

**FOUNDATION FOR THE ARTS
AND
SOCIAL ENTERPRISE LIMITED**
Reg No: 201303721C
(Incorporated in the Republic of Singapore)

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016**

FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED
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FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED
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DIRECTORS' STATEMENT

The directors present their statement to the member together with the audited financial statements of Foundation for the Arts and Social Enterprise Limited (the "Foundation"), together with the audited financial statement for the financial year ended 31 December 2016.

1. Opinion of the directors

In the opinion of the directors,

- (a) the financial statements of the Foundation set out on pages 6 to 22 are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 December 2016 and of the financial activities, changes in fund and cash flows of the Foundation for the financial year ended on that date; 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.

2. Directors

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

Tay Cheow Ann, Michael
Ronnie Wee Eng Hock
Goh Ching Lee

3. Arrangements to enable directors to acquire shares or debentures

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

4. Directors' interests in shares or debentures

The Foundation is limited by guarantee and has no share capital. The Foundation has not issued any debentures and does not have any shares in related corporation. By virtue of the provision of Section 164 of the Singapore Companies Act, Cap.50, no director who holds office at the end of the financial year has any interest in the Foundation.

5. Directors' contractual benefits

Except as disclosed in the financial statement, since the end of previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Foundation or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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6. Share options

As the Foundation is limited by guarantee, matters relating to share options are not applicable.

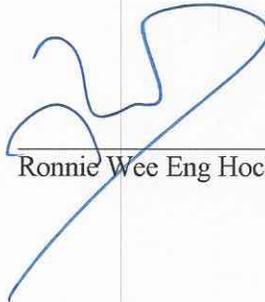
7. Auditors

The auditors, Precursor Assurance PAC (formerly known as K.G. Tan & Co PAC), have expressed their willingness to accept re-appointment.

On behalf of the board of directors,



Tay Cheow Ann Michael



Ronnie Wee Eng Hock

Date : **05 JUN 2017**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**

Report on the financial statements

Opinion

We have audited the financial statements of Foundation of Arts and Social Enterprise Limited (the "Foundation"), which comprise the statement of financial position as at 31 December 2016, the statement of financial activities, the statement of changes in fund and the statement of cash flows for the financial year ended 31 December 2016 and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provision of the Singapore Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore (the "FRSs"), so as to give a true and fair view of the financial position of the Foundation as at 31 December 2016 and of the financial activities, changes in funds and cash flows of the Company for the financial year ended on that date.

Basis of 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 Foundation 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 for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED ("CONTINUED")**

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 and FRSSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the 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' responsibilities include overseeing the Foundation'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 it 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 Foundation's internal control.
- Evaluate on the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

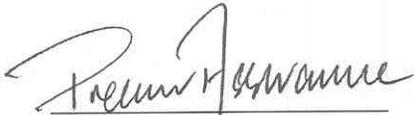
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
FOUNDATION FOR THE ARTS AND SOCIAL ENTERPIRSE LIMITED ("CONTINUED")**

- 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 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 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 control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Companies Act and the Charities Act and Regulations to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act and the Charities Act and Regulations.



**Precursor Assurance PAC
Public Accountants and
Chartered Accountants**

Singapore

Date: **05 JUN 2017**

FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED
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STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		\$	\$
			(Reclassified)
<u>Income</u>			
Voluntary Income	3	146,215	139,964
Income from charitable activities	4	271,276	177,345
Other income	5	44	-
Total income		<u>417,535</u>	<u>317,309</u>
<u>Expenditure</u>			
Costs of charitable activities	6	(217,915)	(84,426)
Governance costs	7	(13,592)	(7,852)
Other expenses	8	(74,874)	(28,912)
Total expenditure		<u>(306,381)</u>	<u>(121,190)</u>
Surplus before tax		111,154	196,119
Income tax	9	-	-
Surplus for the year		<u>111,154</u>	<u>196,119</u>

The accompanying notes form an integral part of the financial statements

FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016	2015
		\$	\$
ASSETS			
<u>Non-current asset</u>			
Plant and equipment	10	2,653	-
<u>Current assets</u>			
Cash and cash equivalents	11	320,296	211,459
Other receivables	12	259,729	13,000
Total assets		582,678	224,459
FUND			
Accumulated fund		330,913	219,759
LIABILITY			
<u>Current liability</u>			
Other payables	13	251,765	4,700
Total liability		251,765	-
Total reserve and liability		582,678	224,459

