

MDIS EDUCATION TRUST FUND
(Co. Reg. No. T02CC1562B)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021

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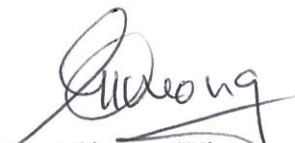
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MDIS EDUCATION TRUST FUND

STATEMENT BY TRUSTEES


On behalf of the Trustees, we do hereby state that in our opinion, the financial statements of MDIS Education Trust Fund (the "Trust Fund") as set out on pages 5 to 23 are properly drawn up in accordance with the Charities Act 1994 and other relevant regulations and Financial Reporting Standards in Singapore so as to present fairly, in all material respects, the financial position of the Trust Fund as at 31 December 2021, and of the financial performance, changes in funds and cash flows of the Trust Fund for the financial year ended on that date.

On behalf of the Trustees



Gan Kuat Cheong, Winston
Trustee

24 May 2022



Kuan Choon Hock, Eric
Trustee

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MDIS EDUCATION TRUST FUND

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of MDIS Education Trust Fund (the "Trust Fund") as set up on pages 5 to 23, which comprise the statement of financial position as at 31 December 2021 and the statement of comprehensive income, statement of changes in funds and statement of cash flows 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 Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Trust Fund as at 31 December 2021 and of the financial performance, changes in funds and cash flows of the Trust Fund 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 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust Fund 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

Trustees are responsible for the other information. The other information comprises the Statement by Trustees as set out on page 1.

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 TO THE TRUSTEES OF MDIS EDUCATION TRUST FUND (cont'd)

Report on the audit of the Financial Statements (cont'd)

Responsibilities of Trustees for the Financial Statements

Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the Charities Act and Regulations and FRSs, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Trustees' responsibilities include overseeing the Trust Fund'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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Trustees.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
MDIS EDUCATION TRUST FUND (cont'd)**

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of Trustee'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 Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust Fund 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 Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.



Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

24 May 2022

MDIS EDUCATION TRUST FUND

STATEMENT OF COMPREHENSIVE INCOME For the financial year ended 31 December 2021

	Note	Education Fund	
		2021	2020
		\$	\$
Income			
Dividend income		27,953	29,997
Interest income from bonds		152,290	212,053
Interest income from fixed deposits		27,877	67,709
Fair value gain on financial assets at fair value through profit or loss		97,598	201,433
Other income	3	10,499	18,459
Total income		316,217	529,651
Expenses			
Auditors' remuneration		(3,000)	(3,000)
Administrative expenses		(18,000)	(18,000)
Bank charges		(911)	(1,007)
Maintenance of computer expenses		(240)	(240)
Education Recovery Grants		(338,000)	(27,500)
Telephone expenses		(240)	(240)
Utilities, cleaning and security expenses		(3,000)	(3,000)
Loss on disposal of financial assets		(27,589)	(36,867)
Other expenses		(18,475)	(39,858)
Total expenses		(409,455)	(129,712)
(Deficit)/surplus for the financial year		(93,238)	399,939
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Financial assets at fair value through other comprehensive income			
- Fair value gain/(loss) - equity securities		14,990	(171,993)
- Reclassification		-	(12,256)
Other comprehensive income/(loss) for the financial year		14,990	(184,249)
Total comprehensive (loss)/income for the financial year		(78,248)	215,690

There is no movement for Ramanathan and Nallammah Fund, Fancy Paper Fund and Modern Montessori Institute Fund in 2021 and 2020. Accordingly, the statement of comprehensive income for these funds are not presented above.

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

MDIS EDUCATION TRUST FUND

STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	2021 \$	2020 \$
Non-current assets			
Financial assets at fair value through profit or loss	4	4,221,345	5,176,375
Financial assets at fair value through other comprehensive income	5	705,641	975,581
		<u>4,926,986</u>	<u>6,151,956</u>
Current assets			
Financial assets at fair value through profit or loss	4	297,275	-
Financial assets at fair value through other comprehensive income	5	250,820	1,005,800
Interest receivables		58,150	101,322
Cash and cash equivalents	6	8,539,872	6,529,544
		<u>9,146,117</u>	<u>7,636,666</u>
Total assets		<u>14,073,103</u>	<u>13,788,622</u>
Current liabilities			
Accrued expenses		3,210	3,211
Amount due to related corporations	7	959,254	596,524
		<u>962,464</u>	<u>599,735</u>
Funds			
Ramanathan and Nallammah Fund	8	100,000	100,000
Fancy Paper Fund	9	25,000	25,000
Modern Montessori Institute Fund	10	10,000	10,000
Education Fund	11		
- Accumulated fund		13,006,304	13,099,542
- Fair value reserve		(30,665)	(45,655)
		<u>13,110,639</u>	<u>13,188,887</u>
Total funds and liabilities		<u>14,073,103</u>	<u>13,788,622</u>

