

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)
Registration No. 200407361W

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2017

C. N. TIEW & Co.
Chartered Accountants of Singapore

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)
Registration No. 200407361W

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CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT

The directors present this statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the directors:

- (a) the financial statements set out on pages 7 to 26 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 ended on that date; 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.

2. DIRECTORS

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

Yeoh Seng Eng
Tang Kok Fai
Lee Chee Yeng
Tay Kah Poh
Hooi Shing Chuan - Appointed on 1 July 2017

3. OTHER MATTERS

As the Company is a company limited by guarantee, matters relating to the issue of shares, debentures, dividends and share options are not applicable.

4. INDEPENDENT AUDITOR

The independent auditor, C. N. Tiew & Co., has expressed its willingness to accept re-appointment.

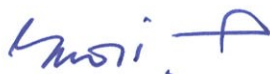
CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT

5. **AUTHORISATION OF FINANCIAL STATEMENTS**

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

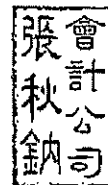


.....
YEOH SENG ENG
Director



.....
TANG KOK FAI
Director

DATED: 30 MAY 2018



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CARE CHANNELS INTERNATIONAL LTD.
Registration No. 200407361W**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CARE CHANNELS INTERNATIONAL LTD. (the Company), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 26.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act), the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards (FRS) in Singapore 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 funds and cash flows of the Company for the financial year ended on that date.

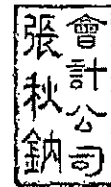
Basis for Opinion

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 Information

Management is responsible for the other information. The other information comprises the Directors' Statement 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CARE CHANNELS INTERNATIONAL LTD.
Registration No. 200407361W**

Other Information (continued)

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

Responsibilities of Management and Directors for the Financial Statements

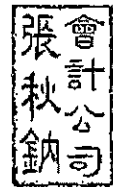
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Charities Act and Regulations and FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CARE CHANNELS INTERNATIONAL LTD.
Registration No. 200407361W**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

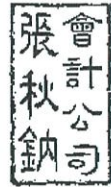
As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 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 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 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 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.

C. N. Tiew & Co.

Chartered Accountants of Singapore



特許會計師

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CARE CHANNELS INTERNATIONAL LTD.
Registration No. 200407361W**

Report on Other Legal and Regulatory Requirements

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

C. N. TIEW & CO.
Public Accountants and
Chartered Accountants
Singapore

DATED: 30 MAY 2018

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in Republic of Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
ASSETS			
Non-current assets			
Equipment	5	-	-
Current assets			
Trade receivables		1,392	1,465
Amount owing by a related party	6	-	20,715
Cash and cash equivalents		695,586	490,114
		<u>696,978</u>	<u>512,294</u>
TOTAL ASSETS		<u><u>696,978</u></u>	<u><u>512,294</u></u>
FUNDS AND LIABILITIES			
Funds			
MILK fund - Undesignated	7	98,903	98,903
MILK fund - China, Mengzi City	8	95,852	154,406
MILK fund - Pakistan, Lahore	9	5,239	5,239
Accumulated fund		472,884	237,548
		<u>672,878</u>	<u>496,096</u>
Current liabilities			
Accruals		11,668	10,500
Amounts owing to related parties	10	12,432	5,698
		<u>24,100</u>	<u>16,198</u>
TOTAL FUNDS AND LIABILITIES		<u><u>696,978</u></u>	<u><u>512,294</u></u>

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

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
INCOME	11	1,622,086	1,793,372
OTHER OPERATING INCOME		7,096	12,712
		<u>1,629,182</u>	<u>1,806,084</u>
PURCHASES AND OTHER DIRECT COSTS		(1,094,370)	(1,629,283)
STAFF COSTS	12	(178,729)	(164,046)
OTHER OPERATING EXPENSES		(120,747)	(64,604)
		<u>(1,393,846)</u>	<u>(1,857,933)</u>
SURPLUS/(DEFICIT) FOR THE YEAR	13	<u>235,336</u>	<u>(51,849)</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Net movements of MILK Fund:			
- Undesignated	7	-	(31,097)
- China, Mengzi City	8	(58,554)	(37,407)
- Pakistan, Lahore	9	-	(64,985)
		<u>(58,554)</u>	<u>(133,489)</u>
TOTAL COMPREHENSIVE INCOME		<u><u>176,782</u></u>	<u><u>(185,338)</u></u>

