

**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 2018**

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

CONTENTS	PAGES
----------	-------

DIRECTORS' STATEMENT	1
INDEPENDENT AUDITOR'S REPORT	3
STATEMENT OF FINANCIAL ACTIVITIES	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN FUND	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10

DIRECTORS' STATEMENT

The directors present their statement to the member of Foundation for the Arts and Social Enterprise Limited (the "Foundation"), together with the audited financial statement for the financial year ended 31 December 2018.

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 2018 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.

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

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, have expressed their willingness to accept re-appointment.

On behalf of the board of directors,



Tay Cheow Ann Michael



Ronnie Wee Eng Hock

Date : 26 JUN 2019

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Foundation For The Arts and Social Enterprise Limited (the "Foundation"), which comprise the statement of financial position of the Foundation as at 31 December 2018, the statement of financial activities, the statement of changes in fund and the statement of cash flows for the financial year then ended, 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 2018 and of the financial activities, changes in funds and cash flows of the Foundation 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 FRSs, 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 ENTERPRISE 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 Foundation 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: **26 JUN 2019**

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

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		\$	\$
Income			
Voluntary income	3	477,588	295,291
Income from charitable activities	4	472,115	230,086
Total income		<u>949,703</u>	<u>525,377</u>
Expenditure			
Costs of charitable activities	5	(468,933)	(284,644)
Governance costs	6	(16,387)	(14,191)
Other expenses	7	(53,856)	(65,008)
Total expenditure		<u>(539,176)</u>	<u>(363,843)</u>
Surplus before tax		410,527	161,534
Income tax	8	-	-
Surplus for the year		<u>410,527</u>	<u>161,534</u>

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)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018	2017
		\$	\$
ASSETS			
<u>Non-current asset</u>			
Plant and equipment	9	1,330	2,893
<u>Current assets</u>			
Cash and cash equivalents	10	299,318	162,523
Other receivables	11	634,416	347,867
Total assets		935,064	513,283
FUND			
Accumulated fund		902,974	492,447
		902,974	492,447
LIABILITY			
<u>Current liability</u>			
Other payables	12	32,090	20,836
Total liability		32,090	20,836
Total reserve and liability		935,064	513,283

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)

STATEMENT OF CHANGES IN FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Accumulated fund
	\$
Balance as at 01 January 2017	330,913
Surplus for the year	161,534
Balance as at 31 December 2017	<u>492,447</u>
Balance as at 01 January 2018	492,447
Surplus for the year	410,527
Balance as at 31 December 2018	<u>902,974</u>

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Surplus before tax	410,527	161,534
<i>Adjustment for:</i>		
- Depreciation	1,563	1,383
Operating cash flow before working capital changes	412,090	162,917
<i>Changes in operating assets and liabilities:</i>		
Other receivables	(286,549)	(88,138)
Other payables	11,254	(230,929)
Net cash generated from/(used in) operations, representing net cash generated from/(used in) operating activities	136,795	(156,150)
Cash flows from investing activity		
Purchase plant and equipment, representing net cash used in investing activity	-	(1,623)
Net increase/(decrease) in cash and cash equivalents	136,795	(157,773)
Cash and cash equivalents at beginning of the year	162,523	320,296
Cash and cash equivalents at end of the year	299,318	162,523

The accompanying notes form an integral part of the financial statements

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

Subsequent to the financial year end, the Foundation's application for Institute of Public Character (IPC) Status has been approved by Ministry of Culture, Community and Youth. The effective date of IPC status is from 21 February 2019 to 20 February 2020.

2. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") under the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act, Charities Act, Chapter 37 except as disclosed in the accounting policies below.

The Foundation has adopted all the new/revised FRS and Interpretations to FRS ("INT FRS") that are relevant to its operations and are mandatory for the financial period beginning on or after 01 January 2018. The adoption of these standards 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, interpretations and amendments that have been issued but not yet effective:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 116 <i>Leases</i>	01 January 2019
INT FRS 123 <i>Uncertainty over Income Tax Treatments</i>	01 January 2019
Amendments to:	
- FRS 109 <i>Prepayment Features with Negative Compensation</i>	01 January 2019
- FRS 28 <i>Long-term Interests in Associates and Joint Ventures</i>	01 January 2019
Annual Improvements to FRSs (March 2018)	01 January 2019
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

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.

(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 profit or loss.

(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 profit or loss.

An impairment loss for an asset is reversed if, and 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. 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 years. A reversal of impairment loss for an asset is recognised in profit or loss.

Financial instruments

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

(a) Financial assets

The Foundation classifies its financial assets into one of the following categories: (i) amortised cost, (ii) fair value through other comprehensive income, (iii) fair value through profit or loss, depending on the Foundation's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The Foundation shall reclassify its affected financial assets when the Foundation changes its business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Foundation's accounting policy for each category is as follows:

(i) Financial asset at amortised cost (debt instruments)

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is recognised using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within FRS 109 *Financial Instruments* ("FRS 109") using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(ii) Financial assets at fair value through other comprehensive income (“FVOCI”)

A financial asset that is an investment in debt instrument is subsequently measured at FVOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss.

At initial recognition, the Foundation may make an irrevocable election to classify its investment in equity instrument, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination under FRS 103 *Business Combination*, as subsequently measured at FVOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis.

Upon derecognition, other than the aforementioned equity instrument for which their subsequent cumulative fair value changes would be transferred to accumulated profits, the cumulative fair value changes recognised in other comprehensive income is recycled to profit or loss.

