



**Trailblazer Foundation Ltd.**  
**Registration Number: 200208130H**

(Limited by Guarantee and not having a Share Capital)

**Annual Report**  
**Year ended 31 December 2017**

## **Directors' statement**

We are pleased to submit this annual report to the members of Trailblazer Foundation Ltd. ("the Foundation") together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS18 are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 December 2017 and the financial performance, changes in fund accounts and cash flows of the Foundation for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## **Directors**

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

Ho Ching (Chairman)  
Tan Chian Khong (Executive Director)  
Christina Hon Kwee Fong  
Goh Yew Lin  
Lee Yoke Sim Penny  
Kwek Buck Chye  
Tan Wearn Haw  
Natarajan Varaprasad (Appointed on 15 June 2017)  
Wong Mun Yick Christopher (Appointed on 20 October 2017)  
Sia Tiong Heng (Appointed on 28 March 2018)  
Chua Su Li

## **Directors' interests**

The Foundation has no shares; its liability is limited by guarantee.

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

**Auditors**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



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**Ho Ching**  
*Director*



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**Tan Chian Khong**  
*Director*

7 June 2018



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## **Independent auditors' report**

Members of the Foundation  
Trailblazer Foundation Ltd.

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of Trailblazer Foundation Ltd. ("the Foundation"), which comprise the balance sheet as at 31 December 2017, the income and expenditure statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS18.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act'), 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 Foundation as at 31 December 2017 and the financial performance, changes in fund accounts and cash flows of the Foundation for the year ended on that date.

#### *Basis for opinion*

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

#### *Other Information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Directors' statement prior to the date of this auditors' report.

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.

*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 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Foundation's financial reporting process.

*Auditors' responsibilities for the audit of the financial statements*

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

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

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



- 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation 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 controls that we identify during our audit.

#### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required to be kept by the Foundation 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 year:

- (a) the Foundation 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 Foundation has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

A handwritten signature in black ink, appearing to be 'KPMG LP'.

**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
7 June 2018

**Balance sheet**  
**As at 31 December 2017**

	Note	2017 \$	2016 \$
<b>Non-current asset</b>			
Held-to-maturity financial assets	4	5,152,747	5,216,433
<b>Current assets</b>			
Financial assets designated at fair value through profit or loss	5	28,065,408	26,302,151
Other receivables	6	83,004	67,920
Cash and cash equivalents	7	4,545,382	4,613,534
		32,693,794	30,983,605
<b>Total assets</b>		37,846,541	36,200,038
<b>Funds</b>			
Trailblazer General Fund	8	234,395	268,852
Chan Chiew Ping Fund	9	198,504	216,838
Howe Yoon Chong PSA Endowment Fund	10	19,111,611	17,916,466
T-Touch Fund	11	6,685,530	7,029,845
LHL Fund	12	11,464,075	10,713,081
<b>Total funds</b>		37,694,115	36,145,082
<b>Current liability</b>			
Other payables and accruals	13	152,426	54,956
<b>Total liabilities</b>		152,426	54,956
<b>Total funds and liabilities</b>		37,846,541	36,200,038

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

**Income and expenditure statement  
Year ended 31 December 2017**

	Note	Howe				LHL Fund	2017	2016
		Trailblazer General Fund	Chan Chiew Ping Fund	Yoon Chong PSA Endowment Fund	T-Touch Fund			
<b>Income</b>								
Donations (tax-deductible)		350,450	210,000	—	900	—	561,350	11,381,967
Donations (non tax-deductible)		—	—	—	7,405	—	7,405	39,257
Interest income		—	—	10,080	115,544	7,298	132,922	159,682
Other income		—	577	316,078	600	174,750	492,005	289,386
Gain on fair value of financial assets designated at fair value through profit or loss		—	—	1,130,048	—	633,669	1,763,717	188,721
		<b>350,450</b>	<b>210,577</b>	<b>1,456,206</b>	<b>124,449</b>	<b>815,717</b>	<b>2,957,399</b>	<b>12,059,013</b>
<b>Expenditure</b>								
Sponsorship expenses		(314,578)	(224,301)	(177,150)	(433,983)	(62,800)	(1,212,812)	(1,103,573)
Other expenses		(70,329)	(4,610)	(83,911)	(34,781)	(1,923)	(195,554)	(236,383)
		<b>(384,907)</b>	<b>(228,911)</b>	<b>(261,061)</b>	<b>(468,764)</b>	<b>(64,723)</b>	<b>(1,408,366)</b>	<b>(1,339,956)</b>
(Deficit)/Surplus for the year, representing total comprehensive income for the year	16	(34,457)	(18,334)	1,195,145	(344,315)	750,994	1,549,033	10,719,057
Balance at 1 January		268,852	216,838	17,916,466	7,029,845	10,713,081	36,145,082	25,426,025
<b>Balance at 31 December</b>		<b>234,395</b>	<b>198,504</b>	<b>19,111,611</b>	<b>6,685,530</b>	<b>11,464,075</b>	<b>37,694,115</b>	<b>36,145,082</b>

