

Thong Chai Institute of Medical Research
(Company Registration Number: 200311661W)
(Registered under Companies Act, Chapter 50 and Charities Act, Chapter 37)

AUDITED FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017



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Thong Chai Institute of Medical Research
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AUDITED FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

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Thong Chai Institute of Medical Research

**DIRECTORS' STATEMENT
For the Financial Year Ended 31 December 2017**

The directors present their statement to the members together with the audited financial statements of Thong Chai Institute of Medical Research (the "Company") for the financial year ended 31 December 2017.

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017, and the financial performance, changes in funds, and cash flows of the Company for the financial year ended on that date; 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 of the Company in office at the date of this statement are:

Lim Guan Lee
Tan Tock Han
Khoo Boo Liat
Teo Kek Tjok @ Teo Kek Yeng
Yeo Eng Koon
Teo Kok Keong
Loh Kim Gek
Lu Xiao Jian
Ng Jin Ju
Khor Tze Hsin
Chua Hui Shi Amanda
Teo Chun Huat (appointed on 27 April 2017)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

The Company has no share capital and its liabilities are limited by guarantee.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or end of the financial year.

Thong Chai Institute of Medical Research
DIRECTORS' STATEMENT
For the Financial Year Ended 31 December 2017

INDEPENDENT AUDITOR

The independent auditor, Tan, Chan & Partners, has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Lim Guan Lee
Director

Tan Tock Han
Director

Singapore

Date:

INDEPENDENT AUDITOR'S REPORT

To The Members of
Thong Chai Institute of Medical Research
For the Financial Year Ended 31 December 2017

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 of the Company as at 31 December 2017, the statement of financial activities, statement of changes in funds, and statement of cash flows of the Company 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 of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the 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 2017, and of the financial performance, changes in funds, and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 matter

The financial statements of the Company for the previous financial year ended 31 December 2016 was audited by another firm of auditors who expressed an unmodified opinion on those financial statements in their report dated 07 April 2017.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement, but does not include 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.

INDEPENDENT AUDITOR'S REPORT

To The Members of
Thong Chai Institute of Medical Research
For the Financial Year Ended 31 December 2017

Other information (Cont'd)

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.

Responsibilities of Management and Directors 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 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.

The directors' 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 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.

INDEPENDENT AUDITOR'S REPORT

To The Members of
Thong Chai Institute of Medical Research
For the Financial Year Ended 31 December 2017

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

- 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.
- 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the 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 financial 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 requirement of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

INDEPENDENT AUDITOR'S REPORT

**To The Members of
Thong Chai Institute of Medical Research
For the Financial Year Ended 31 December 2017**

Report on Other Legal and Regulatory Requirements (Cont'd)

There was no fund-raising appeal held by the Company during the financial year.

Tan, Chan & Partners
*Public Accountants and
Chartered Accountants*

Singapore

Thong Chai Institute of Medical Research
STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	2017 \$	2016 \$
ASSETS			
Non-current asset			
Plant and equipment	4	740	1,953
Current assets			
Inventories	5	-	34,889
Other receivables	6	12,697	34,342
Cash and bank deposits	7	2,694,740	2,730,135
		2,707,437	2,799,366
Total assets		2,708,177	2,801,319
LIABILITY AND FUNDS			
Current liability			
Other payables	8	19,618	19,557
Funds			
Unrestricted fund:			
General fund		1,089,898	1,183,101
Restricted fund:			
Medical research fund	9	1,598,661	1,598,661
		2,688,559	2,781,762
Total liability and funds		2,708,177	2,801,319

The accompany notes form an integral part of the financial statements.

Thong Chai Institute of Medical Research
STATEMENT OF FINANCIAL ACTIVITIES
For the Financial Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Income			
Voluntary income			
Donations		30,921	376,599
Income from generated funds			
Flag-day receipt		-	93,413
Income from charitable activities	10	107,214	149,897
Other income	11	31,940	39,192
		<u>170,075</u>	<u>659,101</u>
Less: Cost of generating funds			
Fund raising costs		-	2,622
Less: Cost of charitable activities	12	234,117	225,548
Less: Governance and administrative costs	13	<u>29,161</u>	<u>40,577</u>
(Deficit)/Surplus for the financial year, representing total comprehensive (loss)/income for the financial year		<u><u>(93,203)</u></u>	<u><u>390,354</u></u>

The accompany notes form an integral part of the financial statements.