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

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

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

	MILK fund			Accumulated fund	Total
	Undesignated	China, Mengzi City	Pakistan, Lahore		
	S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2017	98,903	154,406	5,239	237,548	496,096
Total comprehensive income	-	(58,554)	-	235,336	176,782
Balance at 31 December 2017	<u>98,903</u>	<u>95,852</u>	<u>5,239</u>	<u>472,884</u>	<u>672,878</u>

	MILK fund			Accumulated fund	Total
	Undesignated	China, Mengzi City	Pakistan, Lahore		
	S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2016	130,000	191,813	70,224	289,397	681,434
Total comprehensive income	(31,097)	(37,407)	(64,985)	(51,849)	(185,338)
Balance at 31 December 2016	<u>98,903</u>	<u>154,406</u>	<u>5,239</u>	<u>237,548</u>	<u>496,096</u>

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

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

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

	Note	2017 S\$	2016 S\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers and donors		1,629,255	1,807,401
Cash paid to beneficiary entities, suppliers and employees		(1,392,678)	(1,755,120)
Net Cash From Operating Activities		236,577	52,281
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to a related party		20,715	-
Net Cash From Investing Activities		20,715	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt from/(Payments to) related parties		6,734	(73,816)
Net payments from:			
MILK Fund - Undesignated	7	-	(31,097)
MILK Fund - China, Mengzi City	8	(58,554)	(37,407)
MILK Fund - Pakistan	9	-	(64,985)
Net Cash Used In Financing Activities		(51,820)	(207,305)
Net Increase/(Decrease) In Cash And Cash Equivalents		205,472	(155,024)
CASH AND CASH EQUIVALENTS			
Opening balance		490,114	645,138
Closing balance		695,586	490,114

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

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017

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

1. GENERAL

The Company is a public company limited by guarantee, incorporated and domiciled in the Republic of Singapore.

Under Clause 7 of its Memorandum of Association, the members of the Company guarantee to contribute a sum not exceeding S\$100 to the assets of the Company in the event of its being wound up.

The Company is registered as a Charity under the Singapore Charities Act, Chapter 37 since 5 November 2004.

The registered office, which is also the principal place of business, is located at 1, Commonwealth Lane, #07-31, One Commonwealth, Singapore 149544.

The financial statements were authorised for issue by the Board of Directors on 30 May 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50, the Singapore Charities Act, Chapter 37 and other relevant Regulations and Financial Reporting Standards in Singapore (FRS).

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

- Level 3 fair value measurements are those from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The adoption of the following new or revised FRS that are applicable in the current reporting period and relevant to the Company does not have material impact on the accounting policies and figures presented in the financial statements for the financial year ended 31 December 2017:

- Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

As at the date of authorisation of the financial statements, the following new/revised FRS, and amendments to FRS that maybe relevant to the Company were issued but not effective:

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers (with clarifications issued)

Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

The Company is currently assessing the potential impact on the financial statements.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are presented in Singapore Dollar (S\$), which is the Company's functional currency.

2.3 Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis so as to write-off the cost of the assets over their estimated useful lives, as follows:

	Number of years
Computers	3
Office equipment	3
Office furnishings	3

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

Subsequent expenditure relating to 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 was made, will flow to the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the reporting period in which it is incurred.

On disposal of an item of equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit or loss.

2.4 Financial assets

Financial assets within the scope of FRS 39 are classified as loans and receivables. Loans and receivables include "trade and other receivables" and "cash and cash equivalents".

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

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets (continued)

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transactions costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of the reporting period.

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

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses are recognised in profit or loss.

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

2.5 Receivables

Trade and other receivables are measured at initial recognition at fair value and subsequently at amortised cost using the effective interest rate method less an allowance for any uncollectible amounts.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that the receivables are impaired. An allowance for impairment is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

The carrying amounts of current receivables are assumed to approximate their fair values at the end of the reporting period.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial liabilities

The Company classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss; and (b) financial liabilities at amortised cost.