No separate statement of changes in fund accounts has been prepared as the surplus/(deficit) for the year would be the only component of this statement.

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



**Cash flow statement**  
**Year ended 31 December 2017**

	Note	2017	2016
		\$	\$
<b>Cash flows from operating activities</b>			
Surplus for the year		1,549,033	10,719,057
Adjustments for:			
Interest income		(132,922)	(159,682)
Net gain on fair value of financial assets designated at fair value through profit or loss		(1,763,717)	(188,721)
Dividend income from financial assets designated at fair value through profit or loss		(428,819)	(256,227)
		(776,425)	10,114,427
Changes in:			
- other receivables		(9,928)	-
- other payables		97,470	(585,609)
<b>Net cash (used in)/from operating activities</b>		(688,883)	9,528,818
<b>Cash flows from investing activities</b>			
Proceeds from redemption of investments		460	648,000
Acquisitions of investments		-	(10,148,000)
Dividend received		428,819	256,227
Interest received		191,452	225,431
<b>Net cash from/(used in) investing activities</b>		620,731	(9,018,342)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(68,152)	510,476
Cash and cash equivalents at 1 January		4,613,534	4,103,058
<b>Cash and cash equivalents at 31 December</b>	7	4,545,382	4,613,534

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

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 7 June 2018.

### **1 Domicile and activities**

Trailblazer Foundation Ltd. (“the Foundation”) is a foundation incorporated in the Republic of Singapore. The address of the Foundation’s registered office is 401 Commonwealth Drive, #01-04, Haw Par Technocentre, Singapore 149598.

The Foundation is a company limited by guarantee (see note 14) and is registered as a charity under the Charities Act.

The principal activities of the Foundation are those relating to that of a charitable organisation providing sponsorship in the areas of education, sports, medicine, arts and related areas which meet its social and charitable objectives.

The Foundation has been approved as an Institution of a Public Character under Section 37(2)(c) of the Income Tax Act with effect since 15 October 2003. Renewal had been approved for a period of another 3 years with effect from 15 October 2016.

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

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

#### **2.2 Basis of measurement**

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

#### **2.3 Functional and presentation currency**

These financial statements are presented in Singapore dollars, which is the Foundation’s functional currency.

#### **2.4 Use of estimates and judgements**

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

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

### ***Measurement of fair values***

A number of the Foundation's accounting policies and disclosures require the measurement of fair values for financial assets.

If third party information, such as broker quotes, is used to measure fair values, then management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

## **2.5 Changes in accounting policies**

On 1 January 2017, the Foundation adopted new or amended FRS and interpretations to FRS ("INT FRS") that are mandatory for application from that date. The adoption of these new or amended FRS and INT FRS did not result in changes to the Foundation's accounting policies and had no significant impact on the amounts reported for the current or prior years.

### 3 Significant accounting policies

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

#### 3.1 Financial instruments

##### *Non-derivative financial assets*

The Foundation initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Foundation becomes a party to the contractual provisions of the instrument.

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Foundation is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Foundation currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Foundation classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets and loans and receivables.

##### *Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Foundation manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Foundation's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in the income and expenditure statement.

##### *Held-to-maturity financial assets*

If the Foundation has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise bonds.

### *Loans and receivables*

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

Loans and receivables comprise cash and cash equivalents and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits.

### *Non-derivative financial liabilities*

All financial liabilities are recognised initially on the trade date, which is the date that the Foundation becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Foundation currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

Other financial liabilities comprise other payables and accruals.

## 3.2 Impairment

### *Non-derivative financial assets*

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Foundation on terms that the Foundation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

### *Loans and receivables and held-to-maturity investment securities*

The Foundation considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Foundation uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the income and expenditure statement and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When the Foundation considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the income and expenditure statement.