Dividends from equity instrument are recognised in profit or loss only when the Foundation’s right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Foundation and the amount of the dividend can be measured reliably.

(iii) Financial assets at fair value through profit or loss (“FVTPL”)

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

For equity instruments that are either held for trading or irrevocable election to measure the fair value changes through other comprehensive income has not been made, the fair value changes is recognised in profit or loss.

Derecognition of financial assets

The Foundation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

(b) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Foundation are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(i) Financial liabilities

Financial liabilities are recognised initially at fair value, plus, which is normally represented by the transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

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 profit or loss 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 profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Foundation after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issuance costs. The Foundation classifies ordinary shares as equity instruments. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

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

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

Revenues including donations and grants that provide core funding or are of general nature are recognised where there is (a) entitlement (b) certainty and (c) sufficient reliability of measurement. Such income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the Foundation has unconditional entitlement. The income is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the Foundation.

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

b) Income from charitable activities

Income from charitable activities comprise of grants and income from activities run by the Foundation.

- i) Grants income is 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. Government grants that are receivable for the purpose of giving immediate financial support to the Foundation with no future related costs are recognised in profit or loss in the period in which they become receivable.
- ii) The income from activities run by Foundation involve an element of exchange, and are recognised when the Foundation receives income in return for providing goods, services or an entry to an event.

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) 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.

b) 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.

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 in profit or loss 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 Singapore 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;
 - 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, liquidity risk and foreign currency risk. The Foundation is not exposed to interest rate risk and price 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.

The Foundation has significant concentration of credit risk arising from other receivables of \$630,862 (2017: \$345,000) as at the end of the reporting period.

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.

All financial liabilities of the Foundation are expected to mature within 12 months from the end of the reporting period.

Foreign currency risk

The Foundation is exposed to foreign currency risk, primarily with respect to United States Dollar. The Foundation did not engage in any hedging activities to mitigate exposure to foreign currency risk.

The Foundation's currency exposure on its financial assets and liabilities are disclosed in the respective notes to the financial statements.

Sensitivity analysis

	S\$ equivalents (\$)	Impact on surplus before tax arising from +/- 5% change in the exchange rate (S\$) (Note 1)
2018		
<u>Cash and cash equivalents</u>		
United States Dollar	96,924	+/- 4,846
2017		
<u>Cash and cash equivalents</u>		
United States Dollar	3,451	+/- 173

Note 1: Assuming all other variables held constant

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

	2018	2017
	\$	\$
Cash donations	477,588	295,291

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

4. Income from charitable activities

	2018	2017
	\$	\$
Gross grants	472,115	314,614
Less: Refund of grants	-	(85,156)
	472,115	229,458
Sale of tickets	-	628
	472,115	230,086

5. Costs of charitable activities

	2018	2017
	\$	\$
Event expenses	467,913	283,364
Transport and travelling expenses	1,020	1,280
	468,933	284,644

6. Governance costs

	2018	2017
	\$	\$
Audit fee	10,642	10,191
Accounting fee	4,500	3,000
Secretarial fee	1,245	1,000
	16,387	14,191

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

7. Other expenses

	2018	2017
	\$	\$
Bank charges	736	638
Depreciation	1,563	1,383
Entertainment	2,189	2,316
Gifts and donations	2,000	10,000
Low value consumables	-	1,306
Medical fee	-	259
Net exchange (gain)/loss	(183)	950
Printing and stationery	1,856	918
Professional fees	9,652	12,399
Rental	30,000	29,917
Telecommunication	599	499
Upkeep and maintenances	3,857	3,072
Utilities	1,366	1,351
Courier and postage	221	-
	<u>53,856</u>	<u>65,008</u>

8. 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(1)zm of the Singapore Income Tax Act.

9. Plant and equipment

	<u>Computers</u>
	\$
2018	
<u>Cost</u>	
Balance as at 01 January 2018 and 31 December 2018	<u>4,689</u>
<u>Accumulated depreciation</u>	
Balance as at 01 January 2018	1,796
Depreciation charge	<u>1,563</u>
Balance as at 31 December 2018	<u>3,359</u>
Net carrying value at 31 December 2018	<u><u>1,330</u></u>

9. Plant and equipment (“Continued”)

	<u>Computers</u>
	\$
2017	
<u>Cost</u>	
Balance as at 01 January 2017	3,066
Additions	1,623
Balance as at 31 December 2017	<u>4,689</u>
<u>Accumulated depreciation</u>	
Balance as at 01 January 2017	413
Depreciation charge	1,383
Balance as at 31 December 2017	<u>1,796</u>
Net carrying value at 31 December 2017	<u><u>2,893</u></u>

10. Cash and cash equivalents

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash at bank	299,318	162,266
Cash on hand	-	257
	<u>299,318</u>	<u>162,523</u>

The cash and cash equivalents that are not denominated in the functional currency of the Company are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
United States Dollar	96,924	3,451

11. Other receivables

	<u>2018</u>	<u>2017</u>
	\$	\$
Deposits	2,800	2,800
Prepayments	754	67
Grant receivables	630,862	345,000
	<u>634,416</u>	<u>347,867</u>

12. Other payables

	2018	2017
	\$	\$
Accrued operating expenses	31,679	20,836
Other payables	411	-
	<u>32,090</u>	<u>20,836</u>

13. Operating lease commitments

At the end of the reporting period, the Foundation has outstanding commitments under non-cancellable operating leases which fall due as follows:

	2018	2017
	\$	\$
Within one year	<u>12,500</u>	<u>15,000</u>

14. 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 26 JUN 2019.