

Consolidated income statement
Year ended 31 December 2019

	Note	Unrestricted Funds General Fund $	Restricted Funds EDF $	Restricted Funds MMCDF $	Restricted Funds ETF $	Restricted Funds HGEF $	Total $
2018							
Income							
Income 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
Income from charitable activities							
Income from approved projects:							
- Fees	28	1,736,642	535,024	4,135	–	–	2,275,801
Government grants:							
- 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				51,900			51,900
- MSF		208,782	244,955	278,115	–	–	731,852
- Workforce Singapore		–	159,034	107,422	–	–	266,456
- Undisbursed TTFS	25	–	21,340,917	–	–	–	21,340,917
- Others		336,922	–	49,360	293,614	–	679,896
Total income		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 2019

	Note	Unrestricted Funds General Fund $	---Restricted Funds--- EDF $	MMCDF $	ETF $	HGEF $	Total $
2018							
Expenditures							
Costs of activities	30	(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	29	(21,834)	(66,799)	(18,792)	–	–	(107,425)
Total expenditures		(4,451,010)	(16,612,436)	(9,045,403)	(1,484,996)	(54,195)	(31,648,040)
Share of results of associate	8	(37,656)	–	–	–	–	(37,656)
Net income/(loss) before tax	31	1,189,143	6,930,661	1,684,563	608,592	(52,519)	10,360,440
Tax expense	33	(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 statement of comprehensive income
Year ended 31 December 2019

	Unrestricted Funds	---- Restricted Funds ----					
	General Fund $	EDF $	MMCDF $	ETF $	HGEF $	Fair value reserve $	Total $
2019							
Net income/(loss) for the year	1,245,539	10,416,152	1,583,359	(629,504)	(52,159)	–	12,563,387
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	–	–	–	–	–	36,864	36,864
Items that are or may be reclassified subsequently to profit or loss							
Debt investments at FVOCI – net change in fair value	–	–	–	–	–	26,318	26,318
Total comprehensive income for the year	1,245,539	10,416,152	1,583,359	(629,504)	(52,159)	63,182	12,626,569

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

Consolidated statement of comprehensive income
Year ended 31 December 2019

	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 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 changes in funds
Year ended 31 December 2019

	-- Unrestricted Funds --		---------- Restricted Funds ----------							
	General Corpus Fund $	**General Fund $**	**EDF $**	**MMCDF $**	**ETF $**	**ETF Corpus Fund $**	**HGEF $**	**ISCAF $**	**Fair value reserve $**	**Total funds and reserve $**
At 1 January 2019	2,000,000	4,911,043	94,776,813	5,084,507	7,423,413	–	214,030	27,642	383,344	114,820,792
Total comprehensive income for the year										
Net income/(loss) for the year	–	1,245,539	10,416,152	1,583,359	(629,504)	–	(52,159)	–	–	12,563,387
Other comprehensive income	–	–	–	–	–	–	–	–	63,182	63,182
Total comprehensive income for the year	–	1,245,539	10,416,152	1,583,359	(629,504)	–	(52,159)	–	63,182	12,626,569
Transfer between funds	–	–	(2,500,000)	–	–	2,500,000	–	–	–	–
At 31 December 2019	2,000,000	6,156,582	102,692,965	6,667,866	6,793,909	2,500,000	161,871	27,642	446,526	127,447,361

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

Consolidated statement of changes in funds
Year ended 31 December 2019

	-- 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 cash flows
Year ended 31 December 2019

