

BLOSSOM SEEDS LIMITED

[UEN. 201304904N]

[A Company limited by guarantee and not
having share capital]

[Incorporated in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2017**

CONTENTS

Directors' Statement	2 - 3
Independent Auditor's Report	4 - 7
Statement of Financial Activities	8
Statement of Financial Position	9
Statement of Changes in Fund	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 22

Fiducia LLP

(UEN. T10LL0955L)

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of Blossom Seeds Limited (the "Company") for the financial year ended 31 December 2017.

In the opinion of the directors,

- a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and the financial performance, changes in funds and cash flows of the Company for the financial year then ended; and
- b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Aw Cheow Thiam	
Cheng Yau Tong	(Resigned on 29 May 2018)
Pua Hwee Leng	
Leong Soon San	
Yang Pei Pei	
Ng Kim Leng Julie	(Resigned on 10 April 2018)
Ong Siew Chin	(Resigned on 29 May 2018)
Wong Yee Chee	(Appointed on 28 June 2017)
Tan Chiew Hoon	(Appointed on 28 June 2017)
John Zaw Min	(Appointed on 28 June 2017)
Chow Khuan Yew	(Resigned on 10 June 2017)
Lee Soon Hin	(Resigned on 10 June 2017)
Yen Yoong Leong	(Resigned on 10 June 2017)
Chua Mui Kiang	(Appointed on 10 April 2018)

Arrangements to enable directors to acquire benefits

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

Other matters

As the Company is limited by guarantee, matters relating to interest in shares, debentures or share options are not applicable.

DIRECTORS' STATEMENT (CONT'D)

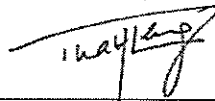
Independent auditors

The independent auditors, Messrs. Fiducia LLP, Public Accountants and Chartered Accountants of Singapore, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,



Aw Cheow Thiam
Director



Pua Hwee Leng
Director

Singapore, **26 JUN 2018**

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Independent auditor's report to the members of:

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Blossom Seeds Limited (the "Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of financial activities, statement of changes in fund and statement of cash flows of the Company for the financial 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 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 ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance, changes in fund and cash flows of the Company 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 Company 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 Matter

The financial statements for the financial year ended 31 December 2016 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 10 June 2017.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 2 to 3, but does not include the financial statements and our auditor's report thereon.

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

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(CONT'D)

Independent auditor's report to the members of:

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Other Information (Cont'd)

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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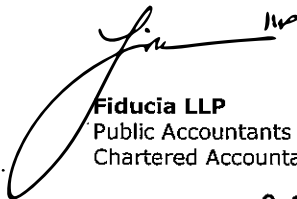
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Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required 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.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

- a. the Company has not use of the donation moneys in accordance with the objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- b. the Company has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, **26 JUN 2018**

Partner-in-charge: Ong Lien Wan
PAB No.: 01360

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	2017 S\$	2016 S\$
INCOME			
Income from generated funds			
<u>Voluntary income</u>			
Donations		18,164	16,907
<u>Activities for generating funds</u>			
Fund raising events		391,838	61,257
Events and activities		113,646	28,711
		<u>505,484</u>	<u>89,968</u>
Income from charitable activities			
Grant from Council for Third Age for Silver Volunteerism Programme		11,851	0
Other income			
Miscellaneous income	6	768	242
TOTAL INCOME		<u>536,267</u>	<u>107,117</u>
LESS: EXPENDITURE			
Cost of generating funds			
Fund raising expenses		100,102	14,360
Event expenses		92,624	14,217
		<u>192,726</u>	<u>28,577</u>
Cost of charitable activities			
Employer's contribution to CPF		29,268	3,625
Staff salaries and bonuses		65,884	20,971
Insurance		910	0
Staff benefits		117	0
Transport costs		2,308	138
Telecommunication costs		1,262	1,254
Refreshments		252	0
Training fee		75	0
Uniform		6,783	0
Utilities		1,800	0
		<u>108,659</u>	<u>25,988</u>
Governance and administrative costs			
Audit fee - current year		4,000	1,300
Audit fee - prior year		860	0
Bank charges		150	59
General expenses		328	900
Printing and stationery		993	205
Professional fees		17,614	1,294
		<u>23,945</u>	<u>3,758</u>
TOTAL EXPENDITURE		<u>325,330</u>	<u>58,323</u>
NET INCOME BEFORE INCOME TAX		210,937	48,794
Income tax expense	4	0	(1,625)
NET INCOME FOR THE YEAR		<u>210,937</u>	<u>47,169</u>
TOTAL FUND BROUGHT FORWARD		<u>180,099</u>	<u>132,930</u>
TOTAL FUND CARRIED FORWARD		<u>391,036</u>	<u>180,099</u>