The accompanying notes form an integral part of the financial statements

FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED
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STATEMENT OF CHANGES IN FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	<u>Accumulated fund</u>
	\$
Balance as at 01 January 2015	23,640
Surplus for the year	196,119
Balance as at 31 December 2015	<u>219,759</u>
Balance as at 01 January 2016	219,759
Surplus for the year	111,154
Balance as at 31 December 2016	<u>330,913</u>

The accompanying notes form an integral part of the financial statements

FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
Cash flows from operating activities		
Surplus before tax	111,154	196,119
<i>Adjustment for:</i>		
- Depreciation	413	-
Operating cash flow before working capital changes	111,567	196,119
<i>Changes in operating assets and liabilities:</i>		
Other receivables	(246,729)	(13,000)
Other payables	247,065	100
Net cash generated from operations, representing net cash generated from operating activities	111,903	183,219
Cash flows from investing activity		
Purchase plant and equipment, representing net cash used in investing activity	(3,066)	-
Net increase in cash and cash equivalents	108,837	183,219
Cash and cash equivalents at beginning of year	211,459	28,240
Cash and cash equivalents at end of year	320,296	211,459

The accompanying notes form an integral part of the financial statements

FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

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

1. General

The Foundation is an entity limited by guarantee and with no share capital and it is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is located at 27 Gilstead Road, Newton Mansion 309071 Singapore.

The Foundation is a registered charity under the Charities Act, Chapter 37 since 19 September 2014.

The principal activities of the Foundation is that of the promotion and support of the development of arts and culture environment in Singapore. There are no significant change in the nature of the principal activities of the Foundation during the financial year.

2. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Charities Act, Cap 37 and other relevant regulations, Singapore Financial Reporting Standards (“FRS”) and Singapore Interpretations of Financial Reporting Standards (“INT FRS”).

The Foundation has adopted all the new/revised FRS and INT FRS that are mandatory for the financial year beginning on or after 01 January 2016.

The adoption of the above FRS and INT FRS did not result in material changes to the Foundation’s financial statements.

Standards issued but not yet effective

The Foundation has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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Standards issued but not yet effective “Continued”

Description	Effective for annual periods beginning on or after
Amendments to FRS 102: Classification and Measurement of Share-Based Payment Transactions	1 January 2018
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019

The Foundation expects that the adoption of the above standards and interpretations will not have material impact on the financial statements in the period of initial application.

Functional and presentation currency

The financial statements of the Foundation are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Singapore Dollar (“\$”), which is the Foundation’s functional and presentation currency.

Plant and equipment

(a) Measurement

All plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items.

(b) Depreciation

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

	Useful lives (years)
Computers	3

The useful lives of plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure made, will flow to the Foundation and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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(d) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of comprehensive income.

(e) Impairment

Plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised in the statement of comprehensive income.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior financial years. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income.

Financial assets

a) Classification

The Foundation classifies its financial assets in the following categories: (i) fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity and (iv) available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets, at fair value through profit or loss is irrevocable.

i) Financial assets, at fair value through profit or loss

This category has 2 sub-categories: "financial assets held for trading" and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short-term. Financial assets designated as fair value through profit or loss at inception are those that are managed, and their performance are evaluated on a fair value basis, in accordance with a documented Foundation's investment strategy.

Derivatives are also categorised as "held for trading" unless they are designated as hedges. Assets in this category are classified as current assets if they are held for trading or are expected to be realised within 12 months after the end of the reporting period.

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ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are classified within "other receivables" and "cash and cash equivalents" on the statement of financial position.

iii) Financial assets, held-to-maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Foundation's management has the positive intention and ability to hold to maturity. If the Foundation were to sell other than an insignificant amount of financial assets, held-to-maturity, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the end of the reporting period which are presented as current assets.

iv) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after end of the reporting period.

b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Foundation commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the statement of comprehensive income. Any amount in the fair value reserve relating to that asset is also taken to the statement of comprehensive income.

c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets, at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets, at fair value through profit or loss are recognised in the statement of comprehensive income.

d) Subsequent measurement

Financial assets, available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of "financial assets, at fair value through profit or loss" are presented in the statement of comprehensive income in the financial year in which the changes in fair values arise.

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Changes in the fair value of monetary assets denominated in a foreign currency and classified as available-for-sale are analysed into translation differences resulting from changes in amortised cost of the asset and other changes. The translation differences are recognised in profit or loss and other changes are recognised in the fair value reserve within equity. Changes in fair values of other monetary and non-monetary assets that are classified as available-for-sale are recognised in the fair value reserve within equity.

Interest on financial assets, available-for-sale, calculated using the effective interest method, is recognised in the statement of comprehensive income. Dividends on available-for-sale equity securities are recognised in the statement of comprehensive income when the Foundation's right to receive payment is established. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in the fair value reserve within equity are included in the statement of comprehensive income as "gains and losses from investment securities".

e) Impairment

The Foundation assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

i) Loans and receivables/Financial assets, held-to-maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

The allowance for impairment loss account is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the securities below its cost and the disappearance of an active trading market for the securities are objective evidence that the security is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to the statement of comprehensive income. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in the statement of comprehensive income on debt securities. The impairment losses recognised in the statement of comprehensive income on equity securities are not reversed through the statement of comprehensive income.

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Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions.

Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of comprehensive income. Net gains or losses on derivatives include exchange differences.

Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Foundation has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Fund management

The Foundation's primary objective when managing the use of funds is to safeguard the Foundation ability to continue as a going concern and maintain sufficient fund for future needs. The fund is regularly reviewed and managed by the Committee of the Foundation.

Income recognition

Income shall be recognised in the statement of comprehensive income when the effect of a transaction or other event results in an increase in the Foundation's net assets. This normally arises when there is control over the rights or other access to the resources, enabling the Foundation to determine its future application, virtually certain that income will be received and the amount of the income can be measured with sufficient reliability.

a) Voluntary income

Voluntary income in the form of donation is recognised when received with unconditional entitlement to the receipts. This will include:

- Gifts and donations received including legacies
- Donation-in-kind and donated services or facilities
- Grants of a general nature for core funding

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b) Donation-in-kind

Donation-in-kind is recognised as income when the Foundation obtains control of the benefit and the amount can be measured reliably.

c) Income from activities for generating funds

Income from activities for generating funds is recognised when received with unconditional entitlement to the receipts. This will include income generated by activities which are specifically to raise funds for the charity. The activities involve an element of exchange, with the charity receiving income in return for providing goods, services or an entry to an event.

d) Income from charitable activities

Comprise grants and income for the programmes run by the Foundation. These are recognised as income according to the terms of the funding agreements, on an accrual basis with unconditional entitlement to the receipts.

Government grants

Grants income are recognised at their fair value when there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

Expenditures

All expenditures are accounted for on an accrual basis, aggregated under the respective areas as soon as there is a legal or constructive obligation committing the Foundation to make payment. Direct costs are attributed to the activity where possible. Where costs cannot be wholly attributable to an activity, they have been apportioned on a basis consistent with the use of resources.

a) Costs of generating funds

These costs are directly attributable to the fund-raising activities, separate from those costs incurred in undertaking charitable activities. These costs are met by contributions in the form of cash sponsorships and grants.

b) Governance costs

Includes costs of preparation and examination of statutory accounts, costs of governing board meetings and cost of any legal advice on governance or constitutional matters.

c) Costs of charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the Foundation. The total costs of charitable expenditure include an apportionment of overhead and shared costs.

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Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

Income taxes

As a charity, the Foundation is exempt from tax on income and gains falling within section 13(1)zm of the Income Tax Act to the extent that these are applied to its charitable objects.

Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Foundation pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Foundation's contribution to defined contribution plans are recognised in the financial year to which they relate.

Related parties

Related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Foundation if that person:
 - i) Has control or joint control over the Foundation;
 - ii) Has significant influence over the Foundation; or
 - iii) Is a member of the key management personnel of the Foundation or of a parent of the Foundation.
- (b) An entity is related to the Foundation if any of the following conditions applies:
 - i) The entity and the Foundation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others);
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the group of which the other entity is a member);
 - iii) Both entities are joint ventures of the same third party;
 - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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- v) The entity is a post-employment benefit plan for the benefit of employees of either the Foundation or an entity related to the Foundation. If the Foundation is itself such a plan, the sponsoring employers are also related to the Foundation;
- vi) The entity is controlled or jointly controlled by a person identified in (a);
- vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Financial risk and management

The Foundation's overall business strategies, its tolerance of risks and its risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions.

