

MDIS Education Trust Fund



**“Imagination is more important than knowledge.
For knowledge is limited to all we know and understand,
while imagination embraces the entire world, and all there will
ever be to know and understand.”**

- Albert Einstein



MDIS EDUCATION TRUST FUND

Introduction

In 1997, the MDIS Governing Council initiated the setting up of a MDIS Education Trust Fund (Trust Fund).

The main purpose was to contribute back to the community and in furtherance of MDIS' main objective to foster, encourage and develop the concepts of Management Development.

MDIS transferred part of its annual surpluses to build up the Capital of this Trust Fund and the income generated from the Capital would be used to award scholarships, bursaries and study loans to deserving and needy individuals to further pursue their education at MDIS or at any school, junior college, university or other educational establishment.

More than 93% of the Capital of the Trust Fund was contributed and transferred from the surpluses obtained from MDIS' operations. Other contributions came from Council members' and interrelated donations. Contributions received from corporate donors and associates were disbursed as scholarships and bursaries to needy students who are Singapore citizens or permanent residents at the annual Scholarship and Bursary Awards events.

Contributions by Governing Council Members

The Trust Fund received the support of the Council Members. Dr R Theyvendran, PBM, a Trustee of the Trust Fund, gave an initial donation of S\$10,000 in the name of his parents in 1997. To-date, three Council Members including an ex-Council Member had donated to the Trust Fund as follows:

Dr R Theyvendran, PBM	-	S\$100,000
Mr Chua Chen How	-	S\$ 25,000
Dr Thirumalai Chandroo	-	S\$ 10,000

Financial Statements for the Year Ended 31 December 2016

The total fund stands about S\$13.07 million as at 31 December 2016.

The financial report for the year 2016 forms part of this report.

MDIS EDUCATION TRUST FUND

REPORT AND FINANCIAL STATEMENTS

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Statement by Trustees

In the opinion of the Trustees,

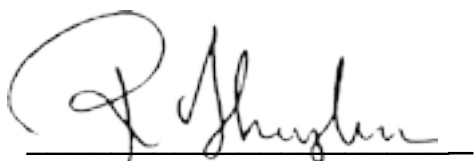
- (a) the financial statements set out on pages 5 to 23 are drawn up so as to present fairly, in all material respects, the financial position of the MDIS Education Trust Fund ('Trust Fund') as at 31 December 2016 and the financial performance, changes in funds and cash flows of the Trust Fund for the year then ended on that date in accordance with the provisions of the Charities Act, Chapter 37 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trust Fund will be able to pay its debts as and when they fall due.

The Trustees have, on the date of this statement, authorised these financial statements for issue.

On behalf of the Trustees



Kuan Choon Hock, Eric
Trustee



R Theyvendran, PBM
Trustee

Singapore
17 May 2017

Independent auditors' report

Trustees of MDIS Education Trust Fund
(Registered under the Charities Act, Chapter 37)

Report on the financial statements

Opinion

We have audited the accompanying financial statements of MDIS Education Trust Fund (the 'Trust Fund'), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 23.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Charities Act, Chapter 37 and Singapore Financial Reporting Standards ('SFRSs') so as to present fairly, in all material respects, the state of affairs of the Trust Fund as at 31 December 2016 and the results, changes in funds and cash flows of the Trust Fund for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Trust Fund in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Trustees of the Trust Fund are responsible for the other information. The other information comprises the Statement by Trustees and Fulfilling Educational Aspirations.

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.

Trustees' responsibility for the financial statements

Trustees of the Trust Fund are responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Singapore Charities Act, Chapter 37 (the Act) and Singapore Financial Reporting Standards, and for such internal control as management 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 of the Trust Fund 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 the Trustees of the Trust Fund either intends to liquidate the Trust Fund or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the 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 of the Trust Fund regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
 17 May 2017

Statement of financial position
As at 31 December 2016

	Note	2016 \$	2015 \$
Non-current assets			
Available-for-sale investments	4	4,126,828	4,438,561
Current assets			
Interest receivables		120,024	104,435
Available-for-sale investments	4	–	1,002,925
Cash and cash equivalents	5	9,009,714	7,856,949
		<u>9,129,738</u>	<u>8,964,309</u>
Total assets		<u>13,256,566</u>	<u>13,402,870</u>
Funds			
Investment revaluation reserve		(26,040)	38,618
Ramanathan and Nallammah Fund	6	100,000	100,000
Fancy Paper Fund	7	25,000	25,000
Modern Montessori Institute Fund	8	10,000	10,000
Education Fund	9	12,962,732	13,218,572
		<u>13,071,692</u>	<u>13,392,190</u>
Current liabilities			
Accrued expenses		5,850	5,380
Amount due to a related corporation	10	179,024	5,300
		<u>184,874</u>	<u>10,680</u>
Total funds and liabilities		<u>13,256,566</u>	<u>13,402,870</u>

