

Beautiful Mind Charity
(Registration Number: T12SS0009G)

**Statement by the Management Committee and
Financial Statements**
Financial Year Ended 31 December 2016

KONG, LIM & PARTNERS LLP
CHARTERED ACCOUNTANTS
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Members of Management Committee

Name	Designation
Prof. Yoon Ho Sup	President
Ms. Chia Yong Peng Leslie	Vice President
Mr. Cho Won Joon	Secretary
Dr. Yoon Seung Wook	Treasurer
Mr. Lim Keng Huat	Board Member
A/Prof. Mu Yuguang	Board Member
Ms. Yvonne Kong	Board Member
Dr. Michael Kim	Board Member

Registered Address

98 Nanyang Crescent #05-06 Singapore 637665

IPC status

Effective period

17 February 2016 to 16 February 2018

Auditor

Kong, Lim & Partners LLP

Principal Bankers

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited (OCBC)

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Beautiful Mind Charity
Statement by the Management Committee

We, on behalf of the Management Committee, state that, in the opinion of the Management Committee,

- (a) the accompanying statement of financial position, statement of comprehensive income, statement of changes in funds and statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Society as at 31 December 2016, and the financial performance, changes in funds and cash flows of the Society for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

On behalf of the Management Committee,



Yoon Ho Sup
President



Chia Yong Peng Leslie
Vice president

Singapore, 02 MAY 2017

Independent Auditor's Report to the Members of Beautiful Mind Charity

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Beautiful Mind Charity (the "Society"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the Societies 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 present fairly, in all material respects, the state of affairs of the Society as at 31 December 2016 and the results, changes in funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society 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 Statement of Management Committee set out on page 1.

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 Committee 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 Societies Act, the Charities Act and Regulations and FRSs, and for such internal control as management committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Members of Beautiful Mind Charity (continued)

Responsibilities of Management Committee for the Financial Statements (continued)

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

The Management Committee's responsibilities include overseeing the Society'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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society'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 Society 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 Management Committee 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.

Independent Auditor's Report to the members of Beautiful Mind Charity (continued)

Report on Other Legal and Regulatory Requirements

In our opinion:

- (a) the accounting and other records required by the regulations enacted under the Charities Act, (Chapter 37) - Charities (Institute of a Public Character) Regulations 2007 and amendments in Charities (Institute of a public Character) (Amendments) Regulations 2008 to be kept by the Society have been properly kept;
- (b) There was no fund-raising activity conducted by the Society during the financial year ended 31 December 2016.
- (c) The Society has complied with the requirements of regulation 7 (fund-raising expenses) of the Charities (Fund-raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012;
- (d) Donations received were used for activities in accordance with the objectives of Beautiful Mind Charity.



KONG, LIM & PARTNERS LLP
Public Accountants and
Chartered Accountants

Singapore, **02 MAY 2017**

Beautiful Mind Charity
Statement of Financial Position
As at 31 December 2016

	<u>Note</u>	<u>2016</u> <u>S\$</u>	<u>2015</u> <u>S\$</u>
Assets			
Non-current assets			
Plant and equipment	4	<u>3,967</u>	<u>-</u>
Current assets			
Cash at banks	5	<u>59,270</u>	<u>70,643</u>
Total assets		<u>63,237</u>	<u>70,643</u>
Funds and liabilities			
Funds			
Accumulated fund		42,603	15,916
Cultural matching fund	6	<u>17,134</u>	<u>50,498</u>
Total funds		<u>59,737</u>	<u>66,414</u>
Current liabilities			
Other payables	7	<u>3,500</u>	<u>4,229</u>
Total liabilities		<u>3,500</u>	<u>4,229</u>
Total funds and liabilities		<u>63,237</u>	<u>70,643</u>

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

Beautiful Mind Charity
Statement of Comprehensive Income
For the financial year ended 31 December 2016

	<u>Note</u>	<u>2016</u> <u>S\$</u>	<u>2015</u> <u>S\$</u>
Revenue	8	<u>39,041</u>	<u>15,348</u>
Other items of income			
Other income	9	<u>3,559</u>	<u>-</u>
Items of expense			
Depreciation of plant and equipment	4	(793)	-
Concert expenses		(9,771)	(5,433)
Other operating expenses	10	<u>(5,349)</u>	<u>(7,686)</u>
		<u>(15,913)</u>	<u>(13,119)</u>
Suplus for the year		<u>26,687</u>	<u>2,229</u>
Other comprehensive income:			
Cultural matching funds	6	<u>(33,364)</u>	<u>(2,266)</u>
Total comprehensive income for the year		<u><u>(6,677)</u></u>	<u><u>(37)</u></u>

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

Beautiful Mind Charity
Statement of Changes in Funds
For the financial year ended 31 December 2016

	Accumulated Funds	Cultural Matching Fund	Total Funds
	S\$	S\$	S\$
Balance as at 1 January 2015	13,687	-	13,687
Total comprehensive income for the year	2,229	-	2,229
Movement of the fund during the year (Note 6)	-	50,498	50,498
Balance as at 31 December 2015	15,916	50,498	66,414
Total comprehensive income for the year	26,687	(33,364)	(6,677)
Balance as at 31 December 2016	42,603	17,134	59,737