### 3.3 Funds

All income and expenditure are reflected in the income and expenditure statement.

Income and expenditure specifically relating to any of the funds separately set up by the Foundation is allocated to those funds.

### 3.4 Income recognition

Direct donations are recognised when received unless there are written confirmations of impending donations by donors.

Interest income is recognised as it accrues in the income and expenditure statement using the effective interest method.

Dividend income is recognised in the income and expenditure statement on the date that the Foundation's right to receive payment is established.

### 3.5 Tax

The Foundation is exempted from tax under Section 13U of the Singapore Income Tax Act.

#### 4 Held-to-maturity financial assets

	2017	2016
	\$	\$
<i>Non-current investment</i>		
Held-to-maturity bonds	5,152,747	5,216,433

As at 31 December 2017, held-to-maturity bonds bear interest at 3.265% (2016: 3.265%), mature on 19 February 2020 and are attributable to the T-Touch fund.

#### 5 Financial assets designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss relate to the Unit Trust Investment managed by Fullerton Fund Management Company Ltd and comprise investments in the following portfolios:

	2017	2016
	\$	\$
<i>Howe Yoon Chong PSA Endowment Fund</i>		
Fullerton Short Term Interest Rate Fund – Class A (SGD)	4,667,200	5,022,363
Fullerton Absolute Returns Investment Strategies Fund Hedged Class A (SGD)	2,248,185	2,146,783
Fullerton SGD Income Fund Class C (SGD)	6,886,606	6,300,955
Fullerton Asia Growth & Income Equities Class A (SGD)	4,145,490	3,347,332
	17,947,481	16,817,433
<i>LHL Fund</i>		
Fullerton Short Term Interest Rate Fund – Class A (SGD)	2,705,773	2,851,712
Fullerton Absolute Returns Investment Strategies Fund Hedged Class A (SGD)	1,193,848	1,140,000
Fullerton SGD Income Fund Class C (SGD)	3,899,237	3,620,442
Fullerton Asia Growth & Income Equities Class A (SGD)	2,319,069	1,872,564
	10,117,927	9,484,718
	28,065,408	26,302,151

#### 6 Other receivables

	2017	2016
	\$	\$
Interest receivable	73,076	67,920
Other receivables	9,928	–
	83,004	67,920

#### 7 Cash and cash equivalents

	2017	2016
	\$	\$
Cash at bank and on hand	1,322,573	1,182,258
Fixed deposits	3,222,809	3,431,276
	4,545,382	4,613,534

Cash at bank and on hand are attributable to the respective funds as follow:

	<b>2017</b>	<b>2016</b>
	\$	\$
Trailblazer General Fund	277,993	262,990
Chan Chiew Ping Fund	216,012	234,752
Howe Yoon Chong PSA Endowment Fund	379,800	283,577
T-Touch Fund	207,740	272,671
LHL Fund	241,028	128,268
	1,322,573	1,182,258

The fixed deposits are attributable to the respective funds as follow:

	<b>2017</b>	<b>2016</b>
	\$	\$
Howe Yoon Chong PSA Endowment Fund	822,809	813,052
T-Touch Fund	1,300,000	1,518,224
LHL Fund	1,100,000	1,100,000
	3,222,809	3,431,276

## **8 Trailblazer General Fund**

The Trailblazer General Fund focuses on:

- (a) Sponsoring the education and development of Singaporeans who have unique talent or innovative ideas and who can make a difference to the communities;
- (b) Sponsoring the education and the development of ASEAN students who are studying or training in Singapore; and
- (c) Sponsoring events and programmes to enrich opportunities for youths and the disabled to enable them to excel.

## **9 Chan Chiew Ping Fund**

The Chan Chiew Ping Fund offers sponsorship in these main areas as follows:

- (a) Education for girls;
- (b) Medical support, care and research for the treatment of lung cancer patients;
- (c) Support and care of needy children; and
- (d) Support and care of the elderly.



## 10 **Howe Yoon Chong PSA Endowment Fund**

The Howe Yoon Chong PSA Endowment Fund was set up with an initial donation of \$15 million in 2008 to honour the late Mr. Howe Yoon Chong.

The fund awards bond-free scholarships to Singapore citizens.