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

BLOSSOM SEEDS LIMITED
[UEN. 201304904N]

Audited Financial Statements
Financial Year Ended 31 December 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
ASSETS			
Current assets			
Cash and cash equivalents	7	357,878	202,145
Other receivables	8	<u>51,621</u>	<u>5,105</u>
		<u>409,499</u>	<u>207,250</u>
Total assets		<u>409,499</u>	<u>207,250</u>
LIABILITIES			
Current liabilities			
Other payables	9	<u>18,463</u>	<u>27,151</u>
Total liabilities		<u>18,463</u>	<u>27,151</u>
NET ASSETS		<u>391,036</u>	<u>180,099</u>
FUND			
Unrestricted fund			
General fund	10	<u>391,036</u>	<u>180,099</u>
TOTAL FUND		<u>391,036</u>	<u>180,099</u>

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

**STATEMENT OF CHANGES IN FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Balance at beginning of year S\$	Net income for the year S\$	Balance at end of year S\$
2017			
Unrestricted fund			
General fund	<u>180,099</u>	<u>210,937</u>	<u>391,036</u>
Total fund	<u>180,099</u>	<u>210,937</u>	<u>391,036</u>
	Balance at beginning of year S\$	Net income for the year S\$	Balance at end of year S\$
2016			
Unrestricted fund			
General fund	<u>132,930</u>	<u>47,169</u>	<u>180,099</u>
Total fund	<u>132,930</u>	<u>47,169</u>	<u>180,099</u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
Cash flows from operating activities			
Net income before income tax		<u>210,937</u>	<u>48,794</u>
Operating cash flow before working capital changes		<u>210,937</u>	<u>48,794</u>
Changes in operating assets and liabilities			
- Other receivables		(46,516)	(1,105)
- Other payables		<u>(8,688)</u>	<u>25,731</u>
Cash generated from operations		<u>155,733</u>	<u>73,420</u>
Income tax paid		<u>0</u>	<u>(1,625)</u>
Net cash generated from operating activities		<u>155,733</u>	<u>71,795</u>
Net increase in cash and cash equivalents		155,733	71,795
Cash and cash equivalents at beginning of financial year		<u>202,145</u>	<u>130,350</u>
Cash and cash equivalents at end of financial year	7	<u>357,878</u>	<u>202,145</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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

1. General information

Blossom Seeds Limited (the "Company") is incorporated and domiciled in Singapore. The Company's registered office and principal place of business is located at 12 Aljunied Road, #03-00 KH Plaza @ Aljunied, Singapore 389801.

The Company is a company limited by guarantee. The Company was registered as a charity under the Charities Act, Chapter 37 on 4 April 2016. The Company has been accorded an Institutions of a Public Character ("IPC") status until 31 January 2019.

The principal activities of the Company are those of charitable and other supporting activities aimed at humanitarian work.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") and the disclosure requirements of the Charities Act (Chapter 37). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.1 Interpretations and amendments to published standards effective in 2017

In the current financial year, the Company has adopted all the new and revised FRS and interpretations of FRS ("INT FRS") that are relevant to its operations and effective on 1 January 2017. The adoption of the standard did not have any material effect on the financial statements.

2.1.2 Standards issued but not yet effective

The Company did not early adopt the following relevant new/revised FRS, INT FRS and amendments to FRSs that were issued at the date of authorisation of these financial statements but not yet effective until future period:

Description	Effective for annual periods beginning on or after
FRS 109 Financial instruments	1 January 2018
FRS 115 Revenue from contracts with customers	1 January 2018
FRS 116 Leases	1 January 2019

Management believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of initial application.

2. Significant accounting policies (Cont'd)

2.2 Income recognition

Income comprises the fair value of the consideration received or receivable in the ordinary course of the Company's activities. Income is recognised as follows:

2.2.1 Donations

Donations are taken up and accrued as and when they are committed. Those uncommitted donations, income from charity events and all income except as listed below, are recognised on receipt basis. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

2.2.2 Income from events

Income from events is recognised upon completion of event.

2.2.3 Other income

Other income is recognised when received.

2.3 Expenditure recognition

All expenditure is accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.3.1 Cost of charitable activities

Cost of charitable activities comprises all directly attributable costs incurred in the pursuit of the charitable objects of the Company and an apportionment of overhead and shared costs.