Financial liabilities are classified as financial liabilities at fair value through profit or loss if they are incurred for the purpose of short-term repurchasing (held for trading) or designated by management on initial recognition (designated under the fair value option). The Company does not have any financial liabilities classified at fair value through profit or loss at the end of the reporting period.

Financial liabilities are recognised on the statement of financial position when, and only when, the Company 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 transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest rate 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 profit or loss when the liabilities are derecognised. Net gains or losses on derivatives include exchange differences.

2.8 Payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

The carrying amounts of current payables are assumed to approximate their fair values at the end of the reporting period.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Related parties

Related parties are entities with common direct or indirect shareholders and/or directors as that of the Company. Parties are also considered to be related if one party has the ability to control the other party or exercise significant influence.

Trading transactions with related parties are carried out in the normal course of business based on terms agreed between the parties.

2.10 Income recognition

Donation income and project funding are recognised on the date of receipt since the Company has no knowledge of such income prior to their initial entry in the accounting records.

Revenue from sale of finished goods is recognised upon passing of title to customer, which generally coincides with their delivery and acceptance.

Interest income is recognised on a time proportion basis using the effective interest rate.

2.11 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with conditions related to them and that the grants will be received.

Grants related to income are recognised in profit or loss over the periods necessary to match them with the related costs that they are intended to compensate. The timing of such recognition in profit or loss will depend on the fulfillment of any conditions or obligations attached to the grant.

Grants related to assets are presented as deferred income (liability) in the statement of financial position. The profit or loss will be affected by recognising deferred income systematically over the useful life of the related asset.

CARE CHANNELS INTERNATIONAL LTD.
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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets

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

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation reserve.

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 amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.13 Employee benefits

As required by law, the Company makes contributions to the Central Provident Fund (CPF). CPF contributions are recognised as compensation expenses in the same period as employment that gives rise to the contributions. These expenses are charged to profit or loss as and when they arise and are disclosed as part of staff costs.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Foreign currencies

Transactions in foreign currencies are measured and recorded in Singapore Dollar using the exchange rate in effect at the date of the transaction. At the end of each reporting period, recorded monetary balances that are denominated in a foreign currency are translated to reflect the rate at the end of the reporting period. All exchange adjustments are taken to profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.15 Taxation

The Company is a registered charity under the Singapore Charities Act, Chapter 37 and is exempted from income tax under the Singapore Income Tax Act, Chapter 134.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical judgements in applying the Company's accounting policies

The management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

3.2 Useful lives of equipment

The management of the Company determines the estimated useful lives and related depreciation expense for the equipment. The management of the Company estimates useful life of the equipment by reference to expected usage of the equipment, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the market. The useful life and related depreciation expense could change significantly as a result of the changes in these factors.

CARE CHANNELS INTERNATIONAL LTD.
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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.3 Allowance for impairment of trade receivables

The policy for allowance for impairment of trade receivables of the Company is based on the evaluation of collectibility of receivables, ageing analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of the debtors were to deteriorate and result in an impairment of their ability to make payments, additional allowance may be required.

4. PRINCIPAL ACTIVITIES

The principal activities of the Company are to carry on the activities of community development and relief work to the poor, aged and sick in Singapore and third world countries.

CARE CHANNELS INTERNATIONAL LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017

5. EQUIPMENT

	At 01.01.2017	Additions	Disposals	At 31.12.2017
	S\$	S\$	S\$	S\$
Cost				
Computers	2,214	-	-	2,214
Office equipment	1,869	-	-	1,869
Office furnishings	5,019	-	-	5,019
	<u>9,102</u>	<u>-</u>	<u>-</u>	<u>9,102</u>
Accumulated depreciation				
Computers	2,214	-	-	2,214
Office equipment	1,869	-	-	1,869
Office furnishings	5,019	-	-	5,019
	<u>9,102</u>	<u>-</u>	<u>-</u>	<u>9,102</u>
	At 01.01.2016	Additions	Disposals	At 31.12.2016
	S\$	S\$	S\$	S\$
Cost				
Computers	2,214	-	-	2,214
Office equipment	1,869	-	-	1,869
Office furnishings	5,019	-	-	5,019
	<u>9,102</u>	<u>-</u>	<u>-</u>	<u>9,102</u>
Accumulated depreciation				
Computers	2,214	-	-	2,214
Office equipment	1,869	-	-	1,869
Office furnishings	5,019	-	-	5,019
	<u>9,102</u>	<u>-</u>	<u>-</u>	<u>9,102</u>
			At 31.12.2017	At 31.12.2016
			S\$	S\$
Carrying amount				
Computers			-	-
Office equipment			-	-
Office furnishings			-	-
			<u>-</u>	<u>-</u>
			<u>-</u>	<u>-</u>

