

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 2020



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Thong Chai Institute of Medical Research
(Company Registration Number: 200311661W)

AUDITED FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

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Thong Chai Institute of Medical Research
DIRECTORS' STATEMENT
For the Financial Year Ended 31 December 2020

The directors are pleased to 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 2020.

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 2020, and of 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 (Chairman)
Teo Kek Tjok @ Teo Kek Yeng
Yeo Eng Koon
Low Theng Whee
Teo Kok Keong
Lim Tiang Chuan
Tan Tock Han
Khoo Boo Liat
Zheng HuangFang
Teo Chun Huat
Lee Hui Min
Loh Kim Gek
Lu Xiao Jian
Tan Hui Chin
Tan Quan Ming
Quek Yan Peng Leona
Na Yi Ting
Tan Tze Kiat

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 objects 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.

Thong Chai Institute of Medical Research

**DIRECTORS' STATEMENT
For the Financial Year Ended 31 December 2020**

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.

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

Lim Tiang Chuan
Director

Singapore

Date: 08 APR 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
Thong Chai Institute of Medical Research
For the Financial Year Ended 31 December 2020

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 2020, 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 2020, 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 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the Members of
Thong Chai Institute of Medical Research
For the Financial Year Ended 31 December 2020

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 FRSSs, 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 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of
Thong Chai Institute of Medical Research
For the Financial Year Ended 31 December 2020

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

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



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

Singapore
Date: 09 APR 2021

Thong Chai Institute of Medical Research

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
Non-current asset			
Property, plant and equipment	4	1,413	-
Current assets			
Prepayment		8,254	132
Other receivables	5	28,153	38,033
Cash and bank balances	6	3,367,959	2,842,776
		3,404,366	2,880,941
Total assets		3,405,779	2,880,941
LIABILITY AND FUNDS			
Current liability			
Other payables	7	3,795	5,114
Funds			
<u>Unrestricted Fund</u>			
Non-designated:			
-General Fund		954,244	496,288
Designated:			
-Education Fund	8	849,079	780,878
<u>Restricted Fund</u>			
Medical Research Fund	9	1,598,661	1,598,661
		3,401,984	2,875,827
Total liability and funds		3,405,779	2,880,941

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 2020

	Note	2020		2020		2019		2019	
		General Fund	Education Fund	Education Fund	Total Funds	General Fund	Education Fund	Education Fund	Total Funds
		\$	\$	\$	\$	\$	\$	\$	\$
Income from generated funds									
Voluntary income									
Donations	14	14,242	160,000	174,242	10,340	240,000	250,340		
Income from generated funds									
Flag-day receipt	14,15	-	-	-	53,322	-	53,322		
Income from charitable activities	10	52,309	-	52,309	45,500	-	45,500		
Other income	11	419,119	-	419,119	46,183	-	46,183		
Total income		485,670	160,000	645,670	155,345	240,000	395,345		
Less: Cost of generating funds									
Fund raising costs	15	-	-	-	4,683	-	4,683		
Less: Cost of charitable activities									
	12	-	91,799	91,799	35,634	100,737	136,371		
Less: Governance and administrative expenses									
	13	27,714	-	27,714	33,800	379	34,179		
Surplus for the financial year, representing total comprehensive income for the financial year		457,956	68,201	526,157	81,228	138,884	220,112		

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 2020

	Non-designated	Designated	Restricted	Total
	General fund	Education fund	Medical Research fund	Funds
	\$	\$(Note 8)	\$(Note 9)	\$
As at 01 January 2019	415,060	641,994	1,598,661	2,655,715
Surplus for the financial year, representing total comprehensive loss for the financial year	81,228	138,884	-	220,112
As at 31 December 2019	496,288	780,878	1,598,661	2,875,827
Surplus for the financial year, representing total comprehensive income for the financial year	457,956	68,201	-	526,157
As at 31 December 2020	954,244	849,079	1,598,661	3,401,984

