

Foundation Registration No. 198200465N

Tan Kah Kee Foundation

Annual Financial Statements
31 December 2016

Tan Kah Kee Foundation

General Information

Members of the committee of management

Wee Cho Yaw	-	Honorary Chairman
Ho Kiau Seng	-	Honorary Chairman
Phua Kok Khoo	-	Chairman
Tay Beng Chuan	-	Vice Chairman
Hew Choy Sin	-	Vice Chairman
Low Hwee Boon	-	Honorary Secretary
Kwek Leong Chuan	-	Deputy Honorary Secretary
Leck Kim Koon	-	Honorary Treasurer
Lim Hock	-	Deputy Honorary Treasurer
Wang Gungwu	-	Honorary Advisor
Yang Chen Ning	-	Honorary Advisor
Lee Yuan Tseh	-	Honorary Advisor
Tan Keong Choon	-	Honorary Advisor
Chen Kang		
Chua Seng Chong		
Danny Tan Koon Poh		
Eugene Tan Kheng Boon		
Goi Seng Hui		
Lim Chin Joo		
Lim Yeow Khee		
Peggy Tan Poey Gee		
Tan Keng Leck		
Ung Gim Sei		
Ong Choon Nam		

Secretary

Kim Yi Hwa

Members' List

Ang Wee Hiong
Chew Kheng Chuan
Chia Ban Seng
Chua Thian Poh
Chuang Shaw Peng
Chen Zhi Jian
Dong Zhi Jian
Fan Hanxi
Feng Da Hsuan
Goh Thong Ngee
Hong Hai
Hu, Robin
I, Lo-fen
Jimmy Koh
John Wong
Kek Boon Leong
Kuah Poh Beng Simon
Lee Chee Hiang
Lee Chin Chuan
Lee Chong Hai
Lee Peng Yee
Leong Heng Keng
Li Hai Zhou
Lim Cheng Eng
Lim Ho Hup

Tan Kah Kee Foundation

General Information

Members' List (cont'd)

Lim Poh Teck
Lin ZhiQi
Ling Lee Hua
Ling Tok Wang
Liu Hong
Liu Wei De
Low Sin Leng
Nan Zhi Guo
Ng Yew Kwang
Ong Choon Nam
Ong Chu Poh
Ow Chin Seng
Pang Choon How
Robert Chew
Shang Huai Min
Su Guaning
Suntianto
Tahir
Tong Ming Chuan
Wu Hsioh Kwang
Yao Mei
Yeong Show Chang
Yeong Wee Yong
Zhan Jie

Registered Office

43 Bukit Pasoh Road #01-00
Singapore 089856

Auditor

Ernst & Young LLP

Bankers

OCBC Bank
United Overseas Bank Limited
Sing Investments & Finance Limited
Singapura Finance Ltd

Tan Kah Kee Foundation

General Information

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Tan Kah Kee Foundation

Committee of Management's Statement

The committee members present their statement together with the audited financial statements of Tan Kah Kee Foundation (the "Foundation") for the financial year ended 31 December 2016.

Opinion of the committee of management

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 financial position of the Foundation as at 31 December 2016, and the financial performance of the Foundation, 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.

Members of the committee of management

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

Wee Cho Yaw	-	Honorary Chairman
Ho Kiau Seng	-	Honorary Chairman
Phua Kok Khoo	-	Chairman
Tay Beng Chuan	-	Vice Chairman
Hew Choy Sin	-	Vice Chairman
Low Hwee Boon	-	Honorary Secretary
Kwek Leong Chuan	-	Deputy Honorary Secretary
Lim Hock	-	Deputy Honorary Treasurer
Wang Gungwu	-	Honorary Advisor
Yang Chen Ning	-	Honorary Advisor
Lee Yuan Tseh	-	Honorary Advisor
Tan Keong Choon	-	Honorary Advisor
Chen Kang		
Chua Seng Chong		
Danny Tan Koon Poh		
Eugene Tan Kheng Boon		
Goi Seng Hui		
Lim Chin Joo		
Lim Yeow Khee		
Peggy Tan Poey Gee		
Tan Keng Leck		
Ung Gim Sei		
Ong Choon Nam		

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.

Tan Kah Kee Foundation

Committee of Management's Statement

Committee of management's interests in shares and debentures

As the Foundation is 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.

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.

Auditor

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

On behalf of the committee of management:



Professor Phua Kok Khoo
Chairman



Professor Lim Hock
Deputy Honorary Treasurer

Singapore
22 June 2017

Tan Kah Kee Foundation

**Independent Auditor's Report
For the financial year ended 31 December 2016**

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

Report on the financial statements

Opinion

We have audited the accompanying financial statements of the Tan Kah Kee Foundation (the "Foundation"), which comprise the balance sheet as at 31 December 2016, the statement of comprehensive income, statement of changes in funds and cash flow statement of the Foundation for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act), the Singapore Charities Act, Chapter 37 (the "Charities Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Foundation as at 31 December 2016 and of the financial performance, changes in funds and cash flows of the Foundation for the financial 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the Accounting and Corporate Regulatory Authority (ACRA) 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

The Committee of Management is responsible for other information. The other information comprises General Information and Committee of Management's Statement set out on pages 1 to 2.