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

Beautiful Mind Charity
Statement of Cash Flows
For the financial year ended 31 December 2016

	<u>2016</u>	<u>2015</u>
	<u>S\$</u>	<u>S\$</u>
Cash flows from operating activities		
Surplus for the year	26,687	2,229
<u>Adjustments for:</u>		
Depreciation of plant and equipment	793	-
Operating cash flow before working capital changes	27,480	2,229
<i>Changes in working capital:</i>		
Other payables	(729)	2,429
Net cash flows generated from operating activities	<u>26,751</u>	<u>4,658</u>
Cash flows from investing activities		
Purchase of plant and equipment	(4,760)	-
Net cash flows used in investing activities	<u>(4,760)</u>	<u>-</u>
Cash flows from financing activities		
Net (usage) / receipt of cultural matching fund grant	(33,364)	50,498
Net cash flows (used in)/generated from financing activities	<u>(33,364)</u>	<u>50,498</u>
Net (decrease)/increase in cash and cash equivalents	(11,373)	55,156
Cash and cash equivalents at the beginning of financial year	70,643	15,487
Cash and cash equivalents at the end of financial year (Note 5)	<u>59,270</u>	<u>70,643</u>

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

Beautiful Mind Charity
Notes to the Financial Statements
For the financial year ended 31 December 2016

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

1. General

Beautiful Mind Charity (the "Society") is registered as a society under the Singapore Societies Act and domiciled in Singapore. The Society is also a registered Charity under the Charities Act, Chapter 37 since 21 September 2012. The address of the Society's registered office is at 98 Nanyang Crescent #05-06 Singapore 637665.

The objectives of the Society are:

- a) To organize cultural events through arts such as classical and traditional music concerts and art exhibits;
- b) To participate in cultural campaigns and projects that support and nurture young minds of the future and support organizations that sponsor and educate the less privileged children;
- c) To offer public art programs and education that will benefit the less fortunate families and society as a whole;

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Society have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (S\$), which is the Society's functional currency.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Society has adopted all the new and revised standards which are relevant to the Society and are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any material effect on the financial statements.

2.3 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. The Society does not plan to early adopt these standards.

The following standards that have been issued but not yet effective are as follows:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
FRS 109 Financial Instruments	1 Jan 2018

The Management Committee expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (continued)

2.4 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Years</u>
Computers	1

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

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.5 Impairment of non-financial assets

The Society assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Society 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 of disposal 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 or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

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 been recognised previously. Such reversal is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.6 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

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

Loans and receivables comprise cash at banks.

De-recognition

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

(b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

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

Such financial liabilities comprise other payables.

2. Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

(b) Financial liabilities (continued)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, 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 profit or loss.

2.7 Impairment of financial assets

The Society assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Society first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Society determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Society considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

2. Summary of significant accounting policies (continued)

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and are subject to an insignificant risk of changes in value.

2.9 Funds

The Society maintains unrestricted funds and restricted funds. Funds set up for specific purposes are classified as restricted funds. Restricted funds may only be utilised in accordance with the purpose established by the source of such funds and are in contrast with the unrestricted funds over which the Society members retains full control of use in achieving any of its institutional purposes.

2.10 Income recognition

The main income for the Society is from donations, and sponsorships. All revenue is based on cash receipt basis and income that are collectible.

2.11 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as other income.

Government grant received are recognised based on the capital approach, under which the grant is recognised outside profit and loss. The Society has received government grant which is classified in the statement of financial position as Cultural Matching Fund. Such grant offset the item of expense that they finance.

2.12 Employee benefits

Defined contribution plans

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

2.13 Taxes

(a) Current income tax

With effect from the Year of Assessment 2008, all registered charities will enjoy automatic income tax exemption without having the need to meet the 80% spending rule.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. There is no deferred tax at reporting date.

2. Summary of significant accounting policies (continued)

2.14 Conflict of interest policy

Management Committee (the "MC") members are expected to avoid actual and perceived conflicts of interest. Where MC members have personal interest in business transactions or contracts that the Society may enter into, or have vested interest in other organisations that the Society have dealings with or is considering to enter into joint ventures with, they are expected to declare such interests to the MC as soon as possible and abstain from discussion and decision-making on the matter. Where such conflicts exist, the MC will evaluate whether any potential conflicts of interest will affect the continuing independence of MC members and whether it is appropriate for the MC member to continue to remain on the MC.

3. Significant accounting judgments and estimates

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

3.1 Judgments made in applying accounting policies

The management is of the opinion that there are no significant judgments made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Key sources of estimation of uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

Useful lives of plant and equipment

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Society's plant and equipment as at 31 December 2016 was S\$3,967 (2015: Nil).