## 11 **T-Touch Fund**

The T-Touch Fund (formerly known as Trailblazer – Touch Fund) focuses on the following objectives:

- (a) Vocational training of youth from broken, single parent or low income families, or youth with disabilities;
- (b) Tuition and mentoring programmes for abused youths;
- (c) Pre-school education for children from poor and disadvantaged families; and
- (d) Special education for children with disabilities but with the potential to support themselves financially and live meaningful lives.

## 12 **LHL Fund**

The LHL Fund was set up on 9 May 2016 with an initial donation of \$10.7 million. The fund focuses on the following objectives:

- (a) Education for youth;
- (b) Support and care for the needy;
- (c) Support and care for the very young and the elderly; and
- (d) Improvement of life and living for Singapore and its people through community and development projects which include, but are not limited to, developing Singapore as a garden city, promoting multi-racial harmony, promoting tri-partite co-operation, and securing clean water and air.

## 13 **Other payables and accruals**

	2017	2016
	\$	\$
Other payables	94,285	48,861
Accruals	58,141	6,095
	<u>152,426</u>	<u>54,956</u>

Other payables and accruals are attributable to the respective funds as follow:

	2017	2016
	\$	\$
Trailblazer General Fund	99,356	7,095
Chan Chiew Ping Fund	–	4,953
Howe Yoon Chong PSA Endowment Fund	30,539	1,662
T-Touch Fund	22,531	41,246
	152,426	54,956

## 14 Members' guarantee

Each member of the Foundation undertakes to contribute to the assets of the Foundation in the event of the Foundation being wound up or within one year after the member ceases to be a member, for payment of the debts and liabilities of the Foundation contracted before the member ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding one hundred dollars.

## 15 Financial instruments

### Financial risk management

#### *Overview*

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

- credit risk
- liquidity risk
- market risk

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

#### *Risk management framework*

Risk management is carried out under policies approved by the Board of Directors. The Board provides guidelines for overall risk management, as well as policies covering specific areas.

#### **Credit risk**

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Foundation's investment in bonds.

The carrying amounts of financial assets in the balance sheet represent the Foundation's maximum exposure to credit risk, before taking into account any collateral held. The Foundation does not hold any collateral in respect of its financial assets.

#### ***Other receivables***

As at 31 December 2017, other receivables are not past due nor impaired.

The Foundation believes that no impairment allowance is necessary.

#### ***Investments***

Management actively monitors credit ratings and given that the Foundation has only invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Foundation did not have any held-to-maturity investments that were past due but not impaired at 31 December 2017 (2016: Nil).

#### ***Cash and cash equivalents***

The Foundation held cash and cash equivalents of \$4,545,382 at 31 December 2017 (2016: \$4,613,534), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institutions which are regulated.

#### **Liquidity risk**

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

The Foundation monitors its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate by management to finance the Foundation's operations and to mitigate the effects of fluctuations in cash flows.

The contractual cash outflows of other payables and accruals approximate its carrying amount and fall within one year.

#### **Market risk**

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

The Foundation does not have any exposure to foreign exchange risk as its assets and liabilities are in Singapore dollars.

**Interest rate risk**

*Exposure to interest rate risk*

At the reporting date, the interest rate profile of the Foundation's interest-bearing financial instruments was as follows:

	<b>Nominal amount</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Fixed rate instruments</b>		
Fixed deposits	3,222,809	3,431,276
Held-to-maturity financial assets	5,000,000	5,000,000
	<u>8,222,809</u>	<u>8,431,276</u>

The Foundation does not account for any fixed rate financial assets at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

**Other market price risk**

*Risk management policy*

Equity and fund price risk arises from investments at fair value through profit or loss. Management monitors the mix of securities in its investment portfolio. Material investments within the portfolio are managed on an individual basis.

The primary goal of the Foundation's investment strategy is to maximise investment returns in order to fund scholarships awarded under Howe Yoon Chong PSA Endowment Fund and LHL Fund; management is assisted by external advisors in this regard. In accordance with this strategy, certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

*Sensitivity analysis*

For investments classified as fair value through profit or loss, a 10% increase of the unit prices of the unit trust investments at the reporting date would have increased the Foundation's surplus for the year by \$2,806,540 (2016: \$2,630,215); an equal change in the opposite direction would have decreased the Foundation's surplus for the year by \$2,806,540 (2016: \$2,630,215).