	Note	2019 $	2018 $
Operating activities			
Net income before tax		12,705,656	10,360,440
Adjustments for:			
Investment and interest income		(1,102,650)	(874,023)
Gain arising from unwinding of term loans discount		(436,254)	(211,169)
Depreciation		1,107,345	(96,234)
Amortisation		283,171	337,100
Finance costs		93,288	107,425
Reversal of impairment losses on term loans	11	(362,865)	(1,481,242)
Impairment losses on trade receivables		62,187	130,714
Undisbursed TTFS	25	(25,792,971)	(21,340,917)
Share of loss of associate	8	(159,490)	37,656
		(13,602,583)	(13,030,250)
Changes in:			
Trade and other receivables		(67,167)	95,302
Trade and other payables		1,133,012	(2,595,782)
TTFS received		68,695,381	62,976,738
Refund of TTFS from tertiary institutions		165,393	218,860
Disbursement/accrual of TTFS		(43,067,803)	(41,854,681)
Term loans granted		(3,676,513)	(5,059,591)
Repayment of term loans		7,356,028	7,676,703
MLLPC grants and donations received		796,688	1,025,609
Disbursement and interest to MLLPC Fund		(1,087,698)	(764,885)
Tax paid		(165,207)	(216,039)
Net cash flows from operating activities		16,479,531	8,471,984
Investing activities			
Investment income received		93,940	109,635
Interest income received		1,002,993	702,947
Purchase of property and equipment		(1,400,081)	(1,188,968)
Purchase of intangibles		(142,767)	(447,743)
Proceeds from disposal of financial assets and unit trust		1,875,845	150,000
Loan to associate		–	(250,000)
Fixed deposits placement as investment		(17,890,550)	(1,753,925)
Net cash flows used in investing activities		(16,460,620)	(2,678,054)
Financing activities			
Repayment of bank borrowings	22	(513,824)	(510,399)
Payment of lease liabilities	23	(371,781)	–
Finance costs paid		(93,288)	(107,425)
Net cash flows used in financing activities		(978,893)	(617,824)
Net (decrease)/increase in cash and cash equivalents		(959,982)	5,176,106
Cash and cash equivalents at beginning of year		19,267,971	14,091,865
Cash and cash equivalents at end of year	13	18,307,989	19,267,971

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 21 July 2020.

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 2019 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 7 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 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 8 – interest in associate

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 8 – valuation of interest in associate
- Note 11 – valuation of term loans

2.5 Changes in accounting policies

FRS 116 Leases

The Group applied FRS 116 using the modified retrospective approach, under which the amount of right-of-use ("ROU") assets recognised is equal to the lease liabilities as at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under FRS 17 and related interpretations. The details of these changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under INT FRS 104 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

On transition to FRS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under FRS 17 and INT FRS 104 were not reassessed for whether there is a lease under FRS 116. Therefore, the definition of a lease under FRS 116 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases assets including buildings and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under FRS 116, the Group recognises ROU assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

The Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under FRS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. ROU assets are measured at amounts equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its ROU assets for impairment on the date of transition and has concluded that there is no indication that the ROU assets are impaired.

The Group used a number of practical expedients when applying FRS 116 to leases previously classified as operating leases under FRS 17. In particular, the Group:

- did not recognise ROU assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise ROU assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the ROU asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on financial statements on transition to FRS 116

On transition to FRS 116, the Group and Company recognised additional ROU assets and lease liabilities. The impact on transition is summarised below.

		1 January 2019	
	Note	**Group**	**Company**
		$	**$**
ROU assets	5	1,446,764	1,384,125
Lease liabilities		(1,446,764)	(1,384,125)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The weighted-average rate applied is 2.5%.

	1 January 2019	
	Group	**Company**
	$	**$**
Operating lease commitments at 31 December 2018 based on FRS 17		
- Temporary occupation license fees	334,221	334,221
- Others	179,964	111,286
	514,185	445,507
Discounted using the incremental borrowing rate at 1 January 2019	492,467	429,828
Extension options reasonably certain to be exercised	954,297	954,297
Lease liabilities recognised as at 1 January 2019	1,446,764	1,384,125

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, 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 Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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 method.

Investment in associate is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss 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 investment 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 and associates 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 reporting date are translated to the functional currency 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 translated 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 translation 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 fair value through profit or loss ("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

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 liabilities

Financial liabilities are classified as measured at amortised cost.

These 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.

(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.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

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.

If significant 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.

Any gain or loss on disposal of an item of property and equipment is recognised 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, unless it is included in the carrying amount of another asset.

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 its 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 Leases

The Group has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104. The details of accounting policies under FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

As a lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the ROU asset reflects that the Group will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

Generally, the accounting policies applicable to a lessor in the comparative period were not different from FRS 116.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- the fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

The Group leases office, equipment and satellite centres under operating leases from non-related parties. Assets held under these leases were not recognised in the Group's statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from leasing of buildings is recognised on a straight-line basis over the term of the lease.

3.7 Impairment

Non-derivative financial assets

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.

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.

3.8 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 Income

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 Expenditures

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.