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.

**Independent Auditor's Report
For the financial year ended 31 December 2016**

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

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 financial statements and to maintain accountability of assets.

In preparing the financial statements, the Committee of Management is responsible for assessing the Foundation'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 the Committee of Management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

The Committee of Management responsibilities include overseeing the Foundation's financial reporting process.

Auditor's 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 auditor's 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 control.
- Obtain an understanding of internal control 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by committee of management.

**Independent Auditor's Report
For the financial year ended 31 December 2016**

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

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of committee 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Foundation 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.

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

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 and the Charities Act.

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

- (c) the Council 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
- (d) the Council has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

22 June 2017

Tan Kah Kee Foundation

Balance Sheet
As at 31 December 2016

	Note	2016 \$	2015 \$
Members' guarantee			
21 members at \$100 each (2015: 21 members)		2,100	2,100
Capital fund		5,983,118	5,983,118
Accumulated deficit		(1,900,298)	(1,816,655)
Building fund	5	1,000,000	1,000,000
		5,082,820	5,166,463
Represented by:			
Non-current assets			
Plant and equipment	6	104,769	106,890
Lease prepayment	7	840,000	860,000
		944,769	966,890
Current assets			
Other receivables	8	17,389	21,146
Cash and cash equivalents	9	4,135,766	4,185,841
		4,153,155	4,206,987
Current liability			
Other payables	10	15,104	7,414
Net current assets		4,138,051	4,199,573
Net assets		5,082,820	5,166,463

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 2016

	Note	2016 \$	2015 \$
Income			
Interest on fixed deposits		25,179	21,997
Donations - tax exempt		291,700	229,433
Grants		97,036	119,398
Sundry income		19,558	25,849
		<hr/>	<hr/>
		433,473	396,677
Less: Operating expenses			
Depreciation of plant and equipment	6	3,301	3,951
Amortisation of lease prepayment	7	20,000	20,000
Memorial hall expenses		913	3,469
Post-graduate scholarships		94,000	90,000
Post-graduate scholarships expenses		1,243	4,335
Staff expenses			
- Central Provident Fund		19,188	18,443
- Salaries, bonuses and others		115,208	113,955
Young inventors' awards organisation expenses		72,375	56,843
Young inventors' awards		37,600	30,100
Sponsorship		17,000	10,000
Gala, seminar and exhibition		77,435	-
Others		58,853	49,315
		<hr/>	<hr/>
		517,116	400,411
Deficit of income over expenditure			
Income tax expense	11	(83,643)	(3,734)
		<hr/>	<hr/>
		(83,643)	(3,734)
Deficit net of tax, representing total comprehensive losses for the financial year			
		<hr/>	<hr/>
		(83,643)	(3,734)

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 2016

	Capital fund \$	Accumulated deficit \$	Building fund \$	Total \$
Balance as at 1 January 2015	5,983,118	(1,812,921)	1,000,000	5,170,197
Deficit net of tax, representing total comprehensive losses for the financial year	–	(3,734)	–	(3,734)
Balance as at 31 December 2015 and 1 January 2016	5,983,118	(1,816,655)	1,000,000	5,166,463
Deficit net of tax, representing total comprehensive losses for the financial year	–	(83,643)	–	(83,643)
Balance as at 31 December 2016	5,983,118	(1,900,298)	1,000,000	5,082,820

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 2016

	2016 \$	2015 \$
Operating activities		
Deficit of income over expenditure	(83,643)	(3,734)
Adjustments for:		
Depreciation of plant and equipment	3,301	3,951
Amortisation of lease prepayment	20,000	20,000
Interest on fixed deposits	(25,179)	(21,997)
Operating cash flow before changes in working capital	(85,521)	(1,780)
Decrease/(increase) in other receivables	3,757	(7,548)
Increase/(decrease) in other payables	7,690	(4,691)
Cash flows used in operations	(74,074)	(14,019)
Interest income received	25,179	21,997
Net cash flows (used in)/generated from operating activities	(48,895)	7,978
Investing activity		
Purchase of plant and equipment, representing net cash flows used in investing activity	(1,180)	(3,501)
Net (decrease)/increase in cash and cash equivalents	(50,075)	4,477
Cash and cash equivalents at beginning of the financial year	4,185,841	4,181,364
Cash and cash equivalents at end of the financial year (Note 9)	4,135,766	4,185,841

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 a Public Character with effect to 14 March 2018. The Foundation is registered as charity under The Charities Act (Chapter 37).

