

Registration No. T00CC1423K

National Skin Centre Health Endowment Fund

Annual Financial Statements
31 March 2020



National Skin Centre Health Endowment Fund

Index

	Page
Independent auditor's report	1
Balance sheet	4
Statement of comprehensive income	5
Statement of cash flows	6
Notes to the financial statements	7

National Skin Centre Health Endowment Fund

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the members of the Fund Committee of National Skin Centre Health Endowment Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of National Skin Centre Health Endowment Fund (the "Fund"), which comprise the balance sheet as at 31 March 2020, the statement of comprehensive income, and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Charities Act, Chapter 37 and the 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 Fund as at 31 March 2020 and of the financial performance, and cash flows of the Fund for the year ended 31 March 2020.

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 Fund 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 other information. The other information comprises the information included in the annual report, 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.

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.

National Skin Centre Health Endowment Fund

Independent auditor's report For the financial year ended 31 March 2020

Independent auditor's report to the members of the Fund Committee of National Skin Centre Health Endowment Fund

Responsibilities of management and Fund Committee for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Charities Act, Chapter 37 and the other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund'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 Fund to cease to continue as a going concern.

National Skin Centre Health Endowment Fund

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the members of the Fund Committee of National Skin Centre Health Endowment Fund

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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 Fund Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

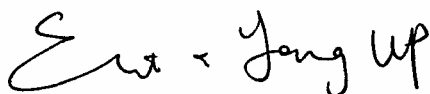
Other matter

The financial statements of National Skin Centre Health Endowment Fund for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 19 June 2019.

Report on other legal and regulatory requirements

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

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



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
12 June 2020

National Skin Centre Health Endowment Fund

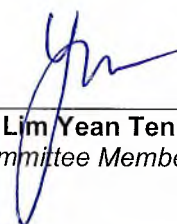
Balance sheet As at 31 March 2020

	Note	2020 \$	2019 \$
Assets			
Investment property	4	1,250,000	1,250,000
Non-current asset		1,250,000	1,250,000
Interest receivables		18,731	20,716
Other receivable		2,120	-
Deposits		250	250
Prepayments		304	270
Cash and cash equivalents	5	2,403,254	2,284,952
Current assets		2,424,659	2,306,188
Total assets		3,674,659	3,556,188
Liabilities			
Current liabilities			
Other payables		5,545	2,375
Deposit payable		-	2,900
Deferred income		-	2,900
Current and total liabilities		5,545	8,175
Net assets		3,669,114	3,548,013
Represented by:			
Accumulated fund		3,669,114	3,548,013

The financial statements on pages 4 to 17 were approved by:



Ms Tan Beng Neo Eunice
Chairman



Dr Lim Yean Teng
Committee Member

12 June 2020

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

National Skin Centre Health Endowment Fund

Statement of comprehensive income For the financial year ended 31 March 2020

	Note	2020 \$	2019 \$
Incoming resources			
Donations received	6	102,845	104,447
Interest income – financial institutions		36,102	33,011
Rental income	4	8,700	23,294
Gain in fair value of investment property	4	–	60,000
Total incoming resources		147,647	220,752
Resources expended			
Charitable expenses		(15,020)	(31,576)
Governance costs		(5,095)	(2,000)
Other operating expenses		(6,431)	(7,031)
Total resources expended		(26,546)	(40,607)
Net incoming resources		121,101	180,145
Accumulated fund brought forward		3,548,013	3,367,868
Accumulated fund carried forward		3,669,114	3,548,013

No separate statement of changes in fund has been prepared as the net incoming resources for the year would be the only component of this statement.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

National Skin Centre Health Endowment Fund

Statement of cash flows For the financial year ended 31 March 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Net incoming resources		121,101	180,145
<u>Adjustments:</u>			
Gain in fair value of investment property	4	–	(60,000)
Interest income – financial institutions		(36,102)	(33,011)
		84,999	87,134
<u>Changes in working capital:</u>			
Deposits and prepayments		(2,154)	71
Accruals and other liabilities		(2,630)	(89)
Net cash flows from operating activities		80,215	87,116
Cash flows from investing activities			
Interest received		38,087	26,746
Net cash flows used in investing activities		38,087	26,746
Net increase in cash and cash equivalents		118,302	113,862
Cash and cash equivalents at beginning of year		2,284,952	2,171,090
Cash and cash equivalents at the end of financial year	5	2,403,254	2,284,952

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

National Skin Centre Health Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

1. Corporate information

The National Skin Centre Health Endowment Fund (the "Fund") was established on 11 July 1995 to receive donations towards the pursuit of medical research and development and improvement to health services in Singapore, and to provide funded care to patients determined to be in need of financial assistance.