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 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- Amendments to References to Conceptual Framework in FRS Standards;
- *Definition of a Business* (Amendments to FRS 103);
- *Definition of Material* (Amendments to FRS 1 and FRS 8);
- FRS 117 *Insurance Contracts*

4 Property and equipment

	Freehold land $	Building $	Building improvements $	Furniture and fittings $	Office equipment $	Computer equipment $	Books and materials $	Motor vehicles $	Construction - in-progress $	Total $
Group										
Cost										
At 1 January 2018	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
Additions	–	–	1,072,095	37,929	31,317	226,540	32,200	–	–	1,400,081
Disposals/write-offs	–	–	–	–	–	(55,127)	(24,817)	–	–	(79,944)
Reclassification	–	–	519,165	–	–	–	–	–	(519,165)	–
At 31 December 2019	11,243,364	4,425,528	6,128,885	875,028	505,085	4,552,441	432,703	129,051	10,947	28,303,032
Accumulated depreciation										
At 1 January 2018	–	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
Depreciation for the year	–	88,511	312,437	15,320	19,698	222,401	28,887	10,548	–	697,802
Disposals/write-offs	–	–	–	–	–	(55,127)	(24,817)	–	–	(79,944)
At 31 December 2019	–	508,937	3,984,591	822,771	437,315	4,218,844	388,106	99,154	–	10,459,718
Carrying amounts										
At 1 January 2018	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
At 31 December 2019	11,243,364	3,916,591	2,144,294	52,257	67,770	333,597	44,597	29,897	10,947	17,843,314

At 31 December 2019, land and building with carrying amount of $15,159,955 (2018: $15,248,466) is pledged as security to secure bank borrowings (see note 22).

In prior 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 amount was re-estimated.

	Building improvements $	Furniture and fittings $	Office equipment $	Computer equipment $	Books and materials $	Motor vehicles $	Construction -in-progress $	Total $
Company								
Cost								
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
Additions	1,072,095	37,929	26,369	203,829	–	–	–	1,340,222
Disposals/write-offs	–	–	–	(55,127)	(24,817)	–	–	(79,944)
Reclassification	519,165	–	–	–	–	–	(519,165)	–
At 31 December 2019	5,162,256	773,708	447,686	3,877,446	83,303	129,051	10,947	10,484,397
Accumulated depreciation								
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
Depreciation for the year	261,859	10,911	15,035	155,240	8,604	10,548	–	462,197
Disposals/write-offs	–	–	–	(55,127)	(24,817)	–	–	(79,944)
At 31 December 2019	3,021,258	723,495	388,969	3,608,652	77,550	99,154	–	7,919,078
Carrying amounts								
At 1 January 2018	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
At 31 December 2019	2,140,998	50,213	58,717	268,794	5,753	29,897	10,947	2,565,319

5 Right-of-use assets

Group	Buildings $	IT equipment $	Total $
At 1 January 2019	–	–	–
Recognition of ROU asset on initial application of FRS 116	1,336,831	109,933	1,446,764
Adjusted balance at 1 January 2019	1,336,831	109,933	1,446,764
Additions	124,396	36,486	160,882
Depreciation for the year	(371,159)	(38,384)	(409,543)
At 31 December 2019	1,090,068	108,035	1,198,103
Company			
At 1 January 2019	–	–	–
Recognition of ROU asset on initial application of FRS 116	1,336,831	47,294	1,384,125
Adjusted balance at 1 January 2019	1,336,831	47,294	1,384,125
Additions	124,396	36,486	160,882
Depreciation for the year	(371,159)	(22,044)	(393,203)
At 31 December 2019	1,090,068	61,736	1,151,804

The leases for buildings typically run for a period of 1 to 3 years with options to renew the lease for an additional period of the same duration after the end of the contract term. The Group also leases IT equipment with lease terms of 3 to 5 years, with options to renew the lease for 1 year at the end of the lease term. The Group has determined that it is not reasonably certain to exercise the renewal options.

6 Intangibles

Group and Company	Computer software $
Cost	
At 1 January 2018	1,619,167
Additions	447,743
At 31 December 2018	2,066,910
Additions	142,767
At 31 December 2019	2,209,677
Accumulated amortisation	
At 1 January 2018	1,209,415
Amortisation charge	337,100
At 31 December 2018	1,546,515
Amortisation charge	283,171
At 31 December 2019	1,829,686
Carrying amounts	
At 1 January 2018	409,752
At 31 December 2018	520,395
At 31 December 2019	379,991

7 Investment in subsidiaries

	Company 2019 $	Company 2018 $
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 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 Zuraidah Abdullah 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 2019 %	Ownership interest 2018 %
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
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.

8 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 Zuraidah Abdullah 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 2019 %**	**Voting rights held 2018 %**
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:

	2019 $	**2018 $**
Statement of comprehensive income		
Revenue	10,090,010	6,781,143
Profit/(loss) and total comprehensive income for the year	637,960	(150,627)
Statement of financial position		
Non-current assets	665,436	396,547
Current assets	6,025,067	5,035,129
Non-current liabilities	(5,131,352)	–
Current liabilities	(2,677,777)	(7,188,262)
Net deficit	(1,118,626)	(1,756,586)
Interest in net assets of investee at beginning of the year	(439,146)	(401,490)
Share of total comprehensive income	159,490	(37,656)
Interest in net assets of investee at end of the year	(279,656)	(439,146)
Loan to associate	1,250,000	1,250,000
	970,344	810,854

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.

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.

9 Unit trust investment

	Group and Company	
	2019	**2018**
	$	**$**
Fullerton Short Term Interest Rate Fund		
- FVTPL	–	161,583

10 Other financial assets

	Group and Company	
	2019	**2018**
	$	**$**
Internally managed quoted FVOCI financial assets		
- Equity	188	1,671,869
- Debt	1,549,777	1,523,459
	1,549,965	3,195,328

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.

11 Term loans

	Group and Company	
	2019	**2018**
	$	**$**
Term loans	24,261,830	27,505,091
Allowance for impairment losses	(6,871,211)	(7,234,076)
	17,390,619	20,271,015
Represented by:		
Current loans	4,174,078	5,226,999
Non-current loans	13,216,541	15,044,016
	17,390,619	20,271,015

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	
	2019	**2018**
	$	**$**
At beginning of the year	7,234,076	6,850,440
Adjustment on initial application of FRS 109 at beginning of the year	–	2,121,853
Reversal of impairment losses	(362,865)	(1,481,242)
Amounts written off	–	(256,975)
At end of the year	6,871,211	7,234,076

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.

12 Trade and other receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Trade receivables	466,604	507,815	410,665	440,666
Less: Impairment losses	(83,879)	(152,547)	(82,879)	(144,006)
Net trade receivables	382,725	355,268	327,786	296,660
Amount due from subsidiaries (trade)	–	–	1,414,416	895,108
Other receivables:				
- Government matching grants	6,300,000	6,300,000	6,300,000	6,300,000
- Donations via CPF contribution	2,566,970	2,484,364	2,566,969	2,484,364
- Others	762,064	771,592	390,329	295,973
Deposits	160,555	48,794	156,230	60,340
	10,172,314	9,960,018	11,155,730	10,332,445
Prepayments	47,675	254,991	2,653	190,992
	10,219,989	10,215,009	11,158,383	10,523,437

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
At beginning of the year	152,547	338,390	144,006	316,557
Impairment losses recognised	82,879	152,547	82,879	144,006
Reversal of impairment losses	(20,692)	(21,833)	(13,151)	–
Amount written off	(130,855)	(316,557)	(130,855)	(316,557)
At end of the year	83,879	152,547	82,879	144,006

13 Cash and cash equivalents

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Cash at bank and in hand	18,307,989	19,267,971	15,361,486	16,752,601
Fixed deposits	83,846,066	65,955,516	82,274,675	64,884,233
Cash and cash equivalents in the statements of financial position	102,154,055	85,223,487	97,636,161	81,636,834
Investments in fixed deposits	(83,846,066)	(65,955,516)		
Cash and cash equivalents in the consolidated statement of cash flows	18,307,989	19,267,971		

The interest rates per annum relating to fixed deposits at the reporting date are between 0.10% and 1.88% (2018: 0.10% and 1.60%). Interest rate is re-priced at interval of 1 to 6 months (2018: 1 to 6 months).

14 General Corpus Fund (Unrestricted)

The General Corpus Fund was formed by 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.

15 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 Malay/Muslim community. 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 Malay/Muslim community.

16 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.

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 of $4.2 million. $2.6 million is allocated to MMCDF while the remaining $1.6 million is unrestricted in its usage.

17 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.

18 ETF Corpus Fund (Restricted)

The ETF Corpus Fund was formed during the year by transfers from the net income of EDF amounting to 25% of the net income or $2,500,000, whichever is lower. The source of ETF Corpus Fund can also come from contributions from donors who desire to set up endowment funds. The ETF Corpus Fund serves as the capital for investment. Returns from the investment can then be used to fund the various programmes administered by ETF. Upon dissolution of ETF Corpus Fund, the entire fund shall be transferred to EDF.

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

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

20 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.

21 Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity investments designated at FVOCI; and
- the cumulative net change in fair value of debt investments at FVOCI until the assets are derecognised or reclassified. This amount is reduced by the amount of loss allowance.

22 Bank borrowings

	Group	
	2019	**2018**
	$	**$**
Secured bank borrowings		
Non-current	1,673,605	2,190,490
Current	516,300	513,239
	2,189,905	2,703,729

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	2019 Face value	2019 Carrying amount	2018 Face value	2018 Carrying amount
	%		$	$	$	$
Secured bank borrowings	2.58	2023	2,189,905	2,189,905	2,703,729	2,703,729

Reconciliation of movement to cash flows arising from financing activities

	Group
	$
Balance at 1 January 2018	3,214,128
Repayment of borrowings	(510,399)
Balance at 31 December 2018	2,703,729
Repayment of borrowings	(513,824)
Balance at 31 December 2019	2,189,905

The bank borrowings were fully repaid in June 2020.

23 Lease liabilities

	Group 2019	Group 2018	Company 2019	Company 2018
	$	$	$	$
Current	416,522	–	400,410	–
Non-current	819,343	–	788,020	–
Total	1,235,865	–	1,188,430	–

Terms and conditions of the lease liabilities are as follows:

31 December 2019	Effective interest rate	Year of maturity	Face value	Carrying amount
			$	$
Group				
Lease liabilities	1.81% to 5.12%	2020 to 2024	1,235,865	1,235,865
Company				
Lease liabilities	1.81% to 2.51%	2020 to 2024	1,188,430	1,188,430

Reconciliation of movements to cash flows arising from financing activities

	Group $
Balance at 1 January 2019	–
On initial application of FRS 116	1,446,764
Adjusted balance at 1 January 2019	1,446,764
Changes from financing cash flows	
Interest paid	30,059
Payment of lease liabilities	(401,840)
Total changes from financing cash flows	(371,781)
New leases	160,882
Balance at 31 December 2019	1,235,865

24 Deferred tax liabilities

Movement in deferred tax during the year

	At 1 January 2018 $	Recognised in profit or loss $	At 31 December 2018 $	Recognised in profit or loss $	At 31 December 2019 $
Group					
Property and equipment	(20,440)	–	(20,440)	–	(20,440)

25 Trade and other payables

	Group		Company	
	2019 $	2018 $	2019 $	2018 $
Trade payables	2,194,364	2,411,116	1,865,812	2,051,249
Short-term accumulating compensated absence	359,977	294,370	292,226	226,619
TTFS payable to tertiary institutions	12,238,758	11,298,321	12,238,758	11,298,321
Accruals	4,002,974	3,277,546	3,736,247	2,898,597
	18,796,073	17,281,353	18,133,043	16,474,786
Deferred grant income	934,902	1,316,610	934,902	1,316,610
	19,730,975	18,597,963	19,067,945	17,791,396

TTFS

This subsidy is granted by 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	
	2019	**2018**
	$	**$**
At beginning of the year	–	–
Amount received	(68,695,381)	(62,976,738)
TTFS disbursed/accrued for current academic year	43,067,803	41,854,681
Undisbursed TTFS transferred to EDF	25,792,971	21,340,917
Refund of TTFS from tertiary institutions	(165,393)	(218,860)
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.

26 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	
	2019	**2018**
	$	**$**
At beginning of the year	1,210,572	949,848
Grants received from MOE	796,688	1,025,609
Interest earned	2,247	124
Disbursements	(1,089,945)	(765,009)
At end of the year	919,562	1,210,572
Represented by:		
Cash at bank	919,562	1,210,572

27 Tax-exempt donation

Tax-exempt donations received during the year amounted to $9,528,734 (2018: $9,629,184).

28 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.

