

**THONG CHAI INSTITUTE OF
MEDICAL RESEARCH**

[UEN: 200311661W]

[IPC No. HEF0086/G]

[A company limited by guarantee and not
having share capital]

[Incorporated in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016**

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Fiducia LLP

(UEN: T10LL0955L)

Public Accountants and

Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6725.8161

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2016.

In the opinion of the directors,

- a) the financial statements as set out on pages 7 to 25 are drawn up so as to give a true and fair view of the financial position of the Company at 31 December 2016, the financial performance of its financial activities, and cash flows of the Company for the financial year then ended; and
- b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Lim Guan Lee
Tan Tock Han
Khoo Boo Liat
Yeo Eng Koon
Teo Kek Tjok @ Teo Kek Yeng
Loh Kim Gek
Teo Kok Keong
Lu Xiao Jian
Ng Jin Ju
Chua Hui Shi Amanda
Khor Tze Hsin

Arrangements to enable directors to acquire shares and/ or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other matters

As the Company is limited by guarantee, matters relating to interest in shares, debentures or share options are not applicable.

DIRECTORS' STATEMENT (Cont'd)

Independent auditor

The independent auditor, Fiducia LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors,

Lim Guan Lee
Director

Tan Tock Han
Director

Singapore, | 7 APR 2017

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Independent auditor's report to the members of:

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **THONG CHAI INSTITUTE OF MEDICAL RESEARCH** (the "Company"), which comprise the statement of financial position as at 31 December 2016, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 2 to 3 but does not include the financial statements and our auditor's report thereon.

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.

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(CONT'D)

Independent auditor's report to the members of:

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance comprises the directors. Their responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

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

- (a) the Company has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Company has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

Fiducia LLP

Public Accountants and
Chartered Accountants
Singapore, |

Partner-in-charge: Lee Choon Keat
PAB. No.: 01721

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	General Fund 2016 S\$	Medical Research Fund 2016 S\$	Total Funds 2016 S\$
INCOME				
Voluntary income				
Donations	5	376,599	0	376,599
Activity for generating fund				
Donations – Flag day	6	93,413	0	93,413
Income from charitable activities				
Course fee		42,369	0	42,369
R&D income		107,528	0	107,528
		149,897	0	149,897
Other income				
Fixed deposits interest income		36,892	0	36,892
Job Credit Scheme		222	0	222
Membership fees		1,000	0	1,000
Temporary employment credit		857	0	857
Other income		221	0	221
		39,192	0	39,192
TOTAL INCOME		659,101	0	659,101
LESS: EXPENDITURE				
Cost of generating fund				
Flag Day – general expenses		2,622	0	2,622
Cost of charitable activities				
Medical supplies		69,273	0	69,273
Printing and stationery		3,964	0	3,964
Scholarships		40,000	0	40,000
Sponsorships		18,260	0	18,260
Staff costs	7	93,416	0	93,416
Travelling expenses		750	0	750
		225,663	0	225,663
Governance and other administrative costs				
Audit fee		3,210	0	3,210
Advertising expenses		730	0	730
Bank charges		3,784	0	3,784
Computer maintenance fee		50	0	50
Depreciation of property, plant and equipment	11	1,267	0	1,267
General expenses		15,658	0	15,658
Meal and refreshment		3,590	0	3,590
Office supplies		8	0	8
Staff costs	7	11,897	0	11,897
Telephone charges		224	0	224
Transportation		44	0	44
		40,462	0	40,462
TOTAL EXPENDITURE		268,747	0	268,747
Net income for the year		390,354	0	390,354
Total funds brought forward		792,747	1,598,661	2,391,408
Total funds carried forward		1,183,101	1,598,661	2,781,762

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont'd)