2.3.2 Governance and administrative costs

Governance and administrative costs include the costs of governance arrangement, which relate to the general running of the Company, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2.4 Employee compensation

2.4.1 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

2. Significant accounting policies (Cont'd)

2.4 Employee compensation (Cont'd)

2.4.2 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets as loans and receivables. 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.

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 reporting date, which are classified as non-current assets. Loans and receivables are classified within "Cash and cash equivalents" and "Other receivables" on the statement of financial position.

2.5.2 Recognition and derecognition

Usual purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.5.3 Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

2.5.4 Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.5.5 Impairment

The Company assesses at each reporting date 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.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments is considered indicators that the receivables are impaired.

An allowance for impairment of loans and receivables, including other receivables, is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2. Significant accounting policies (Cont'd)

2.5 Financial assets (Cont'd)

2.5.5 Impairment

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the amount 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 statement of financial activities.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment losses 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.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of changes in values.

2.7 Other receivables

Other receivables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.8 Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include "Other payables" on the statement of financial position.

Financial liabilities which are due to be settled within 12 months after the reporting date are presented as current liabilities in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue. Other financial liabilities due to be settled more than 12 months after the reporting date are presented as non-current liabilities in the statement of financial position.

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expired. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.9 Other payables

Other payables excluding accruals, are recognised at their transaction price, excluding transaction cost, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

2. Significant accounting policies (Cont'd)

2.10 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present 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 the amount has been reliably estimated.

2.11 Income taxes

Current income tax liabilities for current and prior periods are recognised at the amounts expected to be paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

Deferred income tax assets/ liabilities are recognised for all deductible/ taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/ liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at:

- a) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date; and
- b) the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in the statement of financial activities for the year, except to the extent that the tax arises from a transaction, which is recognised directly in equity. Deferred tax on temporary differences arising from the fair value gains and losses on available-for-sale financial assets are charged or credited directly to equity in the same period the temporary differences arise..

The Company was registered as a charity under the Charities Act, Cap. 37 on 4 April 2016. No provision for taxation is made for net income after this date.

2.12 Funds

Restricted funds balance are restricted by outside sources and may only be utilised in accordance with the purposes for which they are established. Designated funds are earmarked for specific purposes and are largely made up of funds allocated at the discretion of the Board of Directors. These designated funds are treated as restricted funds as they contain funds restricted by outside sources.

The Board of Directors retains full control over the use of unrestricted funds for any of the Academy's purposes.

2. Significant accounting policies (Cont'd)

2.13 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

2.14 Events after the reporting date

Post year-end events that provide additional information about the College's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

2.15 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others;
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a 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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (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 Company or to the parent of the Company.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenditure, 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.

The management is of the opinion that there are no significant judgements 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.

4. Income tax

The Company is a charity registered under the Charities Act since 4 April 2016. Consequently, the income of the Company is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap. 134. No provision for taxation is made for surplus after this date.

The major components of income tax expense recognised in profit or loss for the year ended 31 December 2017 and 2016 were:

	2017 S\$	2016 S\$
Current income tax:		
- Current year	<u>0</u>	<u>1,625</u>

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2017 and 2016 were as follows:

	2017 S\$	2016 S\$
Net income before income tax	<u>0</u>	<u>43,176</u>
Tax calculated at statutory tax rate of 17%	0	7,341
Effects of:		
- Statutory stepped income exemption	0	(4,094)
- Tax incentive for corporate tax rebate	<u>0</u>	<u>(1,622)</u>
	<u>0</u>	<u>1,625</u>

5. Donations

The Company issued tax-exempt receipts for donations collected amounting to S\$91,645 (2016: S\$Nil).

Prior to obtained the IPC status on 1 February 2017, the Company issued non-tax exempt receipts for donations collected amounting to S\$19,017 for financial year 2017.

BLOSSOM SEEDS LIMITED
[UEN. 201304904N]

Audited Financial Statements
Financial Year Ended 31 December 2017

6. Other income

	2017 S\$	2016 S\$
Special employment credit	508	242
Temporary employment credit	260	0
	<u>768</u>	<u>2425</u>

7. Cash and cash equivalents

	2017 S\$	2016 S\$
Cash on hand	217	1,093
Cash at banks	357,661	201,052
	<u>357,878</u>	<u>202,145</u>

At the reporting date, the carrying amounts of cash and cash equivalents approximate their fair values.

8. Other receivables

	2017 S\$	2016 S\$
Deposit	0	5,000
Prepayment	0	105
Other receivables	51,621	0
	<u>51,621</u>	<u>5,105</u>

At the reporting date, the carrying amounts of other receivables approximate their fair values.