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

MDIS EDUCATION TRUST FUND

STATEMENT OF CHANGES IN FUNDS

For the financial year ended 31 December 2021

	Ramanathan and Nallamah Fund \$	Fancy Paper Fund \$	Modern Montessori Institute Fund \$	← Fair value reserve \$	Education Fund → Accumulated Fund \$	Total \$
Balance at 1 January 2020	100,000	25,000	10,000	138,594	12,699,603	12,973,197
Total comprehensive income for the financial year						
Surplus for the financial year	-	-	-	-	399,939	399,939
Other comprehensive loss						
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	(171,993)	-	(171,993)
Financial assets at fair value through comprehensive income - reclassification	-	-	-	(12,256)	-	(12,256)
Total comprehensive income for the financial year	-	-	-	(184,249)	399,939	215,690
Balance at 31 December 2020	100,000	25,000	10,000	(45,655)	13,099,542	13,188,887

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

MDIS EDUCATION TRUST FUND

STATEMENT OF CHANGES IN FUNDS (cont'd)
For the financial year ended 31 December 2021

	Ramanathan and Nallammah Fund \$	Fancy Paper Fund \$	Modern Montessori Institute Fund \$	← Fair value reserve \$	Education Fund → Accumulated Fund \$	Total \$
Balance at 1 January 2021	100,000	25,000	10,000	(45,655)	13,099,542	13,188,887
Total comprehensive loss for the financial year						
Deficit for the financial year	--	--	--	--	(93,238)	(93,238)
Other comprehensive income						
Fair value gain on financial assets at fair value through other comprehensive income	--	--	--	14,990	--	14,990
Total comprehensive loss for the financial year						
	--	--	--	14,990	(93,238)	(78,248)
Balance at 31 December 2021	100,000	25,000	10,000	(30,665)	(93,238)	13,110,639

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

MDIS EDUCATION TRUST FUND

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
(Deficit)/surplus for the financial year		(93,238)	399,939
Adjustments for:			
Fair value gain on financial assets through profit and loss		(97,598)	(201,433)
Financial assets at fair value through other comprehensive income - reclassification		-	(12,256)
Interest income from bonds		(152,290)	(212,053)
Interest income from fixed deposits		(27,877)	(67,709)
Dividend income		(27,953)	(29,997)
Loss on disposal of financial assets at fair value through profit and loss		23,341	36,867
Loss on disposal of financial assets at fair value through other comprehensive income		4,248	-
		<u>(371,367)</u>	<u>(86,642)</u>
Changes in accrued expenses		(1)	-
Net cash used in operating activities		<u>(371,368)</u>	<u>(86,642)</u>
Cash flows from investing activities			
Dividend received		27,953	29,997
Interest received from bonds and fixed deposits		223,339	290,338
Purchases of financial assets at fair value through profit or loss at fair value through profit and loss		(149,350)	(2,173,483)
Proceeds from disposal of financial assets		1,917,024	4,073,940
Net cash generated from investing activities		<u>2,018,966</u>	<u>2,220,792</u>
Cash flows from financing activity			
Advances received from related corporations		362,730	52,230
Net cash generated from financing activity		<u>362,730</u>	<u>52,230</u>
Net increase in cash and cash equivalents		2,010,328	2,186,380
Cash and cash equivalents at beginning of financial year		6,529,544	4,343,164
Cash and cash equivalents at end of financial year	6	<u>8,539,872</u>	<u>6,529,544</u>

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

MDIS EDUCATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

MDIS Education Trust Fund (the 'Trust Fund') is incorporated in the Republic of Singapore. The address of the Trust Fund's registered office is 501 Stirling Road, Singapore 148951.

The Trust Fund is a trust formed by a trust deed dated 1 February 1999 and was registered under the Charities Act 1994 on 18 April 2002.

The principal activities of the Trust Fund is to further the education of students who are Singapore citizens or permanent residents by awarding scholarships, bursaries and loans tenable for courses conducted by Management Development Institute of Singapore or at any school, junior college, university or other educational establishment approved by the Trustees.