		General Fund	Medical Research Fund	Total Funds
	Note	2015 S\$	2015 S\$	2015 S\$
INCOME				
Voluntary income				
Donations	5	556,498	0	556,498
Activity for generating fund				
Donations – Flag day	6	99,982	0	99,982
Income from charitable activities				
Course fee		32,520	0	32,520
R&D income		68,644	0	68,644
		101,164	0	101,164
Other income				
Fixed deposits interest income		26,109	0	26,109
Job Credit Scheme		790	0	790
Membership fees		1,000	0	1,000
Seminar income		17,300	0	17,300
		45,199	0	45,199
TOTAL INCOME		802,843	0	802,843
LESS: EXPENDITURE				
Cost of generating fund				
Flag Day – general expenses		4,724	0	4,724
Cost of charitable activities				
Lecture fee		1,782	0	1,782
Medical supplies		37,118	0	37,118
Printing and stationery		1,318	0	1,318
Scholarships		40,000	0	40,000
Sponsorships		48,723	0	48,723
Staff costs	7	91,115	0	91,115
Travelling expenses		1,757	0	1,757
		221,813	0	221,813
Governance and other administrative costs				
Audit fee		3,210	0	3,210
Advertising expenses		17,977	0	17,977
Bank charges		130	0	130
Computer maintenance fee		320	0	320
Credit card charges		1,955	0	1,955
Depreciation of property, plant and equipment	11	1,530	0	1,530
Entertainment		8,357	0	8,357
General expenses		9,092	0	9,092
Meal and refreshment		6,141	0	6,141
Office supplies		270	0	270
Postage		173	0	173
Staff costs	7	10,937	0	10,937
Telephone charges		236	0	236
Transportation		764	0	764
		61,092	0	61,092
TOTAL EXPENDITURE		287,629	0	287,629
Net income for the year		515,214	0	515,214
Total funds brought forward		277,533	1,598,661	1,876,194
Total funds carried forward		792,747	1,598,661	2,391,408

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 S\$	2015 S\$
ASSETS			
Current assets			
Cash and cash equivalents	8	2,730,135	2,333,070
Other receivables	9	34,342	53,330
Inventories	10	34,889	19,697
		<u>2,799,366</u>	<u>2,406,097</u>
Non-current asset			
Property, plant and equipment	11	1,953	3,220
		<u>2,801,319</u>	<u>2,409,317</u>
Total assets			
LIABILITY			
Current liability			
Other payables	12	19,557	17,909
		<u>2,781,762</u>	<u>2,391,408</u>
NET ASSETS			
FUNDS			
UNRESTRICTED FUND			
General Fund	13	1,183,101	792,747
RESTRICTED FUND			
Medical Research Fund	14	1,598,661	1,598,661
		<u>2,781,762</u>	<u>2,391,408</u>
TOTAL FUNDS			

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED TO 31 DECEMBER 2016

		Balance at the beginning of financial year	Net income for the year	Balance at the end of financial year
	Note	S\$	S\$	S\$
2016				
Unrestricted Fund				
General Fund	13	792,747	390,354	1,183,101
Restricted Fund				
Medical Research Fund	14	1,598,661	0	1,598,661
Total Funds		<u>2,391,408</u>	<u>390,354</u>	<u>2,781,762</u>

		Balance at the beginning of financial year	Net income for the year	Balance at the end of financial year
	Note	S\$	S\$	S\$
2015				
Unrestricted Fund				
General Fund	13	277,533	515,214	792,747
Restricted Fund				
Medical Research Fund	14	1,598,661	0	1,598,661
Total Funds		<u>1,876,194</u>	<u>515,214</u>	<u>2,391,408</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 S\$	2015 S\$
Cash flows from operating activities			
Net income for the year		390,354	515,214
Adjustments for:			
- Depreciation of property, plant and equipment	11	1,267	1,530
- Fixed deposits interest income		(36,892)	(26,109)
Operating cash flow before working capital changes		354,729	490,635
Changes in operating assets and liabilities			
- Other receivables		17,419	(33,619)
- Other payables		1,648	427
- Inventories		(15,192)	(19,697)
Net cash provided by operating activities		358,604	437,746
Cash flows from investing activities			
Fixed deposits interest received		38,461	20,411
Net cash provided by investing activities		38,461	20,411
Net increase in cash and cash equivalents		397,065	458,157
Cash and cash equivalents at beginning of financial year		2,333,070	1,874,913
Cash and cash equivalents at end of financial year		2,730,135	2,333,070
Cash and cash equivalents comprise:			
Cash in hand	8	116	442
Cash at bank	8	360,004	501,073
Fixed deposits	8	2,370,015	1,831,555
		2,730,135	2,333,070

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is located at 50 Chin Swee Road #01-02 Thong Chai Building Singapore 169874.

