



Trailblazer Foundation Ltd.
Registration Number: 200208130H

(Limited by Guarantee and not having a Share Capital)

Annual Report
Year ended 31 December 2021

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 2021.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS21 are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 December 2021 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 Companies Act 1967 and Financial Reporting Standards in Singapore; 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	(Hon. Executive Director)
Goh Yew Lin	
Lee Yoke Sim Penny	
Kwek Buck Chye	
Tan Wearn Haw	
Natarajan Varaprasad	
Wong Mun Yick Christopher	
Sia Tiong Heng	
Jeanne Liew	
Moliah Binte Hashim	
Lee Ming San	(Appointed on 1 January 2021)

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



Ho Ching
Director



Tan Chian Khong
Director

20 May 2022



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 2021, 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 FS21.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act"), Charities Act, Chapter 37 and other relevant regulations ("the Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the Foundation as at 31 December 2021 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 FRS, 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 read 'KPMG WP'.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 May 2022

Balance sheet
As at 31 December 2021

	Note	2021	2020
		\$	\$
Current assets			
Investments in unit trusts	4	33,233,718	34,895,284
Other receivables	5	313,404	331,883
Cash and cash equivalents	6	10,285,493	4,878,563
Total assets		43,832,615	40,105,730
Funds			
Trailblazer General Fund	7	3,252,502	337,223
Chan Chiew Ping Fund	8	3,554,992	458,919
Howe Yoon Chong PSA Endowment Fund	9	19,535,418	20,733,918
T-Touch Fund	10	7,539,884	7,855,400
LHL Fund	11	9,932,765	10,676,297
Total funds		43,815,561	40,061,757
Current liability			
Other payables and accruals	12	17,054	43,973
Total liability		17,054	43,973
Total funds and liability		43,832,615	40,105,730

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

Income and expenditure statement
Year ended 31 December 2021

	Trailblazer General Fund \$	Chan Chiew Ping Fund \$	Howe Yoon Chong PSA Endowment Fund \$	T-Touch Fund \$	LHL Fund \$	2021 \$	2020 \$
Income							
Donations (tax-deductible)	3,350,000	3,950,000	–	434,548	–	7,734,548	3,312,804
Donations (non tax-deductible)	–	–	–	19,705	–	19,705	6,119
Interest income	–	–	4,425	7,685	186	12,296	32,771
Other income	–	–	497,223	216,480	265,434	979,136	849,015
(Loss)/Gain on changes in fair value of investment in unit trusts	–	–	(1,248,408)	(472,861)	(660,913)	(2,382,181)	1,900,969
	<u>3,350,000</u>	<u>3,950,000</u>	<u>(746,760)</u>	<u>205,557</u>	<u>(395,293)</u>	<u>6,363,504</u>	<u>6,101,678</u>
Expenditure							
Sponsorship expenses	(324,353)	(839,312)	(348,322)	(484,515)	(330,000)	(2,326,502)	(2,896,890)
Other expenses	(110,368)	(14,615)	(103,418)	(36,557)	(18,240)	(283,197)	(295,905)
	<u>(434,721)</u>	<u>(853,927)</u>	<u>(451,740)</u>	<u>(521,072)</u>	<u>(348,240)</u>	<u>(2,609,699)</u>	<u>(3,192,795)</u>
Surplus/(Deficit) for the year, representing total comprehensive income for the year	15 2,915,279	3,096,073	(1,198,500)	(315,515)	(743,533)	3,753,805	2,908,883
Balance at 1 January	337,223	458,919	20,733,918	7,855,399	10,676,298	40,061,757	37,152,874
Balance at 31 December	<u>3,252,502</u>	<u>3,554,992</u>	<u>19,535,418</u>	<u>7,539,884</u>	<u>9,932,765</u>	<u>43,815,562</u>	<u>40,061,757</u>

No separate statement of changes in fund accounts has been prepared as the (deficit)/surplus 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 2021

	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Surplus for the year		3,753,805	2,908,883
Adjustments for:			
Interest income		(12,296)	(32,771)
Loss/(Gain) on changes in fair value of investment in unit trusts		2,382,181	(1,900,969)
Dividend income from investment in unit trusts		(909,965)	(781,480)
Other income		(20,616)	(12,706)
		<u>5,193,109</u>	<u>180,957</u>
Changes in:			
- other receivables		17,185	(160,397)
- other payables		(26,919)	(54,422)
Net cash from/(used in) operating activities		<u>5,183,375</u>	<u>(33,862)</u>
Cash flows from investing activities			
Redemption of investments		1,800,000	12,342,522
Acquisition of investments		(2,500,000)	(11,276,000)
Dividend received		909,965	781,480
Interest received		13,590	94,398
Net cash from investing activities		<u>223,555</u>	<u>1,942,400</u>
Net increase in cash and cash equivalents		5,406,930	1,908,538
Cash and cash equivalents at 1 January		4,878,563	2,970,025
Cash and cash equivalents at 31 December	6	<u>10,285,493</u>	<u>4,878,563</u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 May 2022.

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 456 Alexandra Road, #14-01 Fragrance Empire Building, Singapore 119962.

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 2019.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore (“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 FRS 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

New standards and amendments

The Foundation has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to FRS 116)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

Interest Rate Benchmark Reform – Phase 2 (Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116)

The Foundation applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Foundation has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Foundation had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in FRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Foundation updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Foundation first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Foundation applies the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Other receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Foundation becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Foundation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Foundation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Foundation makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Foundation's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Foundation's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Foundation considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Foundation considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Foundation's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the income and expenditure statement.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income and expenditure statement. Any gain or loss on derecognition is recognised in the income and expenditure statement.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the income and expenditure statement. Directly attributable transaction costs are recognised in the income and expenditure statement as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the income and expenditure statement. These financial liabilities comprised other payables and accruals.

(iii) Derecognition

Financial assets

The Foundation derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred;
 - or
 - the Foundation neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Foundation enters into transactions whereby it transfers assets recognised in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Foundation derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Foundation also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income and expenditure statement.

(iv) Offsetting

Financial assets and financial 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 set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Foundation in the management of its short-term commitments.

3.2 Impairment

Non-derivative financial assets

The Foundation recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised costs.

Loss allowances of the Foundation are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

General approach

The Foundation applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Foundation assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Foundation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Foundation's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Foundation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Foundation in full, without recourse by the Foundation to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Foundation is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Foundation expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Foundation assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Foundation determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Foundation's procedures for recovery of amounts due.

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 using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the instrument to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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 Investments in unit trusts

The Foundation’s investments in unit trusts are managed by Fullerton Fund Management Company Ltd. The Foundation’s unit trusts investments portfolio is attributable to the respective funds as follows:

	2021	2020
	\$	\$
<i>Howe Yoon Chong PSA Endowment Fund</i>		
Fullerton Short Term Interest Rate Fund – Class A (SGD)	1,040,182	1,032,582
Fullerton SGD Income Fund Class C (SGD)	12,047,528	12,362,001
Fullerton Asia Growth & Income Equities Class A (SGD)	4,796,746	6,038,281
	17,884,456	19,432,864

	2021	2020
	\$	\$
<i>LHL Fund</i>		
Fullerton Short Term Interest Rate Fund – Class A (SGD)	566,586	562,446
Fullerton SGD Income Fund Class C (SGD)	6,308,915	6,609,394
Fullerton Asia Growth & Income Equities Class A (SGD)	2,379,322	3,243,896
	9,254,823	10,415,736
 <i>T-Touch Fund</i>		
Fullerton SGD Income Fund Class A (SGD)	6,094,439	5,046,684
	33,233,718	34,895,284

5 Other receivables

	2021	2020
	\$	\$
Interest receivable	2,585	3,879
Prepayments	249,514	314,675
Other receivables	61,305	13,329
	313,404	331,883

6 Cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank and on hand	1,785,493	2,478,563
Fixed deposits	8,500,000	2,400,000
	10,285,493	4,878,563

The fixed deposits bear interest rates of 0.12% to 0.50% (2020: 0.50% to 0.65%) per annum.

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

	2021	2020
	\$	\$
Trailblazer General Fund	179,594	254,456
Chan Chiew Ping Fund	320,031	161,339
Howe Yoon Chong PSA Endowment Fund	569,943	522,168
T-Touch Fund	323,712	1,266,505
LHL Fund	392,213	274,095
	1,785,493	2,478,563

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

	2021	2020
	\$	\$
Trailblazer General Fund	3,000,000	–
Chan Chiew Ping Fund	3,000,000	–
Howe Yoon Chong PSA Endowment Fund	1,100,000	800,000
T-Touch Fund	1,100,000	1,600,000
LHL Fund	300,000	–
	8,500,000	2,400,000

7 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.

8 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.

9 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.

10 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.

11 LHL Fund

The LHL Fund was set up in 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.

12 Other payables and accruals

	2021	2020
	\$	\$
Other payables	11,395	9,648
Accruals	5,659	34,325
	17,054	43,973

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

	2021	2020
	\$	\$
Trailblazer General Fund	8,948	7,089
Howe Yoon Chong PSA Endowment Fund	2,375	4,094
T-Touch Fund	5,731	32,790
	17,054	43,973

13 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.

14 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.

There were no impairment losses on financial assets recognised in the income and expenditure statement for the years ended 31 December 2021 and 31 December 2020.

Other receivables

Other receivables are short-term in nature. Impairment on other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of exposures. The Foundation considers its other receivables to have low credit risk and the amount of the allowance on other receivables is insignificant.

Cash and cash equivalents

The Foundation held cash and cash equivalents of \$10,285,493 at 31 December 2021 (2020: \$4,878,563). The cash and cash equivalents are held with banks and financial institutions, which are rated Aa1 based on Moody's ratings. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Foundation considers its cash and cash equivalents to have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on bank balances and other liquid funds is negligible.

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:

	Nominal amount	
	2021	2020
	\$	\$
Fixed rate instruments		
Fixed deposits	8,500,000	2,400,000

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 the income and expenditure statement.

Other market price risk

Risk management policy

Equity and fund price risk arises from the Foundation's investment in unit trusts. Management monitors the mix of unit trusts 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 sponsorships under the LHL Fund and the T-Touch Fund; management is assisted by external advisors in this regard. In accordance with this strategy, certain investments are designated at fair value through the income and expenditure statement because their performances are actively monitored and they are managed on a fair value basis.

Sensitivity analysis

For the Foundation's investment in unit trusts, 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 approximately \$3,323,372 (2020: \$3,489,528); an equal change in the opposite direction would have decreased the Foundation's surplus for the year by approximately \$3,323,372 (2020: \$3,489,528).

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	Carrying amount			Fair value				
		Mandatorily at FVTPL \$	Amortised costs \$	Other financial liabilities \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2021									
<i>Financial assets measured at fair value</i>									
Investments in unit trusts	4	33,233,718	–	–	33,233,718	–	33,233,718	–	33,233,718
<i>Financial assets not measured at fair value</i>									
Other receivables*	5	–	63,890	–	63,890				
Cash and cash equivalents	6	–	10,285,493	–	10,285,493				
		–	10,349,383	–	10,349,383				
<i>Financial liabilities not measured at fair value</i>									
Other payables and accruals	12	–	–	(17,054)	(17,054)				

* Excludes prepayments

The fair values of investments in unit trusts are based on broker quotes at the reporting date.

	Note	Carrying amount			Fair value				
		Mandatorily at FVTPL \$	Amortised costs \$	Other financial liabilities \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2020									
<i>Financial assets measured at fair value</i>									
Investments in unit trusts	4	34,895,284	–	–	34,895,284	–	34,895,284	–	34,895,284
<i>Financial assets not measured at fair value</i>									
Other receivables*	5	–	17,208	–	17,208				
Cash and cash equivalents	6	–	4,878,563	–	4,878,563				
		–	4,895,771	–	4,895,771				
<i>Financial liabilities not measured at fair value</i>									
Other payables and accruals	12	–	–	(43,973)	(43,973)				

* Excludes prepayments

The fair values of investments in unit trusts are based on broker quotes at the reporting date.

Measurement of fair values

Investments in unit trusts and debt investments

The fair value of investments in unit trusts classified as mandatorily at FVTPL is categorised under Level 2 of the fair value hierarchy are based on the number of subscribed units multiplied by the net asset value price quoted by external fund managers and evaluated prices by Singapore Exchange Limited (“SGX”) respectively.

Other short-term financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including other receivables, cash and cash equivalents, and other payables) are assumed to approximate their fair values because of the short period to maturity.

15 Surplus for the year

The following item has been included in arriving at surplus for the year:

	2021	2020
	\$	\$
Dividend income from investments in unit trusts (included in other income)	<u>909,965</u>	<u>781,480</u>

16 Sponsorship commitments

As at 31 December 2021, the Foundation has sponsorship commitments of up to \$1,021,887 (2020: \$1,333,963) from 2021 to 2025 (2020: from 2020 to 2024) to various beneficiaries. These commitments are not provided for in current year.