**Capital management**

The Board's policy is to maintain sufficient funds so as to sustain future activities of the Foundation. Capital consists of Trailblazer General Fund, Chan Chiew Ping Fund, Howe Yoon Chong PSA Endowment Fund, T-Touch Fund and LHL Fund.

There were no changes in the Foundation's approach to capital management during the year.

The Foundation is not subject to externally imposed capital requirements.

**Accounting classifications and fair values**

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

	Note	Designated at fair value \$	Carrying amount				Fair value			
			Held-to- maturity \$	Loans and receivables \$	Other financial liabilities \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>31 December 2017</b>										
<b>Financial assets measured at fair value</b>										
Financial assets designated at fair value through profit or loss										
	5	28,065,408	-	-	-	28,065,408	-	28,065,408	-	28,065,408
<b>Financial assets not measured at fair value</b>										
	4	-	5,152,747	-	-	5,152,747	-	5,171,700	-	5,171,700
	6	-	-	83,004	-	83,004	-	-	-	-
	7	-	-	4,545,382	-	4,545,382	-	-	-	-
		-	5,152,747	4,628,386	-	9,781,133	-	-	-	-
<b>Financial liabilities not measured at fair value</b>										
	13	-	-	-	(152,426)	(152,426)	-	-	-	(152,426)

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Note	Designated at fair value \$	Carrying amount			Fair value				Total \$	
		Held-to- maturity \$	Loans and receivables \$	Other financial liabilities \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$		
<b>31 December 2016</b>										
<b>Financial assets measured at fair value</b>										
Financial assets designated at fair value through profit or loss										
5	26,302,151	-	-	-	-	26,302,151	-	-	26,302,151	
<b>Financial assets not measured at fair value</b>										
4	-	5,216,433	-	-	-	5,216,433	-	-	5,216,433	
6	-	-	67,920	-	-	67,920	-	-	67,920	
7	-	-	4,613,534	-	-	4,613,534	-	-	4,613,534	
	-	5,216,433	4,681,454	-	-	9,897,887	-	-	9,897,887	
<b>Financial liabilities not measured at fair value</b>										
13	-	-	-	(54,956)	-	(54,956)	-	-	(54,956)	

The fair values of financial assets designated at fair value through profit or loss and held-to-maturity bonds are based on broker quotes at the reporting date.

## 16 (Deficit)/Surplus for the year

The following items have been included in arriving at (deficit)/surplus for the year:

	2017	2016
	\$	\$
Dividend income from financial assets designated at fair value through profit or loss (included in other income)	428,819	256,227
Amortisation of held-to-maturity bonds (included in interest income)	(63,686)	(62,480)
Professional fee paid to a firm in which a director is a member	(106,358)	(87,740)
Consultancy fee paid to a director	(10,000)	(29,000)
	<u>                    </u>	<u>                    </u>

## 17 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2018 and have not been applied in preparing these financial statements. None of these are expected to have an effect on the financial statements of the Company, except for FRS 109 *Financial Instruments*.

### *Applicable to 2018 financial statements*

#### **FRS 109 *Financial Instruments***

FRS 109 contains new requirements for classification and measurement of financial instruments, and a new expected credit loss model for calculating impairment of financial assets.

Changes in accounting policies resulting from the adoption of FRS 109 will generally be applied by the Foundation retrospectively, except as described below.

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held.
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - The designation and revocation of previous designations of certain financial assets measured at fair value through profit or loss.
- If an investment in a debt security has low credit risk at 1 January 2018, the Foundation plans to assume that the credit risk on the asset has not increased significantly since its initial recognition.

The expected impact on adoption of FRS 109 are described below.

*Classification and measurement: financial assets*

For financial assets currently held at fair value through profit or loss, the Foundation expects to continue measuring these assets at fair value under FRS 109. These assets are expected to continue to be classified as financial assets held at fair value through profit or loss.

Held-to-maturity financial assets are held to collect contractual cash flows and the Foundation expects to classify these as financial assets subsequently measured at amortised cost.

*Impairment*

FRS 109 replaces the current 'incurred loss' model with a forward-looking expected credit loss (ECL) model. The new impairment model will apply to financial assets measured at amortised cost.

Under FRS 109, loss allowances of the Foundation will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Foundation is currently in the process of reviewing its expected credit loss model and the quantum of the final transition adjustments will be determined upon finalisation.