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 2020

	Note	2020 \$	2019 \$
Operating activities			
Surplus for the financial year		526,157	220,112
<u>Adjustments for:</u>			
Depreciation of plant and equipment	4	187	-
Interest income	11	<u>(31,336)</u>	<u>(44,841)</u>
Operating cash flows before working capital changes		<u>495,008</u>	<u>175,271</u>
<u>Changes in working capital:</u>			
Prepayment		(8,122)	(132)
Other receivables		(1,136)	1,080
Other payables		<u>(1,319)</u>	<u>(10,725)</u>
Cash generated from operations		<u>484,431</u>	<u>165,494</u>
Interest received		<u>42,352</u>	<u>49,373</u>
Net cash flows generated from operating activities		<u><u>526,783</u></u>	<u><u>214,867</u></u>
Investing activity			
Purchase of plant and equipment		<u>(1,600)</u>	-
Net cash flows used in investing activity		<u><u>(1,600)</u></u>	<u><u>-</u></u>
Net changes in cash and cash equivalents		525,183	214,867
Cash and cash equivalents at beginning of financial year		<u><u>2,842,776</u></u>	<u><u>2,627,909</u></u>
Cash and cash equivalents at end of financial year	6	<u><u><u>3,367,959</u></u></u>	<u><u><u>2,842,776</u></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 2020

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 2018 to 17 April 2020. The IPC period has been extended from 18 April 2020 to 17 April 2022.

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, health services and to do all such other things as may be deemed incidental or conducive to the attainment of the objective of providing medical course training.

The financial statements of the Company for the financial year ended 31 December 2020 were authorised for issue by the Board of Directors on date of the Directors’ Statement.

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 Adoption of new and amended standards and interpretations

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 1 January 2020. 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.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

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

2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to FRS 116 Leases: Covid-19-Related Rent Concessions	1 June 2020
Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts, FRS 116 Leases: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial applicatio

2.4 Functional currency

Functional and presentation currency

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

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

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

2.4 Functional currency (cont'd)

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 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, 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 property, 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 property, 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 2020

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

2.5 Property, plant and equipment

An item of property, 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 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in statement of financial activities.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

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

2.7 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

Trade and other receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade and other receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in statement of financial activities when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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 for debt instruments is recognised in statement of financial activities.

(b) 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 FVPL, directly attributable transaction costs.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

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

2.7 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL 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.

2.8 Impairment of financial assets

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors’ ability to pay.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

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

2.8 Impairment of financial assets (cont'd)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and fixed deposits which are subject to an insignificant risk of changes in value.

2.10 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.

2.11 Employee benefits

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.

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 2020

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

2.12 Income recognition

Income is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to customers, excluding amounts collected on behalf of third parties.

Income is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customers, which is when the customers obtain control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation.

(a) Donations and Flag-day receipt

Donations and flag-day receipt are recognised at the point in time.

(b) Course fees, CPE and seminar income

Revenue from course fees and seminar income are recognised over a period of time based on the term of course and seminar.

(c) Research and Development ("R&D") income

Yi Shi Yuan Pte Ltd produces the BSYJ 120 & BSYJ 500 based on the prescriptions given by the Company which was specified in the collaboration agreement. R&D income is the payment received from Yi Shi Yuan Pte Ltd based on the sales volume sold multiplied with agreed rates (BSYJ 120 capsules @ \$8 & BSYJ 500 capsules @ \$24).

Revenue relating to research and development is recognised at the point in time.

(d) Interest income

Interest income is recognised using the effective interest method over a period of time.

(e) Other miscellaneous income

Other miscellaneous income is recognised at the point in time.

2.13 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

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

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

2.13 Contingencies (cont'd)

A contingent liability is: (cont'd)

- (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.

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

2.14 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.

2.15 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 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);

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For the Financial Year Ended 31 December 2020

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

2.15 Related parties (cont'd)

(b) An entity is related to the reporting entity if any of the following condition applies:
(cont'd)

- (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).
- (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.

2.16 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.

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NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

4. PROPERTY, PLANT AND EQUIPMENT

	Note	Computers \$	Furniture and fittings \$	General equipment \$	Medical equipment \$	Office equipment \$	Signboard \$	Total \$
Cost								
As at 01 January 2019 and 31 December 2019		16,666	280	8,932	150	1,554	2,170	29,752
Addition		1,600	-	-	-	-	-	1,600
Written off		(16,666)	(280)	(8,932)	(150)	(1,554)	(2,170)	(29,752)
As at 31 December 2020		1,600	-	-	-	-	-	1,600
Accumulated depreciation								
As at 01 January 2019 and 31 December 2019		16,666	280	8,932	150	1,554	2,170	29,752
Depreciation		187	-	-	-	-	-	187
Written off	13	(16,666)	(280)	(8,932)	(150)	(1,554)	(2,170)	(29,752)
As at 31 December 2020		187	-	-	-	-	-	187
Net carrying amount								
As at 31 December 2020		1,413	-	-	-	-	-	1,413
As at 31 December 2019		-	-	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS
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5. OTHER RECEIVABLES

	2020	2019
	\$	\$
Fixed deposits interest receivables	8,009	19,025
Sundry receivables	<u>20,144</u>	<u>19,008</u>
	<u><u>28,153</u></u>	<u><u>38,033</u></u>

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

6. CASH AND BANK BALANCES

	2020	2019
	\$	\$
Cash at bank	847,334	364,616
Cash on hand	496	383
Fixed deposits	<u>2,520,129</u>	<u>2,477,777</u>
	<u><u>3,367,959</u></u>	<u><u>2,842,776</u></u>

Fixed deposits are placed with financial institutions for a period of 6 to 24 months (2019: 6 to 12 months) and earn interest rates at the respective deposit rates. The average interest rates were 0.80% (2019: 1.91%) per annum and mature approximately 1 to 21 months (2019: 1 to 4 months) from the end of the reporting period.

7. OTHER PAYABLES

	2020	2019
	\$	\$
Accrued operating expenses	3,745	5,034
Advance membership fee	<u>50</u>	<u>80</u>
	<u><u>3,795</u></u>	<u><u>5,114</u></u>

8. EDUCATION FUND

Education Fund is established to support the Nanyang Technological University students and Traditional Chinese Medicine Physicians to enable them to continue with their education at universities. It's also used for expenses incurred for lecture fee, and other related expenses for further education purposes.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

8. EDUCATION FUND (Cont'd)

	Note	2020 \$	2019 \$
At the beginning of the financial year		780,878	641,994
Income received for the financial year		160,000	240,000
Expenses incurred for the financial year	12,13	<u>(91,799)</u>	<u>(101,116)</u>
At the end of the financial year		<u>849,079</u>	<u>780,878</u>

9. MEDICAL RESEARCH FUND

	2020 \$	2019 \$
At the beginning/ end of the financial year	<u>1,598,661</u>	<u>1,598,661</u>

The fund was originally 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.

Thong Chai Institute of Medical Research was incorporated to undertake the role for the designated purpose. Accordingly, pursuant to the constitution and rules, the fund was transferred on 23 October 2008.

10. INCOME FROM CHARITABLE ACTIVITIES

	2020 \$	2019 \$
CPE income	13,863	-
Course fee	-	4,678
R&D income	35,104	37,480
Course administrative fee	<u>3,342</u>	<u>3,342</u>
	<u>52,309</u>	<u>45,500</u>

11. OTHER INCOME

	2020 \$	2019 \$
Fixed deposits interest income	31,336	44,841
Membership fees	1,060	1,210
Grant income:		
Bicentennial Community Fund	381,600	-
ComChest's Support (COVID-19)	3,000	-
Jobs Support Scheme	445	-
Special Employment Credit	88	-
Sponsorship of Journal	<u>1,590</u>	<u>-</u>
	<u>419,119</u>	<u>46,183</u>

There are no unfulfilled conditions or contingencies attached to grant income.

Thong Chai Institute of Medical Research

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

12. COST OF CHARITABLE ACTIVITIES

	2020		2020		2019		2019	
	Non-designated General fund	Designated Education fund	Non-designated General fund	Designated Education fund	Non-designated General fund	Designated Education fund	Total funds	Total funds
Compensation claim expense	-	-	-	-	11,445	-	11,445	11,445
CPE expenses	-	6,831	-	6,831	-	3,173	6,831	3,173
Scholarships	-	50,000	-	50,000	-	40,000	50,000	40,000
Sponsorships	-	34,968	-	34,968	-	57,564	34,968	57,564
Staff salaries and other related costs	-	-	24,189	-	24,189	-	24,189	24,189
		91,799		91,799	35,634	100,737	136,371	136,371

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NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