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6. AMOUNT OWING BY A RELATED PARTY

The amount owing by a related party is non-trade related, unsecured, non-interest bearing and will be repayable on demand.

7. MILK FUND - UNDESIGNATED

	2017	2016
	S\$	S\$
Opening balance	98,903	130,000
Less:		
Payments of operating expenditure	-	31,097
Closing balance	98,903	98,903

The MAINLY I LOVE KIDS Fund - Undesignated (MILK Fund - Undesignated) was set up to support philanthropic efforts to help the poor move out of their poverty. The donor recognises that the needs evolve and the funds may be needed for some other more pressing areas and have given the Board of Directors the discretion to re-channel the Fund to other more pressing areas should the need arise.

8. MILK FUND - CHINA, MENGZI CITY

	2017	2016
	S\$	S\$
Opening balance	154,406	191,813
Less:		
Payments of operating expenditure	58,554	37,407
Closing balance	95,852	154,406

The MAINLY I LOVE KIDS Fund - China, Mengzi City (MILK Fund - China, Mengzi City) was set up to support philanthropic efforts to help the poor move out of their poverty, in particular, for the benefits of children in Mengzi City in Yunnan Province, the People's Republic of China.

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9. MILK FUND - PAKISTAN, LAHORE

	2017	2016
	S\$	S\$
Opening balance	5,239	70,224
Less:		
Payments of operating expenditure	-	64,985
Closing balance	<u>5,239</u>	<u>5,239</u>

The MAINLY I LOVE KIDS Fund - Pakistan, Lahore (MILK Fund - Pakistan, Lahore) was set up to support philanthropic efforts to help the poor move out of their poverty, in particular, for the benefits of children in Lahore City in Punjab Province, Pakistan.

10. AMOUNTS OWING TO RELATED PARTIES

The amounts owing to related parties are non-trade related, unsecured, non-interest bearing and will be repayable on demand.

11. INCOME

	2017	2016
	S\$	S\$
Contributions for staff support	66,120	48,465
Donations	1,320,813	1,509,713
Projects funding	201,660	202,414
Sale of goods	33,493	32,780
	<u>1,622,086</u>	<u>1,793,372</u>

During the reporting period, the Company did not conduct any fund-raising appeal which requires disclosure in accordance with Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations.

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12. STAFF COSTS

	2017	2016
	S\$	S\$
Staff salaries	147,734	138,515
Staff CPF contributions	25,118	22,153
Other staff costs	5,877	3,378
	<u>178,729</u>	<u>164,046</u>

No staff received more than S\$100,000 in annual remunerations.

13. SURPLUS/(DEFICIT) FOR THE YEAR

	2017	2016
	S\$	S\$
This is determined after charging/(crediting):		
Foreign exchange (gain)/loss	11,061	(3,299)
Government grant	<u>(4,663)</u>	<u>(3,675)</u>

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the reporting period, there were significant related party transactions, at terms agreed between the parties, as follows:

	2017	2016
	S\$	S\$
Accounting services rendered by a related party	-	14,400
Administrative services charged to related parties	2,433	2,932
Love gifts to related parties	4,500	-
Collections on behalf for related parties by the Company	62,897	51,455
Donations from a director	-	-
Projects funding from directors	-	-
Project costs paid to related parties	1,060,619	1,605,570
Purchases from related parties	17,659	24,127
Sales to directors	<u>-</u>	<u>25</u>

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15. FINANCIAL INSTRUMENTS

Categories of financial instruments

The financial instruments as at the end of the reporting period were:

	2017	2016
	S\$	S\$
Financial assets, loans and receivables	696,978	512,294
Financial liabilities, at amortised cost	<u>24,100</u>	<u>16,198</u>

Financial risk management

The main risks arising from the Company's financial instruments are currency risk, credit risk and liquidity risk. The policies for managing each of these risks were summarised as follows:

15.1 Currency risk

Currency risk is the risk to earnings and value of financial instruments caused by fluctuation in foreign exchange rates.