With effect from 6 March 2000, the Fund was registered as a Charity under the Singapore Charities Act, Chapter 37 with a validity of its Institutions of a Public Character ("IPC") status till 31 December 2018. On 29 November 2019, the Fund was granted renewal of its IPC status for two years, from 1 January 2020 to 31 December 2021.

National Skin Centre (Singapore) Pte Ltd is the Trustee of the Fund and it holds the investment property in trust for the Fund.

2. Basis of preparation

2.1 *Statement of compliance*

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs").

Changes to significant accounting policies are described in Note 2.5.

2.2 *Basis of measurement*

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

2.3 *Functional and presentation currency*

These financial statements are presented in Singapore dollars, which is the Fund's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 *Use of estimates and judgements*

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – Estimate of fair value of investment property
- Note 8 – Financial risk management

National Skin Centre Health Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

2. Basis of preparation (cont'd)

2.5 *Adoption of new standards*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Fund has adopted all the new and amended standards which are relevant to the Fund and are effective for annual financial periods beginning on or after 1 April 2019. The adoption of these new and amended standards do not have an impact on the financial statements of the Fund.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 *Investment property*

Investment property is property held to earn rental income, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of comprehensive income.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

3.2 *Financial instruments*

a. *Non-derivative financial assets*

Classification and measurement

The Fund classifies its financial assets at amortised cost.

The classification depends on the Fund's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Fund reclassifies financial assets when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in income and expenditure.

The Fund initially recognises trade receivables on the date they are originated. All other financial assets are recognised initially on the trade date, which is the date that Fund becomes a party to the contractual provisions of the instrument.

National Skin Centre Health Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

3. Significant accounting policies (cont'd)

3.2 Financial instruments (cont'd)

a. Non-derivative financial assets (cont'd)

At subsequent measurement

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income and expenditure when the assets are derecognised or impaired, and through amortisation process.

b. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and deposits with financial institutions that are subject to an insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments.

c. Non-derivative financial liabilities

The Fund initially recognises all financial liabilities on the trade date, which is the date that the Fund becomes a party to the contractual provisions of the instrument.

The Fund classifies non-derivative financial liabilities into other financial liabilities category.

Such financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. These financial liabilities comprised other payables.

d. Derecognition

Financial assets

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities

The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired.

e. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Fund does not have any financial assets and financial liabilities that:

- are offset in the balance sheet; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheet.

National Skin Centre Health Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

3. Significant accounting policies (cont'd)

3.3 Impairment

(i) Non-derivative financial assets

The Fund recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost.

Loss allowances of the Fund are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Fund applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Fund applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Fund assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

National Skin Centre Health Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

3. Significant accounting policies (cont'd)

3.3 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Fund in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Fund determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery of amounts due.

National Skin Centre Health Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

3. Significant accounting policies (cont'd)

3.4 *Income recognition*

Donation income

Donations are recognised as income in the accounting period in which they are received.

Interest income

Interest income from fixed deposits is recognised as it accrues, on an effective interest rate on the principal outstanding and at the rate applicable.

Rental income

Rental income from investment property is recognised in the statement of comprehensive income on a straight-line basis over the terms of the lease.

3.5 *Leases*

Fund as a lessor

Leases in which the Fund does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Fund's investment property is accounted for on a straight-line basis over the lease terms and is included in income in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

3.6 *New standards and interpretations issued but not yet effective*

The Fund has not adopted the following standards that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 103: <i>Definition of a Business</i>	1 January 2020
Amendments to FRS 1 and FRS 8: <i>Definition of Material</i>	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
FRS 117 <i>Insurance Contracts</i>	1 January 2021

The new standards are not expected to have a significant impact on the financial statements of the Fund.

National Skin Centre Health Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

4. Investment property

	2020 \$	2019 \$
At 1 April	1,250,000	1,190,000
Change in fair value recorded in the statement of comprehensive income	–	60,000
At 31 March	<u>1,250,000</u>	<u>1,250,000</u>

Investment property comprises a freehold apartment located at 2 Minbu Road #11-01 leased to National Skin Centre's foreign visiting fellows or medical trainees. Each lease contract does not contain any initial non-cancellable period. Subsequent renewals are negotiated with the lessee at prevailing market rental rates. No contingent rents are charged.