The main risks arising from the Foundation's operations are credit risk and liquidity risk. The Foundation is not exposed to interest risk, price risk and foreign currency risk. The Board reviews and agrees policies for their risks and they are summarised below:

Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle in financial contractual obligation to the foundation as when they fall due.

The carrying amounts of cash and cash equivalents and other receivables represent the Foundation's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Foundation places its cash and cash equivalents with a financial institution with high credit ratings and no history of default.

Liquidity risk

Liquidity risk arises in the general funding of the Foundation's operating activities. It includes the risks of not being able to fund operating activities at settlement dates and liquidate positions in a timely manner at a reasonable price.

In the management of liquidity risk, the Foundation monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Foundation's operations and mitigate the effect of the fluctuations in cash flows.

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Fair value of financial assets and financial liabilities

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents, other receivables and other payables.

The fair values of these financial instruments approximate their carrying amounts at the end of the reporting period because of their short term maturity.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Foundation's accounting policies. It also requires the use of certain accounting estimates and assumptions. There are no areas involving higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

3. Voluntary income

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash donations	146,215	139,964

4. Income from charitable activities

	<u>2016</u>	<u>2015</u>
	\$	\$
Sale of tickets	12,000	40,040
Grants	259,276	137,305
	<u>271,276</u>	<u>177,345</u>

5. Other income

	<u>2016</u>	<u>2015</u>
	\$	\$
Exchange gain	44	-

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6. Costs of charitable activities

	2016	2015
	\$	\$
Accommodation and meals	-	13,048
Lease of equipment	900	37,032
Purchases of ticket	-	21,000
Event expenses	217,015	-
Transport and travelling expenses	-	13,346
	<u>217,915</u>	<u>84,426</u>

7. Governance costs

	2016	2015
	\$	\$
Audit fee	8,758	5,792
Accounting fee	4,000	530
Secretarial fee	834	1,530
	<u>13,592</u>	<u>7,852</u>

8. Other expenses

	2016	2015
	\$	\$
Bank charges	173	242
Depreciation	413	-
Gifts and donations	-	22,000
Low value consumables	1,081	-
Miscellaneous expenses	617	214
Printing and stationery	159	386
Professional fees	46,816	6,070
Rental	18,200	-
Telecommunication	53	-
Upkeep and Maintenances	6,809	-
Utilities	553	-
	<u>74,874</u>	<u>28,912</u>

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9. Income tax

All registered and exempt charities enjoy automatic income tax exemption. The Foundation is a registered charity and the income tax is exempted under Section 13 of the Singapore Income Tax Act.

10. Plant and equipment

	<u>Computers</u>
	\$
2016	
<u>Cost</u>	
Additions, representing balance as at 31 December 2016	3,066
<u>Accumulated depreciation</u>	
Depreciation, representing balance as at 31 December 2016	413
Net carrying value at 31 December 2016	<u>2,653</u>

11. Cash and cash equivalents

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash at bank	319,909	211,459
Cash on hand	387	-
	<u>320,296</u>	<u>211,459</u>

12. Other receivables

	<u>2016</u>	<u>2015</u>
	\$	\$
Deposits	2,900	-
Prepayments	24,917	13,000
Grant receivable	231,912	-
	<u>259,729</u>	<u>13,000</u>

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13. Other payables

	<u>2016</u>	<u>2015</u>
	\$	\$
Accrued operating expenses	11,765	4,700
Donation received in advance	240,000	-
	<u>251,765</u>	<u>4,700</u>

14. Prior year reclassification

Certain prior year comparative figures have been reclassified to conform with current year presentation. The effects of the reclassifications on the financials are summarised below.

	<u>2015</u>	
	<u>Previously reported</u>	<u>Reclassified</u>
	\$	\$
<u>Statement of financial activities</u>		
Governance costs	36,764	7,852
Other expenses	-	28,912

15. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the board of directors of Foundation for the Arts and Social Enterprise Limited on

05 JUN 2017