BADPANAM

FINANCIAL STATEMENTS
31 December 2020

Content

S/ = Peruvian Sol
US$ = U.S. Dollar

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INDEPENDENT AUDITOR'S REPORT

To the Associates of
BADPANAM

We have audited the accompanying financial statements of **BADPANAM** (hereinafter the Association), which comprise the statement of financial position at 31 December 2020, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

Responsibilities of the Board of Directors for the financial statements
The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies and practices made by the Association's Board of Directors which are mentioned in note 2 to the financial statements, and for the internal control that management determines relevant to the preparation of the financial statements to assure that they are free of material misstatements, whether due to fraud or error.

Auditor's Responsibilities
Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with International Auditing Standards. Such standards require that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance that the financial statements do not contain material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including assessing the risk that the financial statements contain material misstatements, whether as a result of fraud or error. In conducting this risk assessment, the auditor takes into consideration the relevant internal control of the Association in the preparation and fair presentation of the financial statements in order to design audit procedures in accordance with the circumstances, but not for the purpose of expressing a opinion on the effectiveness of the internal control of the Association. An audit also includes the evaluation of whether the accounting policies applied are appropriate and whether the accounting estimates made by the Board of Directors are reasonable, as well as an evaluation of the general presentation of the financial statements.

We consider that the Audit evidence obtained is sufficient and appropriate to provide a basis for our Audit opinion.

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Independent auditors' report (continued)

Opinion

In our opinion, such financial statements present fairly, in all material respects, the financial position of **BADPANAM** at 31 December 2020, its financial performance and cash flows for the year ended on that date, in accordance with accounting policies and practices made by the Board of Directors of the Association which are mentioned in note 2 to the financial statements.

Other matters

The financial statements at and for the year ended 31 December 2019, have not been reviewed by other independent auditors and are only presented for comparative purposes.

Countersigned by: *Panez, Chacaliaza y Asociados Sociedad Civil de R.L.*

Marco G. Morales (Partner)
Peruvian Certified Public Accountant
Registration Nº 41412

September 27, 2021
Lima, Peru

BADPANAM

STATEMENT OF FINANCIAL POSITION
At 31 December 2020

	Notes	2020	2019
		S/	S/
ASSETS			
CURRENT ASSETS			
Cash	3	249,117	93,949
Other accounts receivable	4	252,813	153,116
Services and others contracted in advance		1,396	-
Total current assets		503,326	247,065
NON-CURRENT ASSETS			
Property, plant and equipment	5	25,021	5,041
Total non-current assets		25,021	5,041
TOTAL ASSETS		**528,347**	**252,106**

LIABILITIES AND EQUITY			
CURRENT LIABILITY			
Trade accounts payable		7,040	6,861
Other accounts payable	6	150,253	79,316
Provisions		12,728	12,592
Total current liabilities		170,021	98,769
TOTAL LIABILITIES		**170,021**	**98,769**
EQUITY			
Accumulated surplus		358,326	153,337
TOTAL EQUITY		**358,326**	153,337
TOTAL LIABILITIES AND EQUITY		**528,347**	**252,106**

The accompanying notes are part of the financial statements.

BADPANAM

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	2020	2019
		S/	S/
INCOME FROM DONATIONS		1,932,960	1,515,199
GROSS SURPLUS		1,932,960	1,515,199
OPERATING EXPENSES			
Administration expenses	7	(1,690,430)	(1,338,219)
Total operating expenses		**(1,690,430)**	**(1,338,219)**
OPERATING SURPLUS		**242,530**	**176,980**
OTHER INCOME (EXPENSES)			
Financial expenses		(44,840)	(12,386)
Financial income		132,005	3,172
Total other income (expenses)		87,165	(9,214)
SURPLUS BEFORE INCOME TAX		329,695	167,766
Income tax expense		(124,706)	-
SUPERAVIT OF THE YEAR		**204,989**	**167,766**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME OF THE YEAR		**204,989**	**167,766**

The accompanying notes are part of the financial statements.

BADPANAM

STATEMENT OF CHANGES IN EQUITY
For the period ended at 31 December 2020

	Notes	Surplus	Total
		S/	S/
At 1 January 2019		**(14,428)**	**(14,428)**
Surplus of the year		167,765	167,765
At 31 December 2019		**153,337**	**153,337**
Surplus of the year		204,989	204,989
At 31 December 2020		**358,326**	**358,326**

The accompanying notes are part of the financial statements.

BADPANAM

STATEMENT OF CASH FLOWS
For the period ended at 31 December 2020

	Notes	2020	2019
		S/	S/
CASH FLOWS FROM OPERATING ACTIVITIES			
Donations received		1,932,960	1,515,199
Other collection		(144,537)	(141,126)
Other payments		(681,207)	(384,870)
Payment to providers		179	6,328
Tax payments		(19,313)	2,046
Compensation payment		(911,300)	(912,642)
Net cash provided by operating activities		**176,782**	**84,935**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(21,614)	-
Net cash used in investing activities		**(21,614)**	**-**
NET INCREASE OF CASH IN THE YEAR		155,168	84,935
Cash			
At 1 January		93,949	9,014
At 31 December	3	**249,117**	**93,949**

The accompanying notes are part of the financial statements.

1. OVERVIEW AND BUSINESS ACTIVITY

1.1 Company Overview

BADPANAM (hereinafter referred to as the Association) is a non-profit civil Association of indefinite duration. It was incorporated in Peru, in the city of Lima, on 7 June 2017.

Its legal address is located at Cal. General Recavarren Nro. 111 601 Urb. Surquillo – Miraflores, Lima – Peru.

1.2 Business activity

The company's purpose of BADPANAM is the promotion of cultural activities. Within its purposes, it also gives support to sport entities, in this specific case, those activities related to the development and promotion of Badminton.

In order to fulfil its corporate purpose, the Association shall execute all type of actions, including to conclude agreements and arrangements with different local or international entities. Likewise, it can receive donations or contributions in order to be used exclusively in the compliance of its purposes, and where applicable, use it for the specific purposes the contributions or donations are received for, which shall be in accordance with the Associations' purposes and objectives.

1.3 Authorization for issuance of the financial statements

The financial statements at 31 December 2020 have been authorized for issuance by the Board of Directors and will be presented for approval to the General Meeting of Associates within the deadlines established in the statutes.

2. SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies adopted by the Association in preparing and reporting financial statements have been applied consistently for the years presented and are the following:

2.1 Compliance statement

The Association's financial statements are the responsibility of the General Management, that expressed these were prepared in accordance with Generally Accepted Accounting Principles (PCGA) in Peru.

The financial statements have been prepared based on historical cost and are presented in Peruvian soles, except when it indicates a different currency presentation.

Since it is a non-profit entity, the Association is not obliged to adopt the International Financial Reporting Standards (IFRS).

COVID 19

On 15 March 2020, the Peruvian Government declared the emergency state at national level, followed by the mandatory social immobilization in order to contain the rise of COVID-19 in the country, establishing the closure of businesses and companies except by activities considered as essentials.

The Board of Directors did not stop the Association's activities and there were no adjustments due to COVID-19 in the financial statements.

2.2 Significant judgments, estimates and accounting assumptions

The preparation of the financial statements according to the Generally Accepted Accounting Principles (PCGA) in Peru IFRS require that the Board of Directors uses certain judgment, estimates and accounting assumptions that affect the reported figures of assets, liabilities, income, expenses, and corresponding notes. The Board of Directors reveals information about judgments, estimations and accounting assumption at the end of the reporting period, in notes that include details of: a) Its nature. b) Carrying amounts at the end of the reporting period.

Significant estimates and accounting assumptions

The estimates and assumptions are reviewed by the Board of Directors on an ongoing basis. The estimates and its sources of uncertainty considered most important for the preparation of the financial statement are referred to:

a) **Depreciation method, estimated useful lives and residual values of Property, plant and equipment**

The depreciation method, estimated useful lives and residual values for the components of Property, plant and equipment, involves judgement and assumptions that could be affected if the circumstances change. Board of Directors regularly reviews these assumptions.

b) **Value impairment of non-financial assets**

At the end of each reporting period, the Association reviews if there is evidence of long duration assets value impairment. If the carrying amounts exceeds the recoverable amount, the Association performs the impairment estimation. At the financial statements date, there is no indication that the carrying amount of the long-duration assets exceeds its recoverable amount.

c) **Estimates for legal processes and administrative procedures (note 2.4 l)**

Contingencies will be registered only if these are true. Estimates for contingent liabilities involves judgement and estimates of future events. Any difference between the estimates and the actual subsequent payments is registered in the year they are incurred.

The Board of Directors believes that the estimates included in the financial statements were based on the knowledge of the relevant facts and circumstances at the date of their preparation; however, the final results might be different from the estimates shown in the financial statements.

2.3 Changes in accounting policies

The new standards issued by the valid IASB, of mandatory application since 1 January 2019; which are: IFRS 15 "Revenue from Contracts with Customers", IFRS 9 "Financial Instruments" and IFRS 16 "Leases". The description of the main changes and the estimated impact, as applicable, is detailed as follows:

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a five-step model that will be applied to the income provided by contracts with customers. Under IFRS 15, the income is recognised by an amount that reflects the contractual remuneration that was agreed with the client.

IFRS 9 "Financial Instruments"

IFRS 9 considers changes mainly in the following fields: the classification and measurement of financial instruments, financial assets impairment, hedge accounting and accountability of financial liabilities amendments.

The main impacts resulting from the initial application of IFRS 9 are associated with aspects of classification, measurement and impairment of financial assets that are described as follows:

Classification and measurement of financial assets:
IFRS 9 includes three main categories for the financial assets:

- Amortised cost,
- Fair value with changes in other comprehensive income, and
- Fair value with changes in income.

IFRS 16 "Leases"

IFRS 16 introduces new criteria to recognise, measure, present and disclose leases and requires that the lessees recognise all the leases under one single model similar to the financial leasing accounting of IAS 17. The standard includes two exceptions for the lessee: a) leases in which the underlying asset has a low value and b) short-term leases. At the commencement date of each lease, the lessee must recognize a right-of-use asset that represents its right to use the underlying leased asset and a lease liability that represents its obligation to make lease payments.

Likewise, it is necessary to recognise separately the expense for interest and depreciation of the assets' right of use.

2.4 Summary of significant Accounting policies

A) Foreign currency

Functional currency and Presentation currency

The functional currency the currency of the primary economic environment where the Association operates.

The functional currency selected by the Board of Directors and the presentation currency of the financial statements is the Peruvian Sol.

Transactions

For the financial statements reporting:

i) Transactions in other currencies than the Association's functional currency are recognised at the exchange rates prevailing at the dates of the transactions.
ii) The monetary entries at 31 December 2020 and 2019 are measured at the closing exchange rate of the year.

B) Cash

Cash considered in the statement of cash Flows correspond to checking accounts registered in the Statement of financial position. Such accounts are not subjected to material risks of change in its value. The method used for the preparation of the statement of cash flows is the straight-line method.

C) Property, plant and equipment

Property, plant and equipment is registered at cost less the corresponding accumulated depreciation and any accumulated value impairment when incurred.

Property, plant and equipment is recognised at material component level.

The initial cost of Property, plant, and equipment comprises their acquisition price, including non-refundable import and acquisitions taxes and any cost directly attributable to putting the asset in its location and condition to start operating.
Expenses incurred after Property, plant, and equipment have been put into operation, such as repair and day to day maintenance costs and reconditioning, usually are charged to profit or loss for the period in which such expenses were incurred.

When an impairment of asset is noticed, a technical assessment is performed, and any loss is registered in the income of the year.

The depreciation is calculated on a straight-line basis on the depreciated amount, which is estimated regarding useful lives of the assets.

	Useful life In years	**Depreciation rate**
Furniture and fixture	10	10%
Other equipment	4	25%
Computer equipment	4	25%

Residual values, useful life and depreciation methods of Property, plant and equipment are reviewed and adjusted prospectively at each closing date of the period.

D) Classification of assets and liabilities as current and non-current

Cash and assets expected to be consumed into the regular operating cycle or within the next twelve months from the reporting date are classified as current assets. Liabilities kept for trading purposes, with no unconditional right to defer the payment and o be paid or settled into the next twelve months from the date of the reporting period and which shall be settle in the regular operating cycle as current liabilities.
The Association classifies all the assets and liabilities as non-current.

E) Provisions

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated cash flows to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some of all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable account is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when the Association has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

F) Employee's benefits

Annual vacation leave
Annual vacation leave is provisioned against the results of the year as accrued. The estimated obligation for annual vacations is recognized as a liability in the separated statement of financial position.

Bonuses
The Company recognizes a liability and an expense for employees' bonuses based on the legal dispositions valid in Peru. The bonuses correspond to two annual payments which are made in July and December of each year.

Severance payment
A provision for severance payment is made for those lump sum payments on retirement at the date of the financial statements according to law, net of payments on account, is recognized as a liability in the statement of financial position.

G) Recognition of income, costs and expenses

Expenses
Expenses are recognized in the statement of comprehensive income when a decrease of future economic benefits arises, related to a decrease in assets or an increase in liabilities, which are reliably measured.

They contain the disbursements that arise in the activities of the entity. Such expenses may be: administrative, sociocultural and other similar, as long as these represent payments actually made by the la Association.

Financial revenues (costs)
These are registered in the income of the year in the periods they are related to and these are recognized when they are accrued, regardless of the moment where they are received or paid.

H) Contingent liabilities and assets
Contingent liabilities are not recognised in the financial statements but disclosed in notes to the financial statements unless the possibility of an outflow of economic resources is remote.
Contingent assets are not recognised in the financial statements but disclosed in notes to the financial statements when there is a likelihood of economic benefits inflow.

Entries previously treated as contingent assets and liabilities, will be recognised in the financial statements of the period where the change of probabilities occurs, which means in the case of liabilities that it is probable, or in the case of assets that it is practically safe that an outflow or entry of resources will occur, respectively.

3. CASH

At 31 December, it comprises:

	2020	2019
	S/	S/
Deposits in bank entities (a)	249,117	93,949
Total	**249,117**	**93,949**

(a) These non-interests bearing accounts have unrestricted funds.

There is no significant difference between the fair value of cash and its corresponding carrying amounts.

4. OTHER ACCOUNTS RECEIVABLE

At 31 December, it comprises:

	2020	2019
	S/	S/
Accounts receivable from the staff	521	477
Deliveries to report to third parties	33,874	109,867
Fiscal credit for Value Added Tax	45,912	28,351
Prepaid expenses	171,964	14,293
Other	542	128
Total	**252,813**	**153,116**

There is no significant difference between the fair value of other accounts receivable and its corresponding carrying amounts.

5. PROPERTY, PLANT AND EQUIPMENT

At 31 December, it comprises:

	Furniture and fixtures	Other equipment	Computer equipment	Total
	S/	S/	S/	S/
COST				
At 1 January 2019	6,635	-	-	6,635
Additions of the year	-	-	-	-
At 31 December 2019	6,635	-	-	6,635
Additions of the year	560	6,013	15,041	21,614
At 31 December 2020	7,195	6,013	15,041	28,249
ACCRUED DEPRECIATION				
At 1 January 2019	930	-	-	930
Depreciation of the year	664	-	-	664
At 31 December 2019	1,594	-	-	1,594
Depreciation of the year	691	40	903	1,634
At 31 December 2020	2,285	40	903	3,228
NET CARRYING AMOUNT				
At 31 December 2019	5,041	-	-	5,041
At 31 December 2020	4,910	5,973	14,138	25,021

At 31 December 2020 the Board of Directors estimates that there are no economic events nor changes that may indicate that the registered net value of Property, plant and equipment may not be recovered by generating an overrun of such recovery.

6. OTHER ACCOUNTS PAYABLE

At 31 December, it comprises:

	2020	2019
	S/	S/
Third category income tax	98,858	-
Fourth category income tax	684	764
Fifth category income tax	16,618	7,366
Essalud	5,365	5,499
ONP	1,793	3,987
Other accounts payable	26,935	61,700
Total	**150,253**	**79,316**

7. ADMINISTRATION EXPENSES

At 31 December, it comprises:

	2020	2019
	S/	S/
Charges of the staff	905,174	918,767
Services provided by third parties	738,907	397,625
Taxes	309	221
Other charges	44,406	20,942
Provisions of the year	1,634	664
Total	**1,690,430**	**1,338,219**

8. TAXATION

Income Tax

Income tax rate for the year 2020 applicable to companies is 29.5%.

Furthermore, the Company will be subject to a 5% tax for all amount or deliver in kind resulting in third-category taxable income which may represent indirect disposition of income non-susceptible to subsequent tax control, including amounts charged to expenses and undeclared revenues up to 31 December 2020.

Tax administration review

The Tax authority of the country is allowed to audit the income tax return and, if applicable, modify the taxable income tax calculated by the Company during the four years after the reporting year. Income tax returns from 2017 to 2020 are pending of examination by Peru’s Tax Administration (SUNAT).

Value Added Tax (VAT)

Value Added Tax (VAT) rate is 18%, which includes the 2% for Municipal Promotion Tax.

Tax avoidance

Through Legislative Decree N° