

LEE KUAN YEW FUND FOR BILINGUALISM

(Registration No: 201204335M)
(Institutions of Public Character Number: IPC000756)
(Registered under the Charities Act, Chapter 37)

Statement by Directors and Financial Statements

Year Ended 31 March 2016

RSM Chio Lim LLP

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Business Advisors to Growing Businesses

LEE KUAN YEW FUND FOR BILINGUALISM
(Registration No: 201204335M)

Statement by Directors and Financial Statements

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Statement by Directors

The directors of Lee Kuan Yew Fund for Bilingualism (the "Fund") are pleased to present the financial statements of the Fund for the reporting year ended 31 March 2016.

1. Opinion of the directors

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

2 Directors in office at date of statement

The directors of the Fund in office at the date of this report are:

Mr Ng Chee Meng (Chairman)	(appointed on 6 November 2015)
Ms Low Yen Ling (Vice-chairman)	(appointed on 6 November 2015)
Ms Sim Beng Mei Mildred	
Professor Kuo Chen-Yu Eddie	
Ms Ho Peng	
Mrs Yu-Foo Yee Shoon	
Mr Rajaram Ramasubban	
Mr Wan Shung Ming	
Mr Yatiman bin Yusof @ Yatiman bin Naron	
Mr Tan Lin Teck	

3. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

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

4. Options

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

5. Independent auditor

RSM Chio Lim LLP, has expressed willingness to accept re-appointment.

On behalf of the directors



Ng Chee Meng
Director



Tan Lin Teck
Director

25 July 2016



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**Independent Auditor's Report to the Members of
LEE KUAN YEW FUND FOR BILINGUALISM**
(Registration No: 201204335M)

Report on the financial statements

We have audited the accompanying financial statements of Lee Kuan Yew Fund For Bilingualism (the "Fund"), which comprise the statement of financial position as at 31 March 2016, and the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of financial activities and statement of financial position and to maintain accountability of assets.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



**Independent Auditor's Report to the Members of
LEE KUAN YEW FUND FOR BILINGUALISM**
(Registration No: 201204335M)

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Opinion

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Fund as at 31 March 2016 and the results, changes in funds and cash flows of the Fund for the reporting year ended on that date.

Report on other legal and regulatory requirements

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

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

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



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

25 July 2016

Partner in charge of audit: Woo E-Sah
Effective from year ended 31 March 2013

LEE KUAN YEW FUND FOR BILINGUALISM (Registration No: 201204335M)

Statement of Financial Activities
Year Ended 31 March 2016

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
<u>INCOME</u>			
Donation income	4	6,162	5,460
Matching grant	5	–	1,448
Interest income	6	453	217
Dividend income	7	1,250	849
Other income		–	1
Total Income		<u>7,865</u>	<u>7,975</u>
<u>EXPENDITURE</u>			
Cost of charitable activities (grant disbursements)	8	949	948
Other expenditure		66	75
Investment cost		–	1
Total Expenditure		<u>1,015</u>	<u>1,024</u>
Net Income		<u>6,850</u>	<u>6,951</u>
<u>OTHER COMPREHENSIVE INCOME</u>			
Available-for-Sale Financial Assets	9	(2,126)	1,830
Net movement in funds		<u>4,724</u>	<u>8,781</u>
<u>Reconciliation of Funds</u>			
Total Funds Brought Forward		<u>114,800</u>	<u>106,019</u>
Total Funds Carried Forward		<u>119,524</u>	<u>114,800</u>

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

**Statement of Financial Position
As at 31 March 2016**

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
ASSETS			
<u>Non-current assets</u>			
Available-for-sale investments	11	86,423	77,291
Total non-current assets		86,423	77,291
<u>Current assets</u>			
Trade and other receivables	12	305	86
Cash and cash equivalents	13	32,810	37,436
Total current assets		33,115	37,522
Total assets		119,538	114,813
<u>Current liabilities</u>			
Other payables and accruals	14	14	13
Total current liabilities		14	13
Net assets		119,524	114,800
<u>Funds</u>			
General fund – unrestricted fund		120,416	113,566
Fair value reserve	9	(892)	1,234
Total funds		119,524	114,800

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

LEE KUAN YEW FUND FOR BILINGUALISM (Registration No: 201204335M)

**Statement of Changes in Funds
Year Ended 31 March 2016**

	General Fund – Unrestricted Fund \$'000	Fair Value Reserve \$'000	Total \$'000
Current Year:			
Opening Balance at 1 April 2015	113,566	1,234	114,800
Net surplus for the reporting year	6,850	–	6,850
Decrease in fair value on available-for-sale investments through other comprehensive income	–	(2,126)	(2,126)
Balance as at 31 March 2016	<u>120,416</u>	<u>(892)</u>	<u>119,524</u>
Previous Year:			
Opening Balance at 1 April 2014	106,615	(596)	106,019
Net surplus for the reporting year	6,951	–	6,951
Increase in fair value on available-for-sale investments through other comprehensive income	–	1,830	1,830
Balance as at 31 March 2015	<u>113,566</u>	<u>1,234</u>	<u>114,800</u>

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

Statement of Cash Flows
Year Ended 31 March 2016

	<u>2016</u> \$'000	<u>2015</u> \$'000
<u>Cash flows from operating activities</u>		
Net surplus for the year	6,850	6,951
Interest income	(453)	(217)
Dividend income	(1,250)	(849)
Operating cash flows before changes in working capital	<u>5,147</u>	<u>5,885</u>
Other payables and accruals	<u>1</u>	<u>1</u>
Net cash flows from operating activities	<u>5,148</u>	<u>5,886</u>
<u>Cash flows from investing activities</u>		
Purchase of available-for-sale investments	(11,258)	(290)
Interest received	234	151
Dividends received	1,250	849
Net cash flows (used in) from investing activities	<u>(9,774)</u>	<u>710</u>
Net (decrease) increase in cash and cash equivalents	(4,626)	6,596
Cash and cash equivalents, statement of cash flows, beginning balance	<u>37,436</u>	<u>30,840</u>
Cash and cash equivalents, statement of cash flows, ending balance (Note 13)	<u>32,810</u>	<u>37,436</u>

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

Notes to the Financial Statements
31 March 2016

1. General

Lee Kuan Yew Fund for Bilingualism (the "Fund") was incorporated in Singapore on 22 February 2012 as a company limited by guarantee. The Fund is registered as a charity under the Charities Act, Chapter 37. The Fund was granted the status of an Institution of a Public Character on 4 March 2012 (IPC Registration No. IPC000756) under the Charities Act, Chapter 37 and status was granted until 3 March 2017. The financial statements are presented in Singapore dollars, recorded to the nearest thousand, unless otherwise stated.

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

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

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

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

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

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The Fund is also subject to the provision of the Charities Act, Chapter 37. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs need not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

1. General (cont'd)

Basis of preparation of the financial statements

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

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

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

(i) Donations

Revenue from cash donations are recognised as and when received.

(ii) Interest Income

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

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

Gifts-in-kind

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

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

2A. Significant accounting policies (cont'd)

Foreign currency transactions

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

Income tax

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

Financial assets

Initial recognition, measurement and derecognition:

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

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

Subsequent measurement:

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

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

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

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.
4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However, for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. These financial assets are classified as non-current assets unless management intends to dispose of the investments within 12 months of the end of the reporting year. Usually non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates.

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

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

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

Cash and cash equivalents

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

Financial liabilities

Initial recognition, measurement and derecognition:

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

Subsequent measurement:

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

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

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

2A. Significant accounting policies (cont'd)

Financial liabilities (cont'd)

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term. Accruals shall be recognised at the best estimate of the amount payable.

Funds

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

Fair value measurement

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

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year.

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

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

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

Provisions

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

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income. The interest saved from government loans is regarded as additional government grant.

2B. Critical judgements, assumptions and estimation uncertainties

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

3. Related parties relationships and transactions

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

3A. Related parties:

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

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

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

	<u>2016</u> \$'000	<u>2015</u> \$'000
Matching grants from a related party	–	1,448
Disbursement of grants to related parties	(337)	(88)
Sponsorship of events organised by a related party	(11)	(11)
Donation received from a related entity	<u>5,005</u>	<u>–</u>

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

3B. Key management compensation:

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

4. Donation income

	<u>2016</u> \$'000	<u>2015</u> \$'000
Donation income	<u>6,162</u>	<u>5,460</u>

5. Matching grants

	<u>2016</u> \$'000	<u>2015</u> \$'000
Matching grants from a related party (Note 3)	<u>–</u>	<u>1,448</u>

LEE KUAN YEW FUND FOR BILINGUALISM (Registration No: 201204335M)

6. Interest income

	<u>2016</u> \$'000	<u>2015</u> \$'000
Interest income	<u>453</u>	<u>217</u>

7. Dividend income

	<u>2016</u> \$'000	<u>2015</u> \$'000
Dividend income from quoted corporations	<u>1,250</u>	<u>849</u>

8. Cost of charitable activities

	<u>2016</u> \$'000	<u>2015</u> \$'000
Grant disbursed	<u>949</u>	<u>948</u>

9. Fair value reserve

	<u>2016</u> \$'000	<u>2015</u> \$'000
At beginning of year	1,234	(596)
Gain (Loss) on remeasuring available-for-sale financial assets (Note 11)	<u>(2,126)</u>	<u>1,830</u>
At end of the year	<u>(892)</u>	<u>1,234</u>

10. Tax-exempt receipts

The Fund enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times (3 times for calendar year 2015) tax deduction for the donations made to the Fund. The status was renewed for 3 years with effect from 4 March 2014 under the Institution of a Public Character (IPC) Scheme.

	<u>2016</u> \$'000	<u>2015</u> \$'000
The Fund issued tax deductible receipts for donations collected	<u>1,161</u>	<u>5,460</u>

11. Available-for-sale investments

	<u>2016</u> \$'000	<u>2015</u> \$'000
Movements during the year:		
Fair value at beginning of the year	77,291	75,171
Additions	11,258	290
Increase (decrease) in fair value through other comprehensive income (Note 9)	<u>(2,126)</u>	<u>1,830</u>
Fair Value at end of the year	<u>86,423</u>	<u>77,291</u>

Balance is made up of:

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

<u>Available-for-sale investments held by the Fund:</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
Unquoted funds (Level 2)	83,628	73,917
Quoted equities (Level 1)	<u>2,795</u>	<u>3,374</u>

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

12. Trade and other receivables

	<u>2016</u> \$'000	<u>2015</u> \$'000
Accrued Interest	<u>305</u>	<u>86</u>

13. Cash and cash equivalents

	<u>2016</u> \$'000	<u>2015</u> \$'000
Cash and bank balances	3,342	7,060
Fixed deposits	<u>29,468</u>	<u>30,376</u>
Cash and cash equivalents for statement of cash flows purposes at end of the year	<u>32,810</u>	<u>37,436</u>

The rate of interest for the cash on interest earning accounts is between 0.5% to 1.58% (2015: 0.50% to 1.34%).

14. Other payables and accruals

	<u>2016</u> \$'000	<u>2015</u> \$'000
Other accruals	<u>14</u>	<u>13</u>

15. Reserves policy

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

16. Financial instruments: information on financial risks

16A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	<u>2016</u> \$'000	<u>2015</u> \$'000
<u>Financial assets:</u>		
Cash and bank balances	32,810	37,436
Trade and other receivables	305	86
Available-for-sale financial assets	86,423	77,291
At end of the year	<u>119,538</u>	<u>114,727</u>
<u>Financial liabilities:</u>		
Trade and other payables measured at amortised cost	14	13
At end of the year	<u>14</u>	<u>13</u>

Further quantitative disclosures are included throughout these financial statements.

16B. Financial risk management

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

16C. Fair values of financial instruments

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

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

16D. Credit risk on financial assets

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

Note 13 discloses the maturity of the cash and cash equivalents balances.

16E. Liquidity risk – financial liabilities maturity analysis

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

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

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

16F. Interest rate risk

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

16G. Foreign currency risk

Analysis of amounts denominated in non-functional currency:

	<u>US dollars</u>
	\$'000
<u>2016</u>	
<u>Financial assets:</u>	
Available-for-sale investments in quoted equities	<u>518</u>
 <u>2015</u>	
<u>Financial assets:</u>	
Available-for-sale investments in quoted equities	<u>664</u>

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

16G. Foreign currency risk (cont'd)

	<u>2016</u> \$'000	<u>2015</u> \$'000
Sensitivity analysis:		

A hypothetical 10% strengthening in the exchange rate of the functional currency S\$ against the United States Dollars with all other variables held constant would have a favourable effect on post-tax profit of

<u>52</u>	<u>66</u>
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The above table shows sensitivity to a hypothetical percentage variation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

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

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

17. Commitments

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

	<u>2016</u> \$'000	<u>2015</u> \$'000
Contractual obligations for approved grants	<u>5,725</u>	<u>2,769</u>

18. Changes and adoption of financial reporting standards

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

<u>FRS No.</u>	<u>Title</u>
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
Various	<i>Improvements to FRSs (Issued in January 2014). Relating to</i> FRS 113 Fair Value Measurement FRS 24 Related Party Disclosures
Various	<i>Improvements to FRSs (Issued in February 2014). Relating to</i> FRS 113 Fair Value Measurement

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

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

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for</u> <u>periods beginning</u> <u>on or after</u>
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018