Disaggregation of revenue from contracts with customers

	Group	
	2019	**2018**
	$	**$**
Tuition fee	481,090	439,610
Employment and community	1,321,321	1,203,453
Workfare Skills Qualification (“WSQ”)	126,626	224,038
Non-WSQ	62,549	117,510
Others	281,846	291,190
	2,273,432	2,275,801

29 Finance costs

	Group	
	2019	**2018**
	$	**$**
Interest expense on:		
- Bank borrowings	63,229	68,338
- Lease liabilities	30,059	–
- Others	–	39,087
	93,288	107,425

30 Costs of activities

Group	General Fund $	EDF $	MMCDF $	ETF $	HGEF $	2019 Total $	2018 Total $
Youth	–	909,740	687,743	–	–	1,597,483	1,325,685
Family	–	1,440,661	82,365	–	–	1,523,026	1,262,969
Employability	559,782	–	165,543	–	–	725,325	637,524
Education/Scholarship/Awards/ Education Assistance Scheme	11,240	8,557,646	49,214	1,952,363	53,563	10,624,026	12,458,828
Enhance research capability	–	742,029	–	–	–	742,029	788,835
Strengthening partnership and relationship	–	481,346	4,700,511	–	–	5,181,857	4,399,454
Support costs	3,688,242	5,140,486	3,161,454	–	–	11,990,182	11,533,168
Total	4,259,264	17,271,908	8,846,830	1,952,363	53,563	32,383,928	32,406,463

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.

31 Net income before tax

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

	Group	
	2019	**2018**
	$	**$**
Depreciation		
- Property, plant and equipment	697,802	(96,234)
- ROU assets	409,543	–
Amortisation	283,171	337,100
Employee benefits expense	12,129,890	11,428,367
Reversal of impairment losses on term loans	(362,865)	(1,481,242)
Impairment losses on trade receivables	62,187	130,714
Net gain arising from unwinding of term loans discount	(436,254)	(211,169)
Employee benefits expense		
Salaries, wages and other benefits	10,428,982	9,923,676
Contributions to defined contribution plans	1,700,908	1,504,691
	12,129,890	11,428,367

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

Salaries, wages and other benefits	246,020	249,570
Contributions to defined contribution plans	18,665	18,665
	264,685	268,235
Investment and interest income		
Dividend income		
- FVOCI	93,940	109,635
Interest income:		
- Fixed deposits placement	941,899	634,203
- FVOCI	61,094	68,744
Financial assets at FVTPL – net change in fair value	5,717	2,606
Unit trust investment – reclassified from OCI	–	58,835
	1,102,650	874,023

32 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 31, 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	
	2019	**2018**	**2019**	**2018**
Number of employees/director in bands:				
$100,000 to $200,000	9	7	8	6
$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 2019 was 104 (2018: 103) and 157 (2018: 157), 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.

33 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	
	2019	**2018**
	$	**$**
Current tax expense		
Current year	162,272	154,477
Underprovided in prior year	(20,003)	6,835
	142,269	161,312
Tax expense	142,269	161,312

Reconciliation of effective tax rate

Net income before tax	12,705,656	10,360,440
Tax using the Singapore tax rate of 17% (2018: 17%)	2,159,962	1,761,275
Tax exemption for charity	(1,998,978)	(1,630,616)
Non-deductible expenses	18,714	60,625
Tax incentives	(17,426)	(37,833)
Underprovided in prior year	(20,003)	6,835
Deferred tax not recognised	–	1,026
	142,269	161,312

At the reporting date, a subsidiary had unutilised tax losses and capital allowance amounting to approximately $951,852 (2018: $951,852) 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.

34 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 $478,257 (2018: $255,931).

35 Leases

Leases as lessee

The Group leases many assets including buildings and IT equipment. Information about the ROU assets relating to the leased assets is in note 5. Certain leases are short-term and/or leases of low-value items. The Group has elected not to recognise ROU assets and lease liabilities for these leases.

Amounts recognised in profit or loss

	Group
2019 – Leases under FRS 116	**$**
Expenses relating to short term leases	49,232
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	11,223
2018 – Leases under FRS 17	
Operating lease expense	
- Temporary occupation license fees	298,992
- Others	88,597

Extension options

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $185,940.

Leases as lessor

The Group leases out its property consisting of its owned commercial property. The lease is classified as operating lease. Rental income recognised by the Group during the year was $64,353 (2018: $36,309).