Thong Chai Institute of Medical Research
STATEMENT OF CHANGES IN FUNDS
For the Financial Year Ended 31 December 2017

	<u>Unrestricted</u>	<u>Restricted</u>	
	General	Medical	
	fund	research	Total
	\$	fund	funds
		\$	\$
		(Note 9)	
As at 01 January 2016	792,747	1,598,661	2,391,408
Surplus for the financial year, representing total comprehensive income for the financial year	390,354	-	390,354
As at 31 December 2016	1,183,101	1,598,661	2,781,762
Deficit for the financial year, representing total comprehensive loss for the financial year	(93,203)	-	(93,203)
As at 31 December 2017	1,089,898	1,598,661	2,688,559

The accompany notes form an integral part of the financial statements.

Thong Chai Institute of Medical Research
STATEMENT OF CASH FLOWS
For the Financial Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Operating activities			
(Deficit)/Surplus for the financial year		(93,203)	390,354
<u>Adjustments for:</u>			
Depreciation of plant and equipment	13	1,213	1,267
Interest income	11	(30,725)	(36,892)
Operating cash flows before working capital changes		<u>(122,715)</u>	<u>354,729</u>
<u>Changes in working capital:</u>			
Other receivables		21,645	17,419
Other payables		61	1,648
Inventories		34,889	(15,192)
Cash (used in)/generated from operations		<u>(66,120)</u>	<u>358,604</u>
Interest received		<u>30,725</u>	<u>38,461</u>
Net cash (used in)/ generated from operating activities		<u>(35,395)</u>	<u>397,065</u>
Net changes in cash and cash equivalents		(35,395)	397,065
Cash and cash equivalents at beginning of financial year		<u>2,730,135</u>	<u>2,333,070</u>
Cash and cash equivalents at end of financial year	7	<u><u>2,694,740</u></u>	<u><u>2,730,135</u></u>

The accompany notes form an integral part of the financial statements.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

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

1. GENERAL INFORMATION

Thong Chai Institute of Medical Research (the “Company”) is incorporated and domiciled in the Republic of Singapore, limited by guarantee and not having a share capital. The Company is registered as a charity under the Charities Act, Chapter 37 and is an approved Institution of Public Character (IPC) from 18 April 2015 to 17 April 2017. The IPC period has been extended from 18 April 2017 to 17 April 2018. The registered office and its principal place of operation is located at 50 Chin Swee Road, #01-02 Thong Chai Building, Singapore 169874.

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

The financial statements of the Company for the financial year ended 31 December 2017 were authorised for issue by the board of directors on _____.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore (“FRSs”) under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements of the Company are presented in Singapore dollars (“\$”).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 01 January 2017. The adoption of these new/revised standards and interpretations did not result in any substantial changes to the accounting policies of the Company, or have any material effect on the financial performance or position of the Company.

2.3 New or revised accounting standards and interpretations issued but not yet effective

Certain new standards, amendments to standards and interpretations are issued but effective for annual financial periods beginning on or after 01 January 2018, and which the Company has not been early adopted in preparing these financial statements. None of these are expected to have a significant impact on the Company’s financial statements in the year of initial application.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Functional currency

Functional and presentation currency

The functional currency of the Company is determined to be Singapore dollars (“\$”), which is also the presentation currency of the Company’s financial statements.

Transactions and balances

Transactions arising in foreign currencies are recorded on initial recognition at the exchange rate approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of financial activities.

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation is computed on a straight-line method over the estimated useful lives of the assets as follows:

	<u>Estimated useful life</u>
Computers	5 years
Furniture and fittings	5 years
General equipment	10 years
Medical equipment	5 years
Office equipment	10 years
Signboard	5 years

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

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

The residual value, estimated useful lives and depreciation method are reviewed at each reporting period and adjusted prospectively, if appropriate.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Plant and equipment (cont'd)

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the assets is included in statement of financial activities in the period that the assets are derecognised.