4. Plant and equipment

	<u>Computers</u>	<u>Total</u>
	S\$	S\$
Cost		
At 1 January 2015 and 31 December 2015	-	-
Additions	4,760	4,760
At 31 December 2016	<u>4,760</u>	<u>4,760</u>
Accumulated depreciation		
At 1 January 2015 and 31 December 2015	-	-
Depreciation	793	793
At 31 December 2016	<u>793</u>	<u>793</u>
Carrying amount		
At 31 December 2015	-	-
At 31 December 2016	<u>3,967</u>	<u>3,967</u>

5. Cash at banks

Cash at banks are denominated in Singapore Dollars.

6. Cultural matching fund

The Cultural Matching Fund (CMF) is a grant received from the Ministry of Culture, Community and Youth (MCCY) to match the private cash donations received.

Movements of the fund during the year are as follows:

	<u>2016</u>	<u>2015</u>
	S\$	S\$
At beginning of year	50,498	-
Received during the year	-	52,764
	<u>50,498</u>	<u>52,764</u>
Less: Expenditure during the year		
CPF contribution	(1,697)	(135)
Staff salary	(12,635)	(1,674)
Other staff related expenses	(849)	-
Marketing and communication	(2,480)	-
Administration	(2,088)	(225)
Asset purchase	(361)	-
Board meeting	-	(232)
Core programs	(9,375)	-
Other activities	(1,859)	-
Infrastructure development	(2,020)	-
	<u>(33,364)</u>	<u>(2,266)</u>
	<u>17,134</u>	<u>50,498</u>

7. Other payables

	<u>2016</u> <u>S\$</u>	<u>2015</u> <u>S\$</u>
Accrued expenses	3,500	4,229

Other payables have an average term of one month.

Other payables are denominated in Singapore Dollars.

8. Revenue

	<u>2016</u> <u>S\$</u>	<u>2015</u> <u>S\$</u>
Donations	39,041	15,348

9. Other income

	<u>2016</u> <u>S\$</u>	<u>2015</u> <u>S\$</u>
Special Employment Credit	1,137	-
National Council of Social Service grant	2,422	-
	<u>3,559</u>	<u>-</u>

10. Other operating expenses

The following items have been included in arriving at other operating expenses:

	<u>2016</u> <u>S\$</u>	<u>2015</u> <u>S\$</u>
Audit fee	3,505	4,028
Korean association annual fee	500	-

11. Income tax expense

The Society is an approved charity under the Singapore Charities Act, Chapter 37 ("Charities Act") and an institution of a Public Character under the Income Tax Act, Chapter 134. No provision for taxation has been made in the financial statements as the Society is a registered charity with income tax exemption.

12. Financial risk management

The Society's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk and liquidity risk.

The Management Committee reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Society's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Society's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Society's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amount of cash and cash equivalents, represent the Society's maximum exposure to credit risk in relation to financial assets.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Society's only class of financial assets is cash at banks. Cash at banks is placed with reputable financial institution with high credit rating and no history of default.

As at 31 December 2016 and 2015, there were no significant concentrations of credit risk.

The Society has no receivables during the financial year. As at reporting date, there is no exposure to credit risk.

Liquidity risk

Liquidity risk refers to the risk that the Society will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Society's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Society's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Society's operations are financed mainly through equity. The Management Committee are satisfied that funds are available to finance the operations of the Society.

12. Financial risk management (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Society's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$
2016			
Financial assets:			
Cash and cash equivalents	59,270	59,270	59,270
Total undiscounted financial assets	59,270	59,270	59,270
Financial liabilities:			
Other payables	3,500	3,500	3,500
Total undiscounted financial assets	3,500	3,500	3,500
Net undiscounted financial assets	55,770	55,770	55,770
2015			
Financial assets:			
Cash and cash equivalents	70,643	70,643	70,643
Total undiscounted financial assets	70,643	70,643	70,643
Financial liabilities:			
Other payables	4,229	4,229	4,229
Total undiscounted financial assets	4,229	4,229	4,229
Net undiscounted financial assets	66,414	66,414	66,414

13. Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash at banks and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

14. Financial instruments by category

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

	<u>2016</u> S\$	<u>2015</u> S\$
Loans and receivables		
Cash and cash equivalents (Note 5)	59,270	70,643
Total loans and receivables	<u>59,270</u>	<u>70,643</u>
Financial liabilities measured at amortised cost		
Other payables (Note 7)	3,500	4,229
Total financial liabilities measured at amortised cost	<u>3,500</u>	<u>4,229</u>

15. Disclosure on governance evaluation checklist via charity portal

As required, the Society has submitted the Governance Evaluation Checklist for the financial year ended 31 December 2015 via Charity Portal at <https://www.charities.gov.sg>.

The Society will require to submit the Governance Evaluation Checklist for the financial year ended 31 December 2016 after the approval of financial statements.

16. Fund management

The Society's objective when managing the Fund is to ensure that the funds are utilised in accordance with the purpose of the funds.

The Society is not subject to externally imposed capital requirement.

17. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2016 were authorised for issue by the Management Committee on the date of the Statement by the Management Committee.