MASTER FILE

Foundation Registration No. 198200465N

Tan Kah Kee Foundation

Annual Financial Statements
31 December 2013

Building a better
working world

Tan Kah Kee Foundation

General Information

Members of the Committee of Management

Wee Cho Yaw	-	Honorary Chairman
Phua Kok Khoo	-	Chairman
Tay Beng Chuan	-	Vice Chairman
Hew Choy Sin	-	Vice Chairman
Low Hwee Boon	-	Honorary Secretary
Ong Choon Nam	-	Deputy Honorary Secretary
Lim Hock	-	Honorary Treasurer
Leck Kim Koon	-	Deputy Honorary Treasurer
Wang Gungwu	-	Honorary Advisor
Yang Chen Ning	-	Honorary Advisor
Lee Yuan Tseh	-	Honorary Advisor
Lim Siew Ming, Arthur	-	Honorary Advisor
Tan Keong Choon	-	Honorary Advisor
Chen Kang		
Chua Seng Chong		
Chia Ban Seng		
Danny Tan Koon Poh		(Appointed on 19 July 2013)
Goi Seng Hui		
Ho Kiau Seng		(Appointed on 19 July 2013)
Lim Chin Joo		(Appointed on 19 July 2013)
Peggy Tan Poey Gee		
Shang Huai Min		
Tan Keng Leck		(Appointed on 23 August 2013)
Ung Gim Sei		

Secretary

Kim Yi Hwa	(Appointed on 15 April 2014)
Lee Tiong Hock	(Resigned on 15 April 2014)

Members' List

Ang Wee Hiong
Chen Kang
Chew Kheng Chuan
Chia Ban Seng
Chok Chai Mun
Chua Seng Chong
Chua Thian Poh
Chuang Shaw Peng
Da Hsuan Feng
Danny Tan Koon Poh
Goi Seng Hui
Goh Thong Ngee
Hew Choy Sin
Ho Kiau Seng
Hong Hai
Hu, Robin
John Wong
Jimmy Koh
Leck Kim Koon
Lee Bock Guan
Lee Chee Hiang
Lee Chin Chuan
Lee Chong Hai
Lee Fee Huang
Lee Peng Yee
Leong Heng Keng

Members' List (continued)

Lim Chin Joo
Lim Ho Hup
Lim Hock
Lim Kee Ming
Lim Poh Teck
Lim Yeow Khee
Lin Chai Chin
Ling Lee Hua
Liu Hong
Low Hwee Boon
Ong Choon Nam
Peggy Tan Poey Gee
Phua Kok Khoo
Shang Huai Min
Su Guaning
Suntianto
Tan Keng Leck
Tan Keong Choon
Tay Beng Chuan
Tong Ming Chuan
Ung Gim Sei
Wee Cho Yaw
Yeong Wee Yong

Registered Office

Level 1, 43 Bukit Pasoh Road
Singapore 089856

Auditor

Ernst & Young LLP

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The committee members present their report together with the audited financial statements of Tan Kah Kee Foundation (the "Foundation") for the financial year ended 31 December 2013.

1. Members of the Committee of Management

The committee members holding office at the date of this report are:

Wee Cho Yaw	-	Honorary Chairman
Phua Kok Khoo	-	Chairman
Tay Beng Chuan	-	Vice Chairman
Hew Choy Sin	-	Vice Chairman
Low Hwee Boon	-	Honorary Secretary
Ong Choon Nam	-	Deputy Honorary Secretary
Lim Hock	-	Honorary Treasurer
Leck Kim Koon	-	Deputy Honorary Treasurer
Wang Gungwu	-	Honorary Advisor
Yang Chen Ning	-	Honorary Advisor
Lee Yuan Tseh	-	Honorary Advisor
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Goi Seng Hui		
Ho Kiau Seng		(Appointed on 19 July 2013)
Lim Chin Joo		(Appointed on 19 July 2013)
Peggy Tan Poey Gee		
Shang Huai Min		
Tan Keng Leck		(Appointed on 23 August 2013)
Ung Gim Sei		

2. Arrangements to Enable Committee of Management to Acquire Shares and Debentures

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangements, to which the Foundation is a party, whereby committee members might acquire benefits by means of the acquisition of shares in, or debentures of, any other body corporate.

3. Committee of Management's Interests in Shares and Debentures

As the Foundation is a company limited by guarantee and not having a share capital, the statutory information required to be disclosed in the report of the committee of management under Section 201(6)(g) of the Singapore Companies Act, Chapter 50 does not apply.

4. Committee of Management's Contractual Benefits

Since the end of the previous financial year, no committee member has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Companies Act, Chapter 50.

5. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the committee of management:

Phua Kok Khoo
Chairman

Lim Hock
Treasurer

Singapore
30 June 2014

Tan Kah Kee Foundation

Statement by Members of the Committee of Management

We, Phua Kok Khoo and Lim Hock, being two of the members of the committee of management of Tan Kah Kee Foundation (the "Foundation"), do hereby state that, in the opinion of the committee of management:

(i) the accompanying the balance sheet, statement of comprehensive income, statement of changes in funds and cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Foundation as at 31 December 2013, and of the results of the business, changes in funds and cash flows of the Foundation for the financial year then ended, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

On behalf of the committee of management:

Phua Kok Khoo
Chairman

Lim Hock
Treasurer

Singapore
30 June 2014

Independent Auditor's Report to the Members of Tan Kah Kee Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the Tan Kah Kee Foundation (the "Foundation"), which comprise the balance sheet as at 31 December 2013, and the statement of comprehensive income, statement of changes in funds and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Committee of Management's Responsibility for the Financial Statements

The committee of 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 profit and loss accounts and balance sheets 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 and fair presentation of financial statements 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 the Foundation's committee of management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provision of the Act, the Charities Act and Singapore Financial Reporting Standards and so as to give a true and fair view of the state of affairs of the Foundation as at 31 December 2013 and of the results, changes in funds and cash flows of the Foundation for the financial year ended on that date.

Independent Auditor's Report to the Members of Tan Kah Kee Foundation

Report on Other Legal and Regulatory Requirements

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

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

(a) The use of the donation moneys was not in accordance with the objectives of the Foundation as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and

(b) The Foundation has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 June 2014

Balance Sheet
As at 31 December 2013

	Note	2013 $	2012 $
Members' guarantee			
21 members at $100 each (2012: 21 members)		2,100	2,100
Capital fund		5,983,118	5,983,118
Accumulated deficit		(1,744,298)	(1,545,027)
Building fund	5	1,000,000	1,000,000
		5,238,820	5,438,091
Represented by:			
Non-current assets			
Plant and equipment	6	90,191	92,114
Lease prepayment	7	900,000	920,000
		990,191	1,012,114
Current assets			
Other receivables	8	13,358	9,821
Cash and bank balances	9	4,241,955	4,423,292
		4,255,313	4,433,113
Current liability			
Other payables	10	6,684	7,136
Net current assets		4,248,629	4,425,977
Net assets		5,238,820	5,438,091

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Tan Kah Kee Foundation

Statement of Comprehensive Income
For the financial year ended 31 December 2013

	Note	2013 $	2012 $
Income			
Interest on fixed deposits		19,528	16,196
Donations - tax exempt		120,000	510,716
Grants		28,104	119,165
Sundry income		–	1,200
		167,632	647,277
Less: Operating expenses			
Depreciation of plant and equipment	6	4,579	5,730
Amortisation of lease prepayment	7	20,000	20,000
Memorial hall expenses		12,134	17,887
Post-graduate scholarships		80,000	80,000
Staff expenses			
- Central Provident Fund		14,490	8,264
- Salaries, bonuses and others		93,124	55,598
Young inventors' awards organisation expenses		54,326	40,118
Young inventors' awards		51,042	66,570
Fund raising expenses		–	71,527
Others		37,208	59,837
		366,903	425,531
(Deficit)/surplus of income over expenditure		(199,271)	221,746
Income tax	11	–	–
(Deficit)/surplus net of tax, representing total comprehensive income for the financial year		(199,271)	221,746

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Tan Kah Kee Foundation

Statement of Changes in Funds
For the financial year ended 31 December 2013

	Capital fund $	Accumulated deficit $	Building fund $	Total $
Balance as at 1 January 2012	5,983,118	(1,766,773)	1,000,000	5,216,345
Surplus net of tax, representing total comprehensive income for the financial year	–	221,746	–	221,746
Balance as at 31 December 2012 and 1 January 2013	5,983,118	(1,545,027)	1,000,000	5,438,091
Deficit net of tax, representing total comprehensive income for the financial year	–	(199,271)	–	(199,271)
Balance as at 31 December 2013	5,983,118	(1,744,298)	1,000,000	5,238,820

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Tan Kah Kee Foundation

Cash Flow Statement
For the financial year ended 31 December 2013

	2013 $	2012 $
Operating activities		
(Deficit)/surplus of income over expenditure	(199,271)	221,746
Adjustments for:		
Depreciation of plant and equipment	4,579	5,730
Amortisation of lease prepayment	20,000	20,000
Interest on fixed deposits	(19,528)	(16,196)
Surplus before reinvestment in working capital	(194,220)	231,280
Decrease in other receivables	9,825	3,943
Decrease in other payables	(452)	(47,364)
Cash flows generated from operations	(184,847)	187,859
Interest income received	6,166	6,375
Net cash flows generated from operating activities	(178,681)	194,234
Investing activity		
Purchase of plant and equipment	(2,656)	–
Net cash flows used in investing activity	(2,656)	–
Net (decrease)/increase in cash and cash equivalents	(181,337)	194,234
Cash and cash equivalents at beginning of the financial year	4,423,292	4,229,058
Cash and cash equivalents at end of the financial year (Note 9)	4,241,955	4,423,292

The accompanying accounting policies and explanatory notes on form an integral part of the financial statements.

1. Foundation Information

Tan Kah Kee Foundation (the "Foundation") was incorporated in the Republic of Singapore on 9 February 1982. It is limited by guarantee and does not have a share capital. The Foundation has been approved as an Institution of Public Character for a period of 2 years with effect from 1 July 2012 to 30 June 2014. The Foundation is registered as charity under The Charities Act (Chapter 37).

The registered office of the Foundation is located at Level 1, 43 Bukit Pasoh Road, Singapore 089856.

The Foundation fosters the advancement of education, provides awards for post-graduate studies or research and encourages creative and innovative thinking among young Singaporeans. It also grants awards to outstanding Singaporeans in recognition of their achievements in their respective field of specialisation or their special contributions to the Republic of Singapore. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) and on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or $).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Foundation has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Foundation.

2.3 Standards issued but not yet effective

The Foundation has not adopted the following standards and interpretation that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting of Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 110 *Consolidated Financial Statements*	1 January 2014
Amendments to FRS 111 *Joint Arrangements*	1 January 2014
Amendments to FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements* and FRS 112 *Disclosure of Interests in Other Entities - Transition Guidance*	1 January 2014
Amendments to FRS 110, FRS 112 and FRS 27, Investment Entities	1 January 2014
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs 2014	
- Amendment to FRS 102 *Share-based Payment*	1 July 2014
- Amendment to FRS 103 *Business Combinations*	1 July 2014
- Amendment to FRS 108 *Operating Segments*	1 July 2014
- Amendment to FRS 16 *Property, Plant and Equipment*	1 July 2014
- Amendment to FRS 24 *Related Party Disclosures*	1 July 2014
- Amendment to FRS 38 *Intangible Assets*	1 July 2014
- Amendment to FRS 113 *Fair Value Measurement*	1 July 2014
- Amendment to FRS 40 *Investment Property*	1 July 2014

The directors expect the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.4 Functional currency

The financial statements are presented in Singapore Dollars, which is also the Foundation's functional currency.

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the items will flow to the Foundation and the cost of the items can be measured reliably.

When significant parts of plant and equipment are required to be replaced in intervals, the Foundation recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in income or expenditure as incurred.

2. Summary of significant accounting policies (continued)

2.5 Plant and equipment (continued)

All items of plant and equipment, are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

Office equipment	-	5 years
Computer	-	3 years
Furniture and fittings	-	5 years
Exhibit	-	50 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the income or expenditure in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Foundation assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Foundation makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flow 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the income or expenditure, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Foundation estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in the income or expenditure unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (continued)

2.7 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument. The Foundation determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through income or expenditure, directly attributable transaction costs.

Subsequent measurement

Loan and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in income or expenditure.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Foundation commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument. The Foundation determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income or expenditure when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income or expenditure.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. Summary of significant accounting policies (continued)

2.8 Impairment of financial assets

The Foundation assesses at each end of reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Foundation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Foundation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in income or expenditure.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Foundation considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in income or expenditure.

(b) Financial assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Summary of significant accounting policies (continued)

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 Provisions

Provisions are recognised when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefit will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grants relate to an expense item, it is recognised in the income or expenditure either in full or over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

2.12 Employee benefits

(a) Defined contribution plan

The Foundation makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (continued)

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Foundation and the revenue can be reliably measured, on the following bases:

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Donations

Donations is recognised when received from cultural/clan organisation and from the general public.

(c) Grants

Grants are recognised when received from government bodies, which relates to an expense item is recognised in the income or expenditure over the period necessary to match than on a systematic basis to the costs that intended to compensate.

2.14 Lease prepayment

Lease prepayment is initially measured at cost. Following initial recognition, lease prepayment is measured at cost less accumulated amortisation. The lease prepayment is amortised on a straight-line basis over the lease term of 50 years.

3. Significant accounting estimates

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Foundation's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Committee of management estimates the useful lives of these plant and equipment to be within 3 to 5 years. The carrying amount of the Foundation's plant and equipment at 31 December 2013 is $90,191 (2012: $92,114). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. Memberships

The members of the Foundation are those approved by the committee of management.

5. Building fund

	2013 $	2012 $
Balance as at 1 January and 31 December	1,000,000	1,000,000

The building fund was set-up and funded by contributions for the building of the Ee Hoe Hean Memorial and Exhibition Hall.

6. Plant and equipment

	Office equipment $	Computer, furniture and fittings $	Exhibit $	Total $
Cost:				
At 1 January 2012, 31 December 2012, 1 January 2013	10,560	23,376	98,250	132,186
Additions	–	2,656	–	2,656
At 31 December 2013	10,560	26,032	98,250	134,842
Accumulated depreciation:				
At 1 January 2012	7,646	20,800	5,896	34,342
Charge for the financial year	1,300	2,464	1,966	5,730
At 31 December 2012 and 1 January 2013	8,946	23,264	7,862	40,072
Charge for the financial year	1,614	997	1,968	4,579
At 31 December 2013	10,560	24,261	9,830	44,651
Net carrying amount:				
At 31 December 2013	–	1,771	88,420	90,191
At 31 December 2012	1,614	112	90,388	92,114

7. Lease prepayment

	2013	2012
	$	$
Cost:		
At 1 January and 31 December	1,000,000	1,000,000
Accumulated amortisation:		
At 1 January	80,000	60,000
Amortisation for the financial year	20,000	20,000
At 31 December	100,000	80,000
Net carrying amount:	900,000	920,000
Amounts to be amortised:		
- Not later than one year	20,000	20,000
- Later than one year but not later than five years	100,000	100,000
- Later than five years	780,000	800,000

8. Other receivables

	2013	2012
	$	$
Other receivables	13,358	9,821
Add: Cash and cash equivalents (Note 9)	4,241,955	4,423,292
Total loans and receivables	4,255,313	4,433,113

9. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheets amounts:

	2013	2012
	$	$
Cash on hand and bank balances	174,398	371,726
Fixed deposits	4,067,557	4,051,566
	4,241,955	4,423,292

Short-term deposits are made for a period of one year to six months, and earn interests of 0.15% to 1.10% (2012: 0.15% to 1.10%) per annum. The Foundation shall not use its short-term deposits for its annual activities unless otherwise approved by the committee of management.

Cash at bank earns interest at floating rate based on daily bank deposit rate.

10. Other payables

	2013 $	2012 $
Accrued operating expenses	6,684	7,136
Total financial liabilities carried at amortised cost	6,684	7,136

11. Income tax

The Foundation which is registered as a charity under the Charities Act, is exempted from income tax under Section 13(1)(m) of the Income Tax Act.

12. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximates fair value

The committee of management has determined that the carrying amounts of cash and cash equivalents and current other receivables and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

13. Commitments

The Foundation leases a copier under an operating lease agreement. Rental expense for the financial period ended 31 March 2013 was $2,471 (2012: $2,555).

The future minimum lease payable under operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2013 $	2012 $
Payable within one year	639	2,555
Payable after one year but not later than five years	–	639
	639	3,194

14. Related party transactions

A related party includes the committee members of the Foundation. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons; member of the key management personnel or close members of the family of any individual referred to herein and others who have the power in such entity resides with, directly or indirectly, any such individual.

During the year, there were no significant transactions between the Foundation and related parties which were carried out in the normal course of business.

15. Financial risk management objectives and policies

The main risks arising from the Foundation's financial instruments are credit risk, interest rate risk and liquidity risk. The committee of management does not use derivatives and other instruments in its risk management activities. The Foundation does not hold or issue derivative financial instruments for trading purposes. The committee of management reviews and agrees policies for managing each of these risks and they are summarised below:

Credit risk

The carrying amount of cash and cash equivalents, and other receivables represent the Foundation's maximum exposure to credit risk.

Interest rate risk

The Foundation's policy is to obtain the most favourable interest rates available without compromising its exposure to credit risk. Surplus funds are placed with reputable banks.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting financial obligations due to shortage of funds. The Foundation's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Foundation's objective is to maintain a level of cash and cash equivalents deemed adequate by committee of management to finance the Foundation operations and mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Foundation's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	2013 $ **1 year or less**	**2012** $ **1 year or less**
Financial assets:		
Other receivables	13,358	9,821
Cash and bank balances	4,241,955	4,423,292
Total undiscounted financial assets	4,255,313	4,433,113
Financial liability:		
Other payables	6,684	7,136
Total undiscounted financial liability	6,684	7,136
Total net undiscounted financial assets	4,248,629	4,425,977

16. Management of funds

The primary objective of the Foundation's management of the funds is to ensure that the funding from members of the public are properly managed and used to support its business.

The Foundation manages its fund structure and makes adjustments to it, in light of changes in economic condition. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2013 and 31 December 2012.

17. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the committee of management on 30 June 2014.