The Company's main exposures arise from certain of its cash flow transactions that are denominated in foreign currencies. At the end of the reporting period, the Company does not use derivative financial instruments to hedge its currency risk. The exchange rates are monitored regularly.

The Company's currency exposures based on information provided to key management were as follows:

	2017	2016
	S\$	S\$
Cash and cash equivalents		
Denominated in Malaysian Ringgit	47,033	36,400
Denominated in United States Dollar	<u>164,351</u>	<u>114,117</u>

At the end of the reporting period, if the Malaysian Ringgit (MYR) and United States Dollar (US\$) strengthened/weakened against the Singapore Dollar by 10% (2016: 10%), with all other variables being held constant, the surplus of the Company and equity will be increased/decreased by S\$4,703 and S\$16,431 (2016: S\$3,640 and S\$11,412) respectively.

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15. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

15.2 Credit risk

Credit risk is the potential loss arising from any failure by the customers or debtors to fulfill their obligations as and when these obligations fall due.

As the Company does not hold any collateral, the carrying amounts of the financial assets represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

At the end of the reporting period, concentration of credit risk with respect to trade receivables were as follows:

	2017	2016
	S\$	S\$
Top 1 customer	1,170	720
Top 2 customers	1,314	1,396

Credit risk on bank deposits is limited as these balances are placed with financial institutions which are regulated. Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good collection track record with the Company.

There is no other class of financial assets that is past due and/or impaired except for trade receivables. At the end of the reporting period, the age analysis of trade receivables past due but not impaired were as follows:

	2017	2016
	S\$	S\$
Past due less than 3 months	78	229

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The management is of the opinion that there is no significant collection losses associated with its debtor balances as the management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

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15. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

15.3 Liquidity risk

Liquidity risk is the risk the Company is unable to meet its cash flow obligations as and when they fall due.

The Company monitors its cash flow actively by maintaining a level of cash and cash equivalents. The management expects the high level of cash and cash equivalents to be adequate to ensure liquidity.

Payables are non-interest bearing and are normally settled on 30 days' terms.

16. RESERVES POLICY

The Company's reserves position at the end of the reporting period were:

	2017	2016	Increase/ (Decrease)
	S\$	S\$	
Unrestricted fund	472,884	237,548	99.07%
Restricted/Designated Fund:			
MILK Fund - Undesignated	98,903	98,903	-
MILK Fund - China, Mengzi City	95,852	154,406	(37.92)%
MILK Fund - Pakistan, Lahore	5,239	5,239	-
	<u>672,878</u>	<u>496,096</u>	
Ratio of unrestricted funds to annual operating expenditure	<u>0.34</u>	<u>0.13</u>	

The reserves that the Company has set aside provide financial stability and the means for the development of its principal activities. The Company reviews annually the amount of reserves that are required to ensure that they are adequate to fulfill their continuing obligations.

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OPERATING EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017	2016
	S\$	S\$
STAFF COSTS		
Staff salaries and related costs	147,734	138,515
Staff CPF contributions	25,118	22,153
Medical fee	50	-
Other staff costs	5,827	3,378
	178,729	164,046
OTHER OPERATING EXPENSES		
Bank charges	351	140
Consultancy fees	20,400	20,000
Foreign exchange loss	11,061	-
General office expenses	16,593	10,911
Insurance	2,137	1,435
Love gift	12,141	-
Marketing and promotion	1,790	-
Postage, courier, printing and stationery	3,497	5,678
Professional fees	27,890	23,980
Travelling expenses	24,887	2,460
	120,747	64,604
TOTAL OPERATING EXPENSES	299,476	228,650

This schedule does not form part of the financial statements.