The registered office of the Foundation is located at 43 Bukit Pasoh Road #01-00, 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 2016. The adoption of these standards did not have any effect on the financial performance or position of the Foundation.

2. Summary of significant accounting policies (cont'd)

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
Amendments to FRS 7 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 102 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 40 <i>Transfers of Investment Property</i>	1 January 2018
Improvements to FRSs (December 2016)	
- Amendment to FRS 101 <i>First-time adoption of Financial Reporting Standards</i>	1 January 2018
- Amendment to FRS 112 <i>Disclosure of interests in Other Entities</i>	1 January 2017
- Amendment to FRS 28 <i>Investments in Associate and Joint Venture</i>	1 January 2018
Amendments to FRS 104 <i>Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts</i>	1 January 2018
Amendments to FRS 115 <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures</i>	To be determined

Except for FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 116 are described below.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Foundation to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Foundation is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

2.3 **Standards issued but not yet effective (cont'd)**

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Foundation is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Foundation expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

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 are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Office equipment	-	5 years
Computer	-	3 years
Furniture and fittings	-	5 years
Exhibits	-	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. Summary of significant accounting policies (cont'd)

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.

2.7 *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.

2. Summary of significant accounting policies (cont'd)

2.7 *Financial instruments (cont'd)*

(a) **Financial assets (cont'd)**

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.

(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

After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income or expenditure when the liabilities are de-recognised, 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.

2. Summary of significant accounting policies (cont'd)

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 assets.

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 (cont'd)

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 (cont'd)

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 2016 is \$104,769 (2015: \$106,890). 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.

Tan Kah Kee Foundation

Notes to the Financial Statements
For the financial year ended 31 December 2016

4. Memberships

The members of the Foundation are those approved by the Committee of Management.

5. Building fund

	2016 \$	2015 \$
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 2015	10,560	26,032	118,250	154,842
Additions	3,501	-	-	3,501
At 31 December 2015 and 1 January 2016	14,061	26,032	118,250	158,343
Additions	1,180	-	-	1,180
At 31 December 2016	15,241	26,032	118,250	159,523
Accumulated depreciation:				
At 1 January 2015	10,560	25,146	11,796	47,502
Charge for the financial year	700	886	2,365	3,951
At 31 December 2015 and 1 January 2016	11,260	26,032	14,161	51,453
Charge for the financial year	936	-	2,365	3,301
At 31 December 2016	12,196	26,032	16,526	54,754
Net carrying amount:				
At 31 December 2016	3,045	-	101,724	104,769
At 31 December 2015	2,801	-	104,089	106,890

Tan Kah Kee Foundation

Notes to the Financial Statements
For the financial year ended 31 December 2016

7. Lease prepayment

	2016 \$	2015 \$
Cost:		
At 1 January and 31 December	1,000,000	1,000,000
Accumulated amortisation:		
At 1 January	140,000	120,000
Amortisation for the financial year	20,000	20,000
At 31 December	160,000	140,000
Net carrying amount:	840,000	860,000
Amounts to be amortised:		
- Not later than one year	20,000	20,000
- Later than one year but not later than five years	80,000	80,000
- Later than five years	740,000	760,000

8. Other receivables

	2016 \$	2015 \$
Other receivables	17,389	21,146
Add: Cash and cash equivalents (Note 9)	4,135,766	4,185,841
Total loans and receivables	4,153,155	4,206,987

9. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following at the end of the reporting period:

	2016 \$	2015 \$
Cash on hand and bank balances	214,963	78,746
Fixed deposits	3,920,803	4,107,095
	4,135,766	4,185,841

Short-term deposits are made for a period of six months to one year, and earn interests of 0.15% to 1.50% (2015: 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.

Tan Kah Kee Foundation

Notes to the Financial Statements
For the financial year ended 31 December 2016

10. Other payables

	2016	2015
	\$	\$
Accrued operating expenses, carried at amortised cost	15,104	7,414

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 year ended 31 December 2016 was \$2,242 (2015: \$2,616).

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

	2016	2015
	\$	\$
Payable within one year	2,100	2,100
Payable after one year but not later than five years	1,400	3,500
	3,500	5,600

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 financial 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.

15. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

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.

	2016 \$ 1 year or less	2015 \$ 1 year or less
Financial assets:		
Other receivables	17,389	21,146
Cash and bank balances	4,135,766	4,185,841
Total undiscounted financial assets	4,153,155	4,206,987
Financial liability:		
Other payables	15,104	7,414
Total undiscounted financial liability	15,104	7,414
Total net undiscounted financial assets	4,138,051	4,199,573

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 2016 and 31 December 2015.

17. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Committee of Management on 22 June 2017.

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