Rental income and direct operating expenses amounting to \$8,700 (2019: \$23,294) and \$5,909 (2019: \$6,560) respectively were recognised in the statement of comprehensive income in respect of the investment property.

As at 31 March 2020, the estimated fair value of the investment property is approximately \$1,250,000 (2019: \$1,250,000) based on open market valuation appraised by an independent professional valuer. The valuer adopted a valuation method based on recently transacted units in the vicinity and taking into account other unit specific differences.

5. Cash and cash equivalents

	2020 \$	2019 \$
Fixed deposits placed with financial institutions	2,380,809	2,251,689
Cash at bank	22,445	33,263
Cash and cash equivalents on balance sheet	<u>2,403,254</u>	<u>2,284,952</u>

The effective interest rates per annum are as follows:

	2020 %	2019 %
Fixed deposits placed with financial institutions	<u>1.27-1.49</u>	<u>1.10-1.80</u>

Interest rates for fixed deposits with financial institutions are re-priced at regular intervals within 12 months (2019: 12 months).

National Skin Centre Health Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

6. Donations received

	2020	2019
	\$	\$
Tax deductible donations	100,500	103,000
Other donations	2,345	1,447
	<u>102,845</u>	<u>104,447</u>

7. Income taxes

There is no tax charge for the current financial period. The Fund is a registered charity and an Institutions of Public Character, which has been exempted from tax with effect from the Year of Assessment 2008.

8. Financial risk management

Overview

Risk management is integral to the operations of the Fund. The Fund Committee has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Fund Committee continually monitors the Fund's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

Credit risk

Credit risk is the risk of financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Fund's cash and cash equivalents. The carrying amount of financial assets in the balance sheet represents the Fund's maximum exposure to credit risk, before taking into account any collateral held. The Fund does not hold any collateral in respect of its financial assets.

Cash and cash equivalents are placed with financial institutions which are regulated.

At balance sheet date, except for fixed deposits placed with a financial institution, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the ECL impairment on cash and cash equivalents was insignificant to provide.

National Skin Centre Health Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

8. Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund Committee monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Fund Committee to finance the Fund's operations and to mitigate the effects of fluctuations in cash flows. The expected contractual undiscounted cash outflows of other payables and accrued operating expenses approximate their carrying values and are due within one year.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Fund has no significant exposure to interest rate risk for changes in interest rates, as the fixed deposits with financial institutions are on fixed interest rates.

Foreign currency risk

The financial assets and financial liabilities of the Fund are denominated in Singapore dollars. The Fund has no exposure to foreign currency risk.

The Fund is not exposed to equity price risk.

9. Fair value of financial instruments

A number of the Fund's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Fund's investment property every year. The fair values are based on market values (i.e. market comparison approach), being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. Such valuation is based on price per square metre for the buildings derived from observable market data from an active and transparent market.

National Skin Centre Health Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

9. Fair value of financial instruments (cont'd)

Fair values versus carrying amounts

The fair values of recognised financial assets and liabilities together with the carrying amounts are shown in the balance sheet. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy

The table below analyses financial fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on inputs to valuation techniques. The different levels are defined as follows:

- **Level 1** : quoted prices (unadjusted) in active markets for identical assets or liabilities, that the Fund can assess at the measurement date.
- **Level 2** : 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).
- **Level 3** : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 March 2020					
Investment property	4	–	1,250,000	–	1,250,000
31 March 2019					
Investment property	4	–	1,250,000	–	1,250,000

Other short-term financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including interest, deposit and other receivables, cash and cash equivalents, deposit and other payables) approximate their fair values because of the short period to maturity.

10. Comparative figures

The financial statements for the financial year ended 31 March 2019 were audited by another firm of Chartered Public Accountants.

National Skin Centre Health Endowment Fund

Notes to the financial statements For the financial year ended 31 March 2020

11. Key management personnel compensation

Key management personnel of the Fund are those persons having the authority and responsibility for planning, directing and controlling the activities of the Fund. The Fund Committee members are considered as key management personnel of the Fund. The Fund Committee members did not receive any remuneration in the financial year (2019: Nil).

12. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2020 were authorised for issue by the Fund Committee on 12 June 2020.