It is a charity registered under the Charities Act (Chapter 37) since 5 January 2004. The Company has been accorded an Institution of Public Character ('IPC') status for the period from 18 April 2014 to 17 April 2015. The IPC period has been extended from 18 April 2015 to 17 April 2017.

The principal activities of the Company are those of research and experimental development on medical technologies and other health services.

These financial statements are presented in Singapore Dollars, which is the Company's functional currency.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue is recognized as follows:

2.2.1 Donations

Donations are taken up and accrued as and when they are committed. Those uncommitted donations, income from charity events and all income except as listed below, are recognized on receipt basis. Donations-in-kind are recognized when the fair value of the assets received can be reasonably ascertained.

2. Significant accounting policies (Cont'd)

2.2 Revenue recognition (Cont'd)

2.2.2 Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

2.2.3 Other income

Other income is recognized when incurred.

2.3 Property, plant and equipment

2.3.1 Measurement

Property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.3.2 Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful Lives
Computers	5 years
Furniture & fittings	5 years
General equipment	10 years
Medical equipment	5 years
Office equipment	10 years
Signboard	5 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision of the residual values and useful lives are included in the statement of financial activities for the financial year in which the changes arise.

2.3.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that have already been recognized is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognized as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

2.3.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.4 Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognized in the statement of financial activities.

An impairment loss for an asset is reversed if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset is recognized in the statement of financial activities.

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the statement of financial position date, which are classified as non-current assets. Loans and receivables are classified within "other receivables" and "cash and cash equivalents" on the statement of financial position.

2.5.2 Recognition and derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the statement of financial activities. Any amount in the fair value reserve relating to that asset is also taken to the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.5 Financial cost (Cont'd)

2.5.3 Initial Measurement

Financial assets are initially recognized at fair value plus transaction.

2.5.4 Subsequent Measurement

Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2.5.5 Impairment

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes an allowance for impairment when such evidence exists.

Loans and receivables

An allowance for impairment of loans and receivables including other receivables is recognized when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the amount becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment losses decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortized cost had no impairment been recognized in prior periods.

2.6 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortized cost, approximate their fair values due to their short-term nature.

2.7 Operating lease

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Rental on operating lease is charged to statement of financial activities. Contingent rents are recognized as an expense in the statement of financial activities in the financial year in which they are incurred.

2. Significant accounting policies (Cont'd)

2.8 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using weighted average basis.

2.9 Other payables

Other payables are initially recognized at fair value, and subsequently carried at amortized cost, using the effective interest method.

2.10 Other receivables

Other receivables are initially recognized at fair value, and subsequently carried at amortized cost, using the effective interest method.

2.11 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.12 Employee compensation

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contribution to defined contribution plans are recognized as employee compensation expense when they are due.

Employee leave entitlement

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

2.13 Currency translation

Transactions denominated in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at the closing rate at the statement of financial position date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial activities.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits with financial institutions that are subject to an insignificant risk of change in value.

2. Significant accounting policies (Cont'd)

2.15 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company;
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others;
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical judgements in applying the entity's accounting policies

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

Allowance for impairment of receivables

The Company reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluate the risks of collection according to the credit standing and collection history of individual customer. If there are indications that the financial position of a customer has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

3. Critical accounting estimates, assumptions and judgements (Cont'd)

3.1 Critical judgements in applying the entity's accounting policies (Cont'd)

Estimated useful lives of property, plant and equipment

The Company reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.

4. Income tax

The Company is a charity registered under the Charities Act since 5 January 2004. Consequently, the income of the Company is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap. 134.

5. Voluntary income: Donations

	2016 S\$	2015 S\$
Tax deductible donations	375,179	554,948
Non-tax deductible donations	<u>1,420</u>	<u>1,550</u>
	<u>376,599</u>	<u>556,498</u>

6. Activity for generating fund: Donations – Flag Day

	2016 S\$	2015 S\$
Tax deductible donations	22,346	11,940
Non-tax deductible donations	<u>71,067</u>	<u>88,042</u>
	<u>93,413</u>	<u>99,982</u>

7. Staff costs

Included in the expenses expended are the following staff costs:

	2016 S\$	2015 S\$
Salaries and bonuses	87,267	84,413
CPF contributions	7,584	7,265
SDL & CDAC	222	224
Internship allowances	9,440	9,350
Staff welfare	800	800
	<u>105,313</u>	<u>102,052</u>
The staff costs were allocated as follows:		
• Costs of charitable activities	93,416	91,115
• Governance and other administrative costs	11,897	10,937
	<u>105,313</u>	<u>102,052</u>

8. Cash and cash equivalents

	2016 S\$	2015 S\$
Cash in hand	116	442
Cash at bank	360,004	501,073
Fixed deposits	2,370,015	1,831,555
	<u>2,730,135</u>	<u>2,333,070</u>

Fixed deposits at the reporting date had an average maturity less than 2 months to 7 months (2015: less than 4 months to 8 months) from that date and had a weighted average effective interest rate of 1.56% (2015: 1.43%) per annum.

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair values.

9. Other receivables

	2016 S\$	2015 S\$
Fixed deposits interest receivables	18,142	19,711
Other receivables	16,200	33,419
Prepayments	0	200
	<u>34,342</u>	<u>53,330</u>

At the reporting date, the carrying amounts of other receivables approximated their fair value.

10. Inventories

	2016 S\$	2015 S\$
Inventories held for sale		
- Finished goods	34,889	19,697
	<u>34,889</u>	<u>19,697</u>

The cost of inventories recognized as an expense and included in "medical supplies" amounted to S\$69,273 (2015: S\$37,118).

11. Property, plant and equipment

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
2016				
At cost				
Computers	16,666	0	0	16,666
Furniture and fittings	280	0	0	280
General equipment	8,932	0	0	8,932
Medical equipment	150	0	0	150
Office equipment	1,554	0	0	1,554
Signboard	2,170	0	0	2,170
	<u>29,752</u>	<u>0</u>	<u>0</u>	<u>29,752</u>

	Balance at beginning of year S\$	Depreciation charge S\$	(Disposal) S\$	Balance at end of Year S\$
2016				
Accumulated depreciation				
Computers	13,500	1,213	0	14,713
Furniture and fittings	280	0	0	280
General equipment	8,931	1	0	8,932
Medical equipment	150	0	0	150
Office equipment	1,501	53	0	1,554
Signboard	2,170	0	0	2,170
	<u>26,532</u>	<u>1,267</u>	<u>0</u>	<u>27,799</u>

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
2016				
Net book value				
Computers	3,166			1,953
Furniture and fittings	0			0
General equipment	1			0
Medical equipment	0			0
Office equipment	53			0
Signboard	0			0
	<u>3,220</u>			<u>1,953</u>

11. Property, plant and equipment (Cont'd)

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
2015				
At cost				
Computers	16,666	0	0	16,666
Furniture and fittings	280	0	0	280
General equipment	8,932	0	0	8,932
Medical equipment	150	0	0	150
Office equipment	1,554	0	0	1,554
Signboard	2,170	0	0	2,170
	<u>29,752</u>	<u>0</u>	<u>0</u>	<u>29,752</u>
	Balance at beginning of year S\$	Depreciation charge S\$	(Disposal) S\$	Balance at end of Year S\$
2015				
Accumulated depreciation				
Computers	12,189	1,311	0	13,500
Furniture and fittings	280	0	0	280
General equipment	8,850	81	0	8,931
Medical equipment	150	0	0	150
Office equipment	1,363	138	0	1,501
Signboard	2,170	0	0	2,170
	<u>25,002</u>	<u>1,530</u>	<u>0</u>	<u>26,532</u>
	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
2015				
Net book value				
Computers	4,477			3,166
Furniture and fittings	0			0
General equipment	82			1
Medical equipment	0			0
Office equipment	191			53
Signboard	0			0
	<u>4,750</u>			<u>3,220</u>

12. Other payables

	2016 S\$	2015 S\$
Accrued expenses	19,357	16,909
Advanced membership fee	200	1,000
	<u>19,557</u>	<u>17,909</u>

At the reporting date, the carrying amounts of other payables approximated their fair values.

13. General Fund

The General Fund is for the purpose of meeting operating expenses incurred by the Company.

14. Medical Research Fund

The Medical Research Fund was raised by Singapore Thong Chai Medical Institution for the medical research and further education and training for Traditional Chinese Physicians in the field of Traditional Chinese Medicine.

The Company was incorporated on 15 November 2003 to take over the role for such purpose. In complying with the institution and rules, Singapore Thong Chai Medical Institution has resolved the final transfer of S\$1,598,661 on 23 October 2008.

15. Related party transaction

The remuneration of key management personnel during the financial year was as follows:

	2016 S\$	2015 S\$
Director's remuneration		
- Salaries and other short-term employee benefits	2,657	2,657
- Post-employment benefits – contribution to CPF	239	226
	<u>2,896</u>	<u>2,883</u>
	2016 S\$	2015 S\$
Executive's remuneration		
- Salaries and other short-term employee benefits	75,192	74,216
- Post-employment benefits – contribution to CPF	5,662	5,489
	<u>80,854</u>	<u>79,705</u>

There is no employee with emolument above S\$100,000.

16. Reserve position and policy

The Company's reserve position for financial year ended 31 December 2016 is as follows:

		2016	2015	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Fund			
	General Fund	1,183	793	49.18
B	Restricted Fund			
	Medical Research Fund	1,599	1,599	0.00
C	Endowment Fund	N/A	N/A	N/A
D	Total Funds	2,782	2,392	16.30
E	Total Annual Operating Expenditure	269	288	(6.60)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	4.40	2.75	

16. Reserve position and policy (Cont'd)

Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted/ designated and endowment funds.
- E. Total Annual Operating Expenditure includes expenses related to Cost of Charitable Activities and Governance and Other Operating and Administration expenses.

The Company's Reserve Policy is as follows:

The maximum operating reserves for Thong Chai Institute of Medical Research shall be three (3) years of the amount of the annual operating expenditure.

17. Financial risk management

The Company is mainly exposed to currency risk, interest rate risk, credit risk and liquidity risk.

Risk management is carried out under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk and liquidity risk use of derivative financial instruments and investing excess liquidity.

Currency risk

The Company is not exposed to foreign exchange risk as most of its transactions are in Singapore Dollar.

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The interest bearing assets comprise bank balance and fixed deposits, which are short-term in nature. Any short-term fluctuation in interest rates will not significantly affect the Company. No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's profit or loss arising from the effects of reasonably possible changes in interest rates on interest-bearing financial instruments at the end of the reporting period.

Credit risk

Credit risk is the potential financial loss resulting from the customer defaulting on its contractual obligations to the Company. The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales are made to customers with an appropriate credit history and credit standing.

The Company's maximum exposure to credit risk is represented by the carrying amount of financial assets recorded in the financial statements, net of allowances of losses.

Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

17. Financial risk management (Cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations due to shortage of funds. The Company exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets or liabilities.

Management monitors and ensures that the Company maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

	Within one year	Later than one year but not later than five years	Total
	S\$	S\$	S\$
2016			
Financial assets			
Cash and cash equivalents	2,730,135	0	2,730,135
Other receivables (excluding prepayment)	34,342	0	34,342
	<u>2,764,477</u>	<u>0</u>	<u>2,764,477</u>
Financial liability			
Other payables	(19,557)	0	(19,557)
	<u>(19,557)</u>	<u>0</u>	<u>(19,557)</u>
Net financial assets	<u>2,744,920</u>	<u>0</u>	<u>2,744,920</u>
	Within one year	Later than one year but not later than five years	Total
	S\$	S\$	S\$
2015			
Financial assets			
Cash and cash equivalents	2,333,070	0	2,333,070
Other receivables (excluding prepayment)	53,130	0	53,130
	<u>2,386,200</u>	<u>0</u>	<u>2,386,200</u>
Financial liability			
Other payables	(17,909)	0	(17,909)
	<u>(17,909)</u>	<u>0</u>	<u>(17,909)</u>
Net financial assets	<u>2,368,291</u>	<u>0</u>	<u>2,368,291</u>

17. Financial risk management (Cont'd)

Fair values

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Company approximate their fair values due to their short-term nature.

18. Fund management policy

The primary objective of the Company is to ensure it maintains sufficient cash in order to support its activities. Its approach to fund management is to balance the allocation of cash and the incurrence of debt. Available cash is deployed primarily to cover operational requirements.

19. New accounting standards and FRS interpretations

Certain new accounting standards and interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2016. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on the Company's financial statements.

20. Authorization of financial statements

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors of the Company on | 7 APR 2017