9. Other payables

	2017 S\$	2016 S\$
Advance receipts	4,480	25,811
Accruals	13,983	1,340
	<u>18,463</u>	<u>27,151</u>

At the reporting date, the carrying amounts of payables approximate their fair values.

10. General fund

General fund are expendable at the discretion of the Board of Directors for the achieving of their overall objectives.

11. Related party transactions

	2017 S\$	2016 S\$
Professional fee paid to a director	10,000	0
Payment to BW Monastery	<u>2,300</u>	<u>0</u>

Professional fee was paid to 1 (2016: Nil) director during the financial year. No fee or any for of remuneration were paid to the other directors for the financial year ended 31 December 2017 and 31 December 2016.

BW Monastery has offered the Company free use of its premise facilities as office and for training purposes. During the financial year, the Company paid nominal amount of S\$2,300 to BW Monastery to defray the utilities charges for the use of the facilities offered by BW Monastery.

12. Number of employees

The number of employees in the Company at the end of the reporting date was 5 (2016: 2). As disclosed in the statement of financial activities, total staff costs as at year-end amounted to S\$95,152 (2016: S\$24,596).

13. Financial instruments

The financial assets and liabilities of the Company as at the financial reporting date are as follows:

	2017 S\$	2016 S\$
<u>Financial Assets</u>		
Loans and receivables		
Cash and cash equivalents	357,878	202,145
Other receivables (excluding prepayment)	<u>51,621</u>	<u>5,000</u>
	<u>409,499</u>	<u>207,145</u>
<u>Financial Liabilities</u>		
Other payables (excluding advance receipts)	<u>13,983</u>	<u>1,340</u>

14. Finance risk management

The Company is exposed to various financial risks arising from its operations. The key financial risks include credit risk, interest rate risk and liquidity risk. The Company's Board of Directors (BOD) reviews and agrees policies and procedures for the management of these risks.

The following describes the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

14.1 Credit risk

Credit risk is the potential financial loss resulting from the counterparty defaulting on its contractual obligations to the Company.

The Company has minimal exposure to credit risks due to the nature of its activities.

14. Finance risk management (Cont'd)

14.2 Interest rate risk

The Company's income and operating cash flows are not substantially affected by changes in market interest rates, as they do not have significant interest-bearing assets or liabilities as at the reporting date.

14.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations due to shortage of funds. The Company exposure to liquidity risk arises primarily from mis-matches of the maturities of financial assets or liabilities.

Management monitors and ensures that the Company maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2017			
Financial assets			
Cash and cash equivalents	357,878	0	357,878
Other receivables (excluding prepayment)	51,621	0	51,621
	<u>409,499</u>	<u>0</u>	<u>409,499</u>
Financial liabilities			
Other payables (excluding advance receipts)	(13,983)	0	(13,983)
Net financial assets	<u>395,516</u>	<u>0</u>	<u>395,516</u>
	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2016			
Financial assets			
Cash and cash equivalents	202,145	0	202,145
Other receivables (excluding prepayment)	5,000	0	5,000
	<u>207,145</u>	<u>0</u>	<u>207,145</u>
Financial liabilities			
Other payables (excluding advance receipts)	(1,340)	0	(1,340)
Net financial assets	<u>205,805</u>	<u>0</u>	<u>205,805</u>

15. Fair values

As at 31 December 2017, the carrying amounts of the financial assets and liabilities recorded in the financial statements of the Company approximate their fair values due to their short-term nature.

16. Reserves position and policy

The Company's reserves position for financial year ended 31 December 2017 is as follows:

		2017	2016	Increase / (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted Fund			
	General fund	391	180	78.29
B	Restricted / Designated Funds			
C	Endowment Fund	0	0	N.A
D	Total Funds	391	180	78.29
E	Total Annual Operating Expenditure	325	58	457.81
F	Ratio of Reserves to Annual Operating Expenditure (A/E)	1.20	3.09	

Reference:

- C. Endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for an entity to spend as grants.
- D. Total funds include unrestricted, restricted, designated and endowment funds.
- E. Total annual operating expenditure includes expenses related to Cost of Charitable Activities and Governance and Administration Costs.

The Company's Reserve Policy is as follows:

The reserves of the Company provide financial stability and the means for the development of the Company's activities. The Board intends to maintain reserves five times of the Company's operating needs. The Company reviews the level of reserves regularly for the Company's continuing obligations.

17. Management of conflict of interest

There is no paid staff on the Company's Board of Directors.

Board members are required to disclose any interest that they may have, whether directly or indirectly, that the Company may enter into or in any organisations that the Company has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Company's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Board members may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

18. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on

26 JUN 2018