13. GOVERNANCE AND ADMINISTRATIVE COSTS

	2020		2020		2019		2019	
	Non-designated General fund	Designated Education fund	Total funds	Non-designated General fund	Designated Education fund	Total funds	Non-designated General fund	Designated Education fund
	\$	\$	\$	\$	\$	\$	\$	\$
								(Note 8)
Advertisement	730	-	730	1,288	-	1,288	-	1,288
Audit fee	5,147	-	5,147	4,354	-	4,354	-	4,354
Bank charges	222	-	222	4,789	-	4,789	-	4,789
Depreciation of plant and equipment	187	-	187	-	-	-	-	-
Entertainment	39	-	39	3,534	379	3,913	-	3,913
General expenses	460	-	460	2,658	-	2,658	-	2,658
Low value asset written off	14	-	14	-	-	-	-	-
Medical supplies	1,394	-	1,394	-	-	-	-	-
Postage, printing and stationery	4,077	-	4,077	4,422	-	4,422	-	4,422
Research expenses	3,218	-	3,218	-	-	-	-	-
Royalty fees	3,510	-	3,510	3,748	-	3,748	-	3,748
Secretarial fee	902	-	902	1,300	-	1,300	-	1,300
Service fee	1,648	-	1,648	4,465	-	4,465	-	4,465
Staff salaries and other related costs	487	-	487	-	-	-	-	-
Telephone charges	464	-	464	173	-	173	-	173
Transportation	29	-	29	-	-	-	-	-
Travelling expenses	-	-	-	669	-	669	-	669
Website design and maintenance	5,186	-	5,186	2,400	-	2,400	-	2,400
	27,714	-	27,714	33,800	379	34,179		34,179

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2020

14. DONATIONS

	2020	2019
	\$	\$
Tax exempt donations	173,710	250,580
Non-tax exempt donations	532	53,082
	174,242	303,662
The donations were allocated as follows:		
-Donations	174,242	250,340
-Flag-day receipt	-	53,322
	174,242	303,662

The Company enjoys a concessionary tax treatment whereby qualifying donors are granted tax deduction for the donations made to the Company.

During the reporting year, the Company has issued tax exempt receipts for donations collected amounting to \$173,710 (2019: \$250,580).

15. 30/70 FUND-RAISING EFFICIENCY RATIO

	2020	2019
	\$	\$
Net proceeds from fund-raising event	-	53,322
Cost of fund-raising event	-	4,683
Fund-raising efficiency ratio	-	8.8%

The Company had kept the fund-raising efficiency ratio below 30%. For fund-raising done via sale of merchandise, only the net proceeds which is the gross amount received from sale of merchandise less cost of relevant goods, will be treated as receipts. No fund-raising done via sale of merchandise held during the financial year.

16. 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.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
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17. COMMITMENTS

Sponsorship and scholarship commitments

The Company has committed to provide scholarship and pay sponsorship to qualified students to pursue Traditional Chinese Medicine course. As at the reporting period, the scholarship and sponsorship committed for but not recognised as liabilities, are as follows:

	2020	2019
	\$	\$
Not later than one year	46,219	38,254
<u>Sponsorship and scholarship were denominated in the following currencies:</u>		
Chinese Yuan Renminbi	16,219	18,254
Singapore Dollar	30,000	20,000
	46,219	38,254

18. 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:

Compensation to key management personnel

	2020	2019
	\$	\$
Directors' remuneration:		
- Salaries and bonuses	442	2,657
- CPF contribution	45	240
- Sponsorship	5,013	19,727
- Lecture fee	390	120
- Clinical teaching expenses	-	480
- Royalty fee	2,457	2,624
	8,347	25,848

19. MEMBERS GUARANTEE

The liability of each ordinary member and physician member is limited to \$50 and \$10 respectively 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 69 (2019: 63) members.

Thong Chai Institute of Medical Research
NOTES TO THE FINANCIAL STATEMENTS
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20. FINANCIAL INSTRUMENTS

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	Note	2020 \$	2019 \$
<u>Financial assets</u>			
Other receivables	5	28,153	38,033
Cash and bank balances	6	<u>3,367,959</u>	<u>2,842,776</u>
Financial assets carried at amortised cost		<u>3,396,112</u>	<u>2,880,809</u>
<u>Financial liabilities</u>			
Other payables	7	3,795	5,114
<i>Less: Advance membership fee</i>		<u>(50)</u>	<u>(80)</u>
Financial liabilities carried at amortised cost		<u>3,745</u>	<u>5,034</u>

21. FAIR VALUE OF ASSETS AND LIABILITIES

No financial assets or liabilities were measured at fair value as at financial year end.

The carrying amounts of financial assets and liabilities on the statement of financial position approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values.

22. 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.

The Company manages its funds structure and makes adjustments to it, in light of changes in economic conditions. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2020 and 2019 respectively.

The Company is not subjected to externally imposed capital requirements.

23. 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.

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

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 bank balances, 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.