2.6 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

Impairment losses are recognised in statement of financial activities.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in statement of financial activities.

2.7 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in first-out method. Cost comprises direct materials and direct processing costs, that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value, and recognised as an expense in statement of financial activities in the period the allowance is made.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

Loans and receivables

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

De-recognition

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

2.9 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in statement of financial activities.

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

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

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, fixed deposits, and short-term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts.

2.11 Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through statement of financial activities, directly attributable transaction costs.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Financial liabilities (cont'd)

Subsequent measurement

Financial liabilities carried at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through statement of financial activities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of financial activities when the liabilities are derecognised, and through the amortisation process.

De-recognition

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

2.12 Provisions

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

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

2.13 Employee benefits

(a) Defined contribution plan

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

(b) Short-term benefits

All short-term benefits are recognised in statement of financial activities in the period in which the employees rendered their services to the Company.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.14 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and rebates, and taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Donations and Flag-day receipt

Donations and flag-day receipt are recognised upon receipt.

(b) Course fees and seminar income

Revenue from course fees and seminar income are recognised by reference to the stage of completion of events at the end of the reporting period.

(c) R&D income

Revenue from R&D income is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Other miscellaneous income

Other miscellaneous income is recognised upon receipt.

2.15 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (b) the amount of the obligation cannot be measured within sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Contingencies (cont'd)

Contingent liabilities and assets are not recognised on the statement of financial position of the Company.

2.16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to statement of financial activities over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.17 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 reporting entity if any of the following condition 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 others);
- (ii) One of the entities 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 venture 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 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 (of or a parent of the entity).

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.18 Key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company whether directly or indirectly. The directors are considered as key management personnel of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Management is of the opinion that there is no significant judgement 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.

Thong Chai Institute of Medical Research

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017**

4. PLANT AND EQUIPMENT

	Note	Computers \$	Furniture and fittings \$	General equipment \$	Medical equipment \$	Office equipment \$	Signboard \$	Total \$
Cost								
As at 01 January 2016,			280	8,932	150	1,554	2,170	29,752
31 December 2016 and 31 December 2017		16,666	280	8,932	150	1,554	2,170	29,752
Accumulated depreciation								
As at 01 January 2016		13,500	280	8,931	150	1,501	2,170	26,532
Depreciation	13	1,213	-	1	-	53	-	1,267
As at 31 December 2016		14,713	280	8,932	150	1,554	2,170	27,799
Depreciation	13	1,213	-	-	-	-	-	1,213
As at 31 December 2017		15,926	280	8,932	150	1,554	2,170	29,012
Net carrying amount								
As at 31 December 2017		740	-	-	-	-	-	740
As at 31 December 2016		1,953	-	-	-	-	-	1,953

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
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5. INVENTORIES

	Note	2017 \$	2016 \$
<u>Statement of Financial Position</u>			
Finished goods (at cost)		-	34,889
<u>Statement of Financial Activities</u>			
Inventories recognised as an expense in cost of charitable activities	12	34,889	69,273

6. OTHER RECEIVABLES

		2017 \$	2016 \$
Fixed deposits interest receivables		12,697	18,142
Sundry receivables		-	16,200
		<u>12,697</u>	<u>34,342</u>

Non-trade sundry receivables are unsecured, interest-free, and repayable on demand.

7. CASH AND BANK DEPOSITS

		2017 \$	2016 \$
Cash at bank		288,432	360,004
Cash in hand		121	116
Fixed deposits		2,406,187	2,370,015
		<u>2,694,740</u>	<u>2,730,135</u>

Fixed deposits are placed with banks for varying periods of between 3 to 12 months (2016: 3 to 12 months), and earn interest rates at the respective deposit rates. The average interest rates were 1.25% (2016: 1.56%) per annum and mature approximately 2 to 7 months (2016: 2 to 7 months) from the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

8. OTHER PAYABLES

	2017	2016
	\$	\$
Accrued operating expenses	19,218	19,357
Advance membership fee	400	200
	19,618	19,557

9. MEDICAL RESEARCH FUND

	2017	2016
	\$	\$
At the beginning/ end of the financial year	1,598,661	1,598,661

The fund was established 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 to take over the role for such purpose. In complying with the institution and rules, Singapore Thong Chai Medical Institution transferred the sum of \$1,598,661 on 23 October 2008.

10. INCOME FROM CHARITABLE ACTIVITIES

	2017	2016
	\$	\$
Course fee	45,966	42,369
R&D income	54,848	107,528
Seminar income	6,400	-
	107,214	149,897

11. OTHER INCOME

	2017	2016
	\$	\$
Fixed deposit interest income	30,725	36,892
Jobs credit scheme	180	222
Membership fees	400	1,000
Temporary employment credit	635	221
Other miscellaneous income	-	857
	31,940	39,192

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12. COST OF CHARITABLE ACTIVITIES

	Note	2017 \$	2016 \$
Medical supplies	5	34,889	69,273
Photography and videography		1,050	-
Printing and stationery		2,486	3,964
Scholarships		35,000	40,000
Seminar allowance		14,676	-
Sponsorships		38,053	18,260
Staff salaries and other related costs		99,572	93,301
Travelling expenses		8,391	750
		<u>234,117</u>	<u>225,548</u>

13. GOVERNANCE AND ADMINISTRATIVE COSTS

	Note	2017 \$	2016 \$
Advertisement		731	730
Audit fee		3,500	3,210
Bank charges		298	3,784
Computer maintenance fee		250	50
Depreciation of plant and equipment	4	1,213	1,267
Entertainment		1,566	-
General expenses		4,786	15,658
Meal and refreshment		4,550	3,590
Office supplies		40	8
Postage		35	-
Staff salaries and other related costs		11,864	12,012
Telephone charges		197	224
Transportation		131	44
		<u>29,161</u>	<u>40,577</u>

14. TAXATION

The Company is registered as an exempt charity under the Charities Act, Chapter 37 with effect from 05 January 2004. By virtue of section 13 (1) (zm) of the Income Tax Act Cap 134, the Company is exempted from income tax.

15. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in the financial statements, the Company carried out the following transactions with the related parties on terms between the parties during the financial year:

Thong Chai Institute of Medical Research
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15. RELATED PARTY TRANSACTIONS (Cont'd)

Compensation to key management personnel

	2017	2016
	\$	\$
Directors' remuneration:		
- Salaries and bonuses	2,878	2,657
- CPF contribution	290	240
- Internship allowance	3,270	3,140
- Seminar allowance	5,259	-
	<u>11,697</u>	<u>6,037</u>

16. MEMBERS GUARANTEE

The liability of each member is limited to \$100 while he or she is a member, or within one year after he or she ceases to be a member.

As at the end of the reporting period, the Company has 53 (2016: 50) members.

17. FINANCIAL INSTRUMENTS

	Note	2017	2016
		\$	\$
<u>Financial assets</u>			
Other receivables	6	12,697	34,342
Cash and cash equivalents	7	<u>2,694,740</u>	<u>2,730,135</u>
Loans and receivables carried at amortised cost		<u>2,707,437</u>	<u>2,764,477</u>
<u>Financial liabilities</u>			
Other payables	8	19,618	19,557
Less: Advance membership fee	8	<u>(400)</u>	<u>(200)</u>
Financial liabilities carried at amortised cost		<u>19,218</u>	<u>19,357</u>

18. FUNDS MANAGEMENT

The primary objective of the Company's funds management is to ensure that the funding from members and other sources are properly managed and used to support its operations.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
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18. FUNDS MANAGEMENT (Cont'd)

The Company manages its funds structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 2016 respectively.

The Company is not subjected to externally imposed capital requirements.

19. FINANCIAL RISK MANAGEMENT

The key financial risk faced by the Company is liquidity risk.

The board of directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification, measurement and exposure limits.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the board of directors. The information presented below is based on information received by key management.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties to settle or meet its financial obligations due to shortage of available funds. The Company's objective is to maintain sufficient level of cash and cash equivalents, and internally generated cash flows to finance its activities. The Company actively manages its operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

All financial liabilities at the end of the reporting period are repayable within one year from the reporting date.