Statement of comprehensive income
Year ended 31 December 2016

	2016	2015
	\$	\$
Dividend income	35,405	39,503
Interest income from bonds	116,134	133,680
Interest income from fixed deposits	123,025	89,249
Net gain on disposal of available-for-sale investments release to profit or loss	–	389,281
Total income	274,564	651,713
Auditors' remuneration	(1,070)	(1,233)
Administrative expenses	(18,000)	(18,000)
Bank charges	(2,231)	(2,395)
Maintenance of computer expenses	(240)	(240)
Merit Scholarships	(179,024)	(223,511)
Printing expenses	–	(4,938)
Professional fees expenses	(631)	(2,170)
Scholarship awards ceremony event expenses	(325,968)	(407,850)
Transportation expenses	–	(798)
Telephone expenses	(240)	(240)
Utilities, cleaning and security expenses	(3,000)	(3,000)
General expenses	–	(190)
Total expenditure	(530,404)	(664,565)
Deficit for the year	(255,840)	(12,852)
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Net change in fair value of available-for-sale investments	(64,658)	(108,267)
Net gain on disposal of available-for-sale investments release to profit or loss	–	(389,281)
Other comprehensive income for the year	(64,658)	(497,548)
Total comprehensive income for the year	(320,498)	(510,400)

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

**Statement of changes in funds
Year ended 31 December 2016**

	Investment revaluation reserve \$	Ramanathan and Nallammah Fund \$	Fancy Paper Fund \$	Modern Montessori Institute Fund \$	Education Fund \$	Total \$
At 1 January 2015	536,166	100,000	25,000	10,000	13,231,424	13,902,590
Total comprehensive income for the year						
Deficit for the year	–	–	–	–	(12,852)	(12,852)
Other comprehensive income						
Net change in fair value of available-for-sale investments	(108,267)	–	–	–	–	(108,267)
Net gain on disposal of available-for-sale investments release to profit or loss	(389,281)	–	–	–	–	(389,281)
Total comprehensive income for the year	(497,548)	–	–	–	(12,852)	(510,400)
At 31 December 2015	38,618	100,000	25,000	10,000	13,218,572	13,392,190

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

**Statement of changes in funds
Year ended 31 December 2016**

	Investment revaluation reserve	Ramanathan and Nallammah Fund	Fancy Paper Fund	Modern Montessori Institute Fund	Education Fund	Total
	\$	\$	\$	\$	\$	\$
At 1 January 2016	38,618	100,000	25,000	10,000	13,218,572	13,392,190
Total comprehensive income for the year						
Deficit for the year	—	—	—	—	(255,840)	(255,840)
Other comprehensive income						
Net change in fair value of available-for-sale investments	(64,658)	—	—	—	—	(64,658)
Total comprehensive income for the year	(64,658)	—	—	—	(255,840)	(320,498)
At 31 December 2016	(26,040)	100,000	25,000	10,000	12,962,732	13,071,692

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

Statement of cash flows
Year ended 31 December 2016

	Note	2016	2015
		\$	\$
Cash flows from operating activities			
Deficit for the year		(255,840)	(12,852)
Adjustments for:			
Interest income from bonds and fixed deposits		(239,159)	(222,929)
Dividend income		(35,405)	(39,503)
Net gain on disposal of available-for-sale investments release to profit or loss		—	(389,281)
		<u>(530,404)</u>	<u>(664,565)</u>
Change in accrued expenses		470	530
Net cash used in operating activities		<u>(529,934)</u>	<u>(664,035)</u>
Cash flows from investing activities			
Purchase of available-for-sale investments		—	(1,770)
Interest received from bonds and fixed deposits		223,570	214,465
Redemption of available-for-sale investments		1,250,000	—
Dividend received		35,405	39,503
Net cash from investing activities		<u>1,508,975</u>	<u>252,198</u>
Cash flows from financing activities			
Repayment to a related corporation		(5,300)	(44,810)
Advance received from a related corporation		179,024	5,300
Net cash from/(used in) financing activities		<u>173,724</u>	<u>(39,510)</u>
Net increase/(decrease) in cash and cash equivalents		1,152,765	(451,347)
Cash and cash equivalents at 1 January		7,856,949	8,308,296
Cash and cash equivalents at 31 December	5	<u><u>9,009,714</u></u>	<u><u>7,856,949</u></u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Trustees on 17 May 2017.

1 Domicile and activities

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, Chapter 37 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 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Trust Fund's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires the trustees to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no accounting estimates and judgement made by management that has a significant effect on the financial statements.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 12–financial instruments.

3 Significant accounting policies

The Company adopted new or new revised financial reporting standards and interpretations which became effective during the year. The initial adoption of these standards and interpretations did not have a material impact on the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Interest income

Interest income from fixed deposits with a financial institution and debt securities are recognised as it accrues, using the effective interest method.

3.2 Dividend income

Dividend income is recognised on the date that the Trust Fund's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3.3 Fees, commission and other expenses

Fees, commission and other expenses are recognised in profit or loss on an accrual basis.

3.4 Tax expense

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. Accordingly, no taxation was provided for by the Trust Fund.

3.5 Financial instruments

Non-derivative financial assets

The Trust Fund initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Trust Fund becomes a party to the contractual provisions of the instrument.

The Trust Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Trust Fund is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Trust Fund has the following non-derivative financial assets: loans and receivables and available-for-sale investments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise interest receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and fixed deposits with original maturities of twelve months or less.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are designated as available for sale. Available-for-sale investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3.6) and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale investments comprise equity securities and debt securities.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date when the Trust Fund becomes a party to the contractual provisions of the instrument.

The Trust Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Trust Fund classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise accrued expenses and amount due to a related corporation.

Funds

Funds are contributions received net of expenses incurred and are recognised on an accrual basis.

3.6 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Trust Fund on terms that the Trust Fund would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Trust Fund, or economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Trust Fund considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale investments

Impairment losses on available-for-sale investments are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Trust Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.8 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Trust Fund has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Trust Fund in future financial periods, the Trust Fund has assessed the transition options and the potential impact on its financial statement.

The requirements of the new standards and the potential impact on the financial statements are as follows:

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

Potential impact on the financial statements

During 2016, the Trust Fund performed a preliminary assessment of the potential impact on the Trust Fund's financial statements. Overall, the Trust Fund does not expect any material impact on its opening equity.

Classification and measurement – The Trust Fund does not expect any changes to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

For financial assets currently held at fair value, the Trust Fund expects to continue measuring the cost of these assets at fair value under FRS 109.

The available-for-sale (“AFS”) assets are held as long-term investments by the Trust Fund. For these, the Trust Fund expects to elect to present subsequent changes in fair value in OCI, only dividend income is recognised in profit or loss. Any subsequent fair value changes are recognised in OCI and will not be reclassified to profit or loss even upon divestment.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

Impairment – The Trust Fund will continue to apply the simplified approach and record lifetime expected impairment losses on all trade and other receivables. On adoption of FRS 109, the Trust Fund does not expect an increase in the impairment loss allowance.

The Trust Fund plans to adopt the standard when it becomes effective, as necessary, in 2018 without restating comparative information.

4 Available-for-sale investments

	2016	2015
	\$	\$
Quoted debt securities, at fair value	3,343,713	4,598,090
Quoted equity securities, at fair value	783,115	843,396
	<u>4,126,828</u>	<u>5,441,486</u>
Breakdown as follows:		
Current		
Quoted debt securities, at fair value	—	1,002,925
Non-current		
Quoted debt securities, at fair value	3,343,713	3,595,165
Quoted equity securities, at fair value	783,115	843,396
	<u>4,126,828</u>	<u>4,438,561</u>

Investments in quoted equity shares offer the Trust Fund the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair values of these securities are based on the quoted bid prices on the last market day of the financial year.

The investments in quoted debt securities have effective interest rates ranging from 3.14% to 3.49% (2015: 1.69% to 3.49%) per annum and have maturity dates from April 2020 to February 2022 (2015: February 2016 to February 2022).

Available-for-sale investments are denominated in the Trust Fund's functional currency.

5 Cash and cash equivalents

	2016	2015
	\$	\$
Cash at banks	274,828	48,457
Fixed deposits	8,734,886	7,808,492
	<u>9,009,714</u>	<u>7,856,949</u>

As at the end of the reporting period, the fixed deposits earn interest ranging from 1.10% to 1.90% (2015: 1.05% to 1.45%) per annum and have a maturity of twelve months (2015: twelve months or less). 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.

6 Ramanathan and Nallammah Fund

This fund will be used to pay scholarship and bursary awards.

In 2002, R Theyvendran, PBM, a trustee, had pledged to donate \$100,000 to the stated fund and has since fully contributed to the fund.

7 Fancy Paper Fund

This fund will be used to pay scholarship and bursary awards.

In 2003, Mr Chua Chen How had pledged to donate \$25,000 to the stated fund and has since fully contributed to the fund.

8 Modern Montessori Institute Fund

This fund will be used to pay scholarship and bursary awards.

In 2003, Modern Montessori International (MMI) pledged to donate \$50,000 to the stated fund and had contributed an amount of \$10,000 to the fund. In October 2007, MMI confirmed that no additional funds, apart from this \$10,000, would be contributed.

9 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.

10 Amount due to a related corporation

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

11 Net assets of the Trust Fund

The net assets of the Trust Fund as shown in the statement of financial position are related to the following:

	Ramanathan Nallammah Fund		Fancy Paper Fund		Modern Montessori Institute Fund		Education Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Represented by:										
Non-current assets										
Available-for-sale investments	—	—	—	—	—	—	4,126,828	4,438,561	4,126,828	4,438,561
Current assets										
Interest receivables	—	—	—	—	—	—	120,024	104,435	120,024	104,435
Available-for-sale investments	—	—	—	—	—	—	—	1,002,925	—	1,002,925
Cash and cash equivalents	100,000	100,000	25,000	25,000	10,000	10,000	8,874,714	7,721,949	9,009,714	7,856,949
	100,000	100,000	25,000	25,000	10,000	10,000	8,994,738	8,829,309	9,129,738	8,964,309
Current liabilities										
Accrued expenses	—	—	—	—	—	—	5,850	5,380	5,850	5,380
Amount due to a related corporation	—	—	—	—	—	—	179,024	5,300	179,024	5,300
	—	—	—	—	—	—	184,874	10,680	184,874	10,680
Total net assets	100,000	100,000	25,000	25,000	10,000	10,000	12,936,692	13,257,190	13,071,692	13,392,190

12 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about the Trust Fund's exposure to each of the above risks, and the Trust Fund's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Trust Fund has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The trustees continually ensure an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the risk of financial loss to the Trust Fund if a counterparty to a financial instrument fails to meet its obligation and arises principally from the Trust Fund's investment securities.

Cash and cash equivalents are placed with financial institutions which are regulated.

Investment securities

The Trust Fund limits its exposure to credit risk by investing only in equity securities listed on the Singapore Stock Exchange.

Liquidity risk

Liquidity risk is the risk that the Trust Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

At the reporting date, the expected contractual undiscounted cash flows of accrued expenses and amount due to a related corporation are expected to occur within one year and are equivalent to their carrying amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Trust Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liabilities will fluctuate due to a change in foreign exchange rates. The Trust Fund invests in financial instruments and enters into transactions that are denominated in its functional currency; hence the exposure to foreign currency risk may be considered as minimal.

Interest rate risk

The Trust Fund's exposure to changes in interest rates primarily affects the interest income earned by the Trust Fund. Interest income is derived from securities and fixed deposits with financial institutions, which is subject to the contractual repricing at prevailing market interest rates on maturity dates, and debt securities.

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of the Trust Fund's investments will fluctuate because of changes in market prices (other than interest or exchange rates). The Trust Fund's exposure to equity price risk arises from its investments in listed equity instruments. The Trust Fund does not use derivative financial instruments to hedge its equity price exposure.

Equity price risk - Sensitivity analysis

The Company has investments in quoted debt securities and quoted equity securities.

A 10% increase/(decrease) in the underlying equity prices at the reporting dates would increase/(decrease) equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	2016	2015
	\$	\$
Quoted debt securities	334,371	459,809
Quoted equity securities	78,312	84,340
	<u>412,683</u>	<u>544,149</u>

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Trust Fund.

Investment in quoted debt securities and quoted equity securities

The fair value of available-for-sale financial assets is determined by reference to its quoted bid price at the reporting date.

Estimating fair values

Investment in equity and debt securities

The fair values of debt and equity securities held by the Trust Fund are determined by reference to their quoted bid prices at the last market day of the financial year.

Accounting classifications and fair values

The carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value		
	Note	Loans and receivables \$	Available-for-sale \$	Other financial liabilities \$	Total \$	Level 1 \$	Total \$
31 December 2016							
Financial assets not measured at fair value							
Interest receivables		120,024	—	—	120,024		
Available-for-sale investments:							
- quoted debt securities	4	—	3,343,713	—	3,343,713	3,343,713	3,343,713
- quoted equity securities	4	—	783,115	—	783,115	783,115	783,115
Cash and cash equivalents	5	9,009,714	—	—	9,009,714		
		9,129,738	4,126,828	—	13,256,566		
Financial liabilities not measured at fair value							
Accrued expenses		—	—	(5,850)	(5,850)		
Amount due to a related corporation		—	—	(179,024)	(179,024)		
		—	—	(184,874)	(184,874)		

Accounting classifications and fair values (continued)

		Carrying amount			Fair value		
	Note	Loans and receivables \$	Available-for-sale \$	Other financial liabilities \$	Total \$	Level 1 \$	Total \$
31 December 2015							
Financial assets not measured at fair value							
		104,435	—	—	104,435		
		Available-for-sale investments:					
-	4	—	4,598,090	—	4,598,090	4,598,090	4,598,090
-	4	—	843,396	—	843,396	843,396	843,396
Cash and cash equivalents	5	7,856,949	—	—	7,856,949		
		<u>7,961,384</u>	<u>5,441,486</u>	<u>—</u>	<u>13,402,870</u>		
Financial liabilities not measured at fair value							
Accrued expenses		—	—	(5,380)	(5,380)		
Amount due to a related corporation		—	—	(5,300)	(5,300)		
		<u>—</u>	<u>—</u>	<u>(10,680)</u>	<u>(10,680)</u>		

As at 31 December 2016, no financial instrument falls under the classification of Level 2 and Level 3.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including interest receivables, cash and cash equivalents, accrued expenses and amount due to a related corporation) are assumed to approximate their fair values because of the short period to maturity.

13 Related parties

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 did not have any staff in its employment for the years ended 31 December 2015 and 2016. The Trust Fund's administrative services were provided by Management Development Institute of Singapore (MDIS).

Other related party transactions

The related party referred to in these financial statements is MDIS, registered as a society and charity in Singapore.

Significant transactions with MDIS are as follows:

	2016 \$	2015 \$
Administrative expenses	18,000	18,000

MANAGEMENT DEVELOPMENT INSTITUTE OF SINGAPORE (MDIS)

Founded in 1956, the Management Development Institute of Singapore (MDIS) is Singapore's oldest not-for-profit professional institute for lifelong learning. MDIS has two main subsidiaries: Management Development Institute of Singapore Pte Ltd to oversee its Singapore academic operations, and MDIS International Pte Ltd to further its globalisation strategy.

MDIS offers well-accredited courses in Business and Management, Engineering, Fashion Design, Health and Life Sciences, Information Technology, Mass Communications, Psychology and Travel, Tourism and Hospitality Management. These programmes are offered in collaboration with renowned universities in France, the United Kingdom and the United States of America.

MDIS is EduTrust certified, attesting to the institute's exemplary education and business excellence standards. The institute was first awarded the certification in 2010 and it was subsequently renewed for another four years in 2014. MDIS is also one of the first Private Education Institutions (PEIs) to be registered under the Enhanced Registration Framework.

MDIS is one of the leading Private Education Institutions (PEIs) to be ranked Top 2 among PEIs in Singapore, according to the Webometrics ranking of World Universities by Cybermetrics Lab in January 2017 (www.webometrics.info - Asia). In 2015, MDIS received the Enterprise 50 Award for its contributions and resilience in spurring Singapore's economy.

The institute set up the MDIS Education Trust Fund in 1999 to support deserving students who have financial difficulties in pursuing their education in Singapore. To date, MDIS has awarded more than some 7,000 scholarships and bursaries totalling more than S\$5 million. The institute also upholds the spirit of giving by actively reaching out to help the young, elderly and disabled, supporting various charities, and providing community assistance.

MDIS' corporate training arm, the Management Development and Consultancy was set up in 1995 to cater to the training needs of the workforce. In 2014, MDIS acquired the Service Quality Centre to diversify its offerings in training solutions and secure the institute's position as a premium provider of training solutions in the region.

Apart from the main Singapore campus, MDIS has three international campuses - Tashkent, Uzbekistan; Johor, Malaysia; and Chennai, India, set up in 2008, 2013 and 2015 respectively. MDIS also has representative offices in China, India, Indonesia, Sri Lanka, and Thailand, as well as agents throughout Southeast Asia.



MDIS

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Tashkent

 **Kolej**
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Global Education from Singapore



Cert No. 10012-2016
Validity: 26/12/2014 - 26/12/2018

Management Development Institute of Singapore
Reg. No. 2016017994
20 May 2014 to 19 May 2018



Cert No. 10012-2017
Validity: 26/12/2014 - 26/12/2018

MDIS College
Reg. No. 2016017994
20 May 2014 to 19 May 2018



CERT NO. 10012-2014
20 MAY 2014 - 19 MAY 2018



CERT NO. 10012-2014
20 MAY 2014 - 19 MAY 2018



CERT NO. 10012-2014
20 MAY 2014 - 19 MAY 2018



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