The following table sets out maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group
2019 - Leases under FRS 116	**$**
Within 1 year	34,800
1 to 2 years	4,868
	39,668
2018 - Leases under FRS 17	
Within 1 year	30,189
1 to 2 years	39,668
	69,857

36 Commitments

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	
	2019	**2018**
	$	**$**
Undrawn term loans commitment:		
Within 1 year	2,234,224	3,197,155
After 1 year but within 5 years	1,366,917	1,886,606
	3,601,141	5,083,761

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 $91,389 (2018:$277,791).

37 Financial risk management

Overview

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

- Credit risk
- Market risk
- Liquidity risk

Risk management framework

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

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 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 Company's credit exposure arising from trade receivables:

2019	**Loss rate %**	**Gross carrying amount $**	**Impairment loss allowance $**	**Credit impaired**
Group				
Not past due	*	325,334	*	No
1 - 90 days	*	28,143	*	No
91 - 365 days	74.1	113,127	(83,879)	Yes
		466,604	(83,879)	
Company				
Not past due	*	289,676	*	No
1 - 90 days	*	27,862	*	No
91 - 365 days	89.0	93,127	(82,879)	Yes
		410,665	(82,879)	
2018				
Group				
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				
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:

Loans that deteriorated (wholly/partially) to the age bracket of:		**Group and Company**		
2019	**Loss rate %**	**Gross carrying amount $**	**Impairment loss allowance $**	**Credit impaired**
0 - 90 days	0.8	16,941,470	(127,367)	No
91 - 365 days	45.2	300,661	(135,951)	No
> 365 days	94.1	7,019,699	(6,607,893)	Yes
		24,261,830	(6,871,211)	

Loans that deteriorated (wholly/partially) to the age bracket of:		**Group and Company**		
	Loss rate	**Gross carrying amount**	**Impairment loss allowance**	**Credit impaired**
2018	**%**	**$**	**$**	
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)	

ECL assessment for debt investments

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	
	2019	**2018**
Credit rating	**$**	**$**
BBB+ to AAA	804,061	783,630
Not available	745,716	739,829
	1,549,777	1,523,459

ECL assessment for other receivables, loan to a subsidiary, loan to associate and cash and cash equivalents

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 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 $19 (2018: $167,187).

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	
	2019	**2018**	**2019**	**2018**
Fixed deposits	83,846,066	65,955,516	82,274,675	64,884,233
Bank borrowings	(2,189,905)	(2,703,729)	(2,189,905)	(2,703,729)
	81,656,161	63,251,787	80,084,770	62,180,504

An increase of 100 basis points in interest rates at the reporting date would have increased net income for the year by $816,562 (2018: $632,518). 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 2018.

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			
Group	**Note**	**Carrying amount $**	**Contractual cash flows $**	**Within 1 year $**	**Within 1 to 5 years $**	**More than 5 years $**
2019						
Bank borrowings	22	2,189,905	(2,389,765)	(590,241)	(1,799,524)	–
Lease liabilities	23	1,235,865	(1,235,865)	(416,522)	(819,343)	–
Trade and other payables*	25	18,796,073	(18,796,073)	(18,796,073)	–	–
MLLPC Fund	26	919,562	(919,562)	(919,562)	–	–
		23,141,405	(23,341,265)	(20,722,398)	(2,618,867)	–
2018						
Bank borrowings	22	2,703,729	(2,973,844)	(576,954)	(2,396,890)	–
Trade and other payables*	25	17,281,353	(17,281,353)	(17,281,353)	–	–
MLLPC Fund	26	1,210,572	(1,210,572)	(1,210,572)	–	–
		21,195,654	(21,465,769)	(19,068,879)	(2,396,890)	–

Company	Note	Carrying amount $	Cash flows: Contractual cash flows $	Within 1 year $	Within 1 to 5 years $	More than 5 years $
2019						
Lease liabilities	23	1,188,430	(1,188,430)	(400,410)	(788,020)	–
Trade and other payables*	25	18,133,043	(18,133,043)	(18,133,043)	–	–
MLLPC Fund	26	919,562	(919,562)	(919,562)	–	–
		20,241,035	(20,241,035)	(19,453,015)	(788,020)	–
2018						
Trade and other payables*	25	16,474,786	(16,474,786)	(16,474,786)	–	–
MLLPC Fund	26	1,210,572	(1,210,572)	(1,210,572)	–	–
		17,685,358	(17,685,358)	(17,685,358)	–	–

* *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 carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy 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. Further, for the current year the fair value disclosure of lease liabilities is also not required.

		Carrying amount					Fair value		
	Note	**Amortised cost $**	**FVTPL $**	**FVOCI $**	**Other financial liabilities $**	**Total $**	**Level 1 $**	**Level 2 $**	**Level 3 $**
Group									
2019									
Loan to associate	8	1,250,000	–	–	–	1,250,000			
Other financial assets	10	–	–	1,549,965	–	1,549,965	1,549,965	–	–
Term loans	11	17,390,619	–	–	–	17,390,619	–	17,390,619	–
Trade and other receivables*	12	10,172,314	–	–	–	10,172,314			
Cash and cash equivalents	13	102,154,055	–	–	–	102,154,055			
		130,966,988	–	1,549,965	–	132,516,953			
Bank borrowings	22	–	–	–	(2,189,905)	(2,189,905)	–	(2,189,905)	–
Trade and other payables^	25	–	–	–	(18,796,073)	(18,796,073)			
MLLPC Fund	26	–	–	–	(919,562)	(919,562)			
		–	–	–	(21,905,540)	(21,905,540)			
2018									
Loan to associate	8	1,250,000	–	–	–	1,250,000			
Unit trust investment	9	–	161,583	–	–	161,583	–	161,583	–
Other financial assets	10	–	–	3,195,328	–	3,195,328	3,195,328	–	–
Term loans	11	20,271,015	–	–	–	20,271,015	–	20,271,015	–
Trade and other receivables*	12	9,960,018	–	–	–	9,960,018			
Cash and cash equivalents	13	85,223,487	–	–	–	85,223,487			
		116,704,520	161,583	3,195,328	–	120,061,431			
Bank borrowings	22	–	–	–	(2,703,729)	(2,703,729)	–	(2,703,729)	–
Trade and other payables^	25	–	–	–	(17,281,353)	(17,281,353)			
MLLPC Fund	26	–	–	–	(1,210,572)	(1,210,572)			
		–	–	–	(21,195,654)	(21,195,654)			

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

	Note	Carrying amount					Fair value		
		Amortised cost $	FVTPL $	FVOCI $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $
Company									
2019									
Loan to a subsidiary	7	10,000,000	–	–	–	10,000,000			
Loan to associate	8	1,250,000	–	–	–	1,250,000			
Other financial assets	10	–	–	1,549,965	–	1,549,965	1,549,965	–	–
Term loans	11	17,390,619	–	–	–	17,390,619	–	17,390,619	–
Trade and other receivables*	12	11,155,730	–	–	–	11,155,730			
Cash and cash equivalents	13	97,636,161	–	–	–	97,636,161			
		137,432,510	–	1,549,965	–	138,982,475			
Trade and other payables^	25	–	–	–	(18,133,043)	(18,133,043)			
MLLPC Fund	26	–	–	–	(919,562)	(919,562)			
		–	–	–	(19,052,605)	(19,052,605)			
2018									
Loan to a subsidiary	7	10,000,000	–	–	–	10,000,000			
Loan to associate	8	1,250,000	–	–	–	1,250,000			
Unit trust investment	9	–	161,583	–	–	161,583	–	161,583	–
Other financial assets	10	–	–	3,195,328	–	3,195,328	3,195,328	–	–
Term loans	11	20,271,015	–	–	–	20,271,015	–	20,271,015	–
Trade and other receivables*	12	10,332,445	–	–	–	10,332,445			
Cash and cash equivalents	13	81,636,834	–	–	–	81,636,834			
		123,490,294	161,583	3,195,328	–	126,847,205			
Trade and other payables^	25	–	–	–	(16,474,786)	(16,474,786)			
MLLPC Fund	26	–	–	–	(1,210,572)	(1,210,572)			
		–	–	–	(17,685,358)	(17,685,358)			

* *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.

38 Fund raising

During the year, the Group and Company held fund raising activities to raise funds for its ETF and MMCDF. The activities include sale of coupons, books, car wash, Climbathon and donation drive at mosques. Total income donation of $1,240,389 (2018: $955,253) was collected.