2. Summary of significant accounting policies

a) Basis of preparation

The financial statements, expressed in Singapore dollar ("S\$") which is the Trust Fund's functional currency, have been prepared in accordance with the Charities Act 1994 and other relevant regulations and Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of 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 revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant judgements made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

The carrying amounts of cash and cash equivalents, receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

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

a) Basis of preparation (cont'd)

New and revised standards

In the current financial year, the Trust Fund has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. Changes to the Company's accounting policies have been made as required in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial results or position.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Trust Fund.

b) Revenue recognition

Revenue is measured based on the consideration to which the Trust Fund expects to be entitled in exchange for transferring promised goods or services to the customer.

Revenue is recognised when the Trust Fund satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Trust Fund, and the amount of the dividend can be reliably measured.

c) Impairment of non-financial assets

At each reporting date, the Trust Fund assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Trust Fund estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

c) Impairment of non-financial assets (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

d) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Trust Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust Fund has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Trust Fund classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

The classification is based on the Trust Fund's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Trust Fund reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents and interest receivables (excluding prepayments). These are subsequently measured at amortised cost based on the Trust Fund's business model for managing the asset and cash flow characteristics of the asset:

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

d) Financial assets (cont'd)

Subsequent measurement (cont'd)

Debt instruments (cont'd)

Amortised cost

The Trust Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Fair value through other comprehensive income ("FVOCI")

The Trust Fund measures debts instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in fair values for debts instruments at FVOCI are recognised in other comprehensive income and accumulated in investment revaluation reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment and presented in "Fair value gain on financial assets at fair value through profit or loss". Interest income from these financial assets is recognised in profit or loss using the EIR method.

Fair value through profit or loss ("FVTPL")

Debts instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income are recognised in profit or loss in the period in which it arises and presented in statement of comprehensive income.

Equity instruments

The Trust Fund subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income". For equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination, the Trust Fund may make an irrevocable election (on an investment by investment basis) to designate equity investments as at FVOCI.

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

d) Financial assets (cont'd)

Subsequent measurement (cont'd)

Equity instruments (cont'd)

The Trust Fund has designated all of its equity investments that are not held for trading as at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in investment revaluation reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss except for equity investment designated at FVOCI which would be recognised in other comprehensive income. Investment revaluation reserve relating to the disposed asset would be transferred to education fund upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "dividend income". Equity investments classified as FVOCI are not subject to impairment assessment.

Impairment

The Trust Fund recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust Fund expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

If the Trust Fund has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Trust fund measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Trust Fund recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

e) Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value and excludes pledged deposits.

f) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to issuance of ordinary shares are deducted against share capital.

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

g) Financial liabilities

Financial liabilities include accrued expenses and amount due to related corporations, Financial liabilities are recognised on the statement of financial position when, and only when, the Trust Fund becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

h) Income taxes

With effect from the Year of Assessment 2008, all registered charities will enjoy automatic tax exemption without having the need to meet the 80% spending rule under Section 13U(1) of the Income Tax Act 1947. Accordingly, no taxation was provided for by the Trust Fund.

i) Funds

Unless specifically indicated, fund balances are not represented by any specific assets or liabilities but are represented by all assets of the Trust Fund.

3. Other income

	2021 \$	2020 \$
Reversal of accruals	–	10
Write-off of accruals	(40)	–
Foreign currency exchange gain	10,539	6,193
Financial assets at fair value through other comprehensive income - reclassification	–	12,256
	<u>10,499</u>	<u>18,459</u>

4. Financial assets at fair value through profit or loss

	2021 \$	2020 \$
Current		
Quoted debt securities	<u>297,275</u>	–
Non-current		
Quoted debt securities	2,934,992	3,893,511
Quoted equity securities	<u>1,286,353</u>	<u>1,282,864</u>
	<u>4,221,345</u>	<u>5,176,375</u>

The above equity investments offer the Trust Fund the opportunity for returns through dividend income and fair value gains. The instruments are measured at fair value through profit or loss. All these quoted debt and equity securities are managed by an appointed fund manager.

The fair values of the quoted debt and equity securities are determined based on quoted market prices at the end of the reporting period. These instruments are included in Level 1 of the fair value hierarchy.

5. Financial assets at fair value through other comprehensive income

	2021 \$	2020 \$
Current		
Quoted debt securities	<u>250,820</u>	<u>1,005,800</u>
Non-current		
Quoted debt securities	–	254,687
Quoted equity securities	<u>705,641</u>	<u>720,894</u>
	<u>705,641</u>	<u>975,581</u>

Quoted equity securities represent equity interest in Singapore companies. These investments in equity shares are not held for trading. Accordingly, Trustees have elected to designate these investments in equity securities at fair value through other comprehensive income. It is the Trust Fund's strategy to hold this investment for long-term purposes.

The fair values of the quoted debt and equity securities are determined based on quoted market prices at the end of the reporting period. These instruments are included in Level 1 of the fair value hierarchy.

6. Cash and cash equivalents

	2021 \$	2020 \$
Cash at banks	4,334,597	2,386,529
Fixed deposits	<u>4,205,275</u>	<u>4,143,015</u>
	<u>8,539,872</u>	<u>6,529,544</u>

As at the end of the reporting period, the fixed deposits earn interest ranging from 0.35% to 0.55% (2020: 0.60% to 1.75%) per annum and have a maturity range of 1 to 12 months (2020: 2 to 12 months). These deposits are considered as cash and cash equivalents as the trustees are of the view that these deposits may be withdrawn as and when required without having to incur a penalty fee.

7. Amount due to related corporations

The amount due to related corporations is non-trade, unsecured, interest-free and repayable on demand.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2021 \$	2020 \$
Balance at 1 January	596,524	544,294
Changes from financing cash flows:		
- Advances received from related corporations	<u>362,730</u>	<u>52,230</u>
Balance at 31 December	<u>959,254</u>	<u>596,524</u>

8. Ramanathan and Nallammah Fund

This fund will be used to pay scholarship and bursary awards. The fund was contributed by R Theyvendran, PBM.

9. Fancy Paper Fund

This fund will be used to pay scholarship and bursary awards. The fund was contributed by Mr Chua Chen How.

10. Modern Montessori Institute Fund

This fund will be used to pay scholarship and bursary awards. The fund was contributed by Modern Montessori International.

11. Education Fund

Donations and contributions made to the Education Fund are retained as principal capital to be kept intact and preserved to earn income. Income and expenditure of the fund are taken to profit or loss. The interests earned from all fixed deposits of the Trust Fund are recorded in Education Fund.

The Education Fund includes fair value reserve arose from financial assets at fair value through other comprehensive income.

12. Net assets of the Trust Fund

	Ramanathan Nallammah Fund		Fancy Paper Fund		Modern Montessori Institute Fund		Education Fund		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Represented by:										
Non-current assets										
Financial assets at fair value through profit or loss	-	-	-	-	-	-	4,221,345	5,176,375	4,221,345	5,176,375
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	705,641	975,581	705,641	975,581
	-	-	-	-	-	-	4,926,986	6,151,956	4,926,986	6,151,956
Current assets										
Financial assets at fair value through profit or loss	-	-	-	-	-	-	297,275	-	297,275	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	250,820	1,005,800	250,820	1,005,800
Interest receivables	-	-	-	-	-	-	58,150	101,322	58,150	101,322
Cash and cash equivalents	100,000	100,000	25,000	25,000	10,000	10,000	8,404,872	6,394,544	8,539,872	6,529,544
	100,000	100,000	25,000	25,000	10,000	10,000	9,011,117	7,501,666	9,146,117	7,636,666
Current liabilities										
Accrued expenses	-	-	-	-	-	-	3,210	3,211	3,210	3,211
Amount due to related corporations	-	-	-	-	-	-	959,254	596,524	959,254	596,524
	-	-	-	-	-	-	962,464	599,735	962,464	599,735
Total net assets	100,000	100,000	25,000	25,000	10,000	10,000	12,975,639	13,053,887	13,110,639	13,188,887

13. Commitments

Grant commitments not provided for in the financial statements:

	2021 \$	2020 \$
Education Recovery Grant	<u>884,500</u>	<u>822,500</u>

The Trust Fund had committed to set up the Education Recovery Grant amounting to \$850,000 to support Singaporeans and Singapore Permanent Residents in embarking their education journey with MDIS for all pre-degrees (including courses offered by MDIS College Pte Ltd) and undergraduate degree courses up to 30 September 2021. The Trustees had approved the Education Recovery Grant in March 2020.

On 25 May 2021, an amount of \$400,000 was further approved, resulting in a total commitment of \$1,250,000. This will be effective for applications received and approved on and after 1 June 2021 and all intakes up to 31 December 2021, of which \$100,000 will be set aside for postgraduate courses. As at 31 December 2021, total grants disbursed amounted to \$365,500 (2020: \$27,500).

14. Related parties transactions*Key management personnel compensation*

Key management personnel of the Trust Fund are those persons having the authority and responsibility for planning, directing and controlling the activities of the Trust Fund. The Trustees are considered as key management personnel of the Trust Fund.

The Trustees are not paid any remuneration.

The Trust Fund does not have any staff in its employment for the years ended 31 December 2021 and 2020. The Trust Fund's administrative services were provided by Management Development Institute of Singapore ("MDIS"). MDIS is considered as a related party as the certain key management personnel of MDIS are also appointed as the Trustees of the Trust Fund.

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2021 \$	2020 \$
Administrative expenses	18,000	18,000
Maintenance expenses	240	240
Utilities and telephone expenses	<u>3,240</u>	<u>3,240</u>

15. Financial instruments**a) Categories of financial instruments**

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	2021 \$	2020 \$
<i>Financial assets</i>		
Financial assets at fair value through profit or loss	4,518,620	5,176,375
Financial assets at fair value through other comprehensive income	956,461	1,981,381
Financial assets at amortised cost	<u>8,598,022</u>	<u>6,630,866</u>
<i>Financial liabilities</i>		
Financial liabilities at amortised cost	<u>962,464</u>	<u>599,735</u>

15. Financial instruments (cont'd)

b) Financial risk management

The Trust Fund's overall risk management strategy seeks to minimise potential adverse effects on its financial performance. The risk management processes are reviewed annually by the Trustees and periodic reviews are undertaken to ensure that the Trust Fund's policy guidelines are complied with.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Trust Fund. The Trust Fund's maximum exposure to credit risk is represented by the carrying amounts of each financial asset on the statement of financial position.

The following sets out the Trust Fund's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Customer has a low risk of default and does not have any past due amounts	12-month ECL
Billed invoices are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Billed invoices are more than 1 year past due and there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, and reminders and warning letters issued for the debts due for more than 12 months	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Trust Fund compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Trust Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Trust Fund considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- significant increases in credit risk on other financial instruments of the same debtor.

15. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

The Trust Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Trust Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Trust Fund has reasonable and supportable information that demonstrates otherwise.

The Trust Fund also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Trust Fund considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Trust Fund, in full.

Irrespective of the above analysis, the Trust Fund considers that default has occurred when a financial asset is more than 30 days past due unless the Trust Fund has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

As the Trust Fund does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of the financial instruments presented on the statement of financial position.

The credit loss for interest receivables and cash and cash equivalents under FRS 109 as at 31 December 2021 and 31 December 2020 is not material and accordingly no allowance for impairment is recognised as at 31 December 2021 and 31 December 2020.

15. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Trust Fund will encounter difficulty in meeting financial obligations due to shortage of funds.

The Trustees exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times.

The financial liabilities of the Trust Fund as presented on the statement of financial position are due within twelve months from the end of the reporting period and approximate the contractual undiscounted repayment obligations.

Price risk

Market price risk is the risk that the fair value or future cash flows of the Trust Fund's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Trust Fund is exposed to equity price risk arising from its investment in quoted securities. These instruments are quoted on the SGX-ST in Singapore and are classified as financial assets at fair value through other comprehensive income and fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Trust Fund diversifies its portfolio in accordance with the limits set by the Trust Fund.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the prices of the Trust Fund's equity securities change by 10% (2020: 10%) higher/lower with all other variables held constant, the Trust Fund investment revaluation reserve in equity and profit after tax would have been \$70,564 (2020: \$72,089) and \$128,635 (2020: \$128,286) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified at FVOCI and FVTPL respectively.

16. Fair values of assets and liabilities

a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- (a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- (c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Quoted equity and debts securities

The fair values of quoted equity and debts securities are based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

b) Fair value of financial instruments by classes that are not measured at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of these financial assets and financial liabilities whose carrying amounts measured at amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

17. Reserves management

The Trust Fund's objectives when managing its funds are to safeguard and maintain adequate working capital to continue as a going concern and to develop its principal activities over the longer term.

No changes are made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

18. Authorisation of financial statements

The financial statements of the Trust Fund for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Trustees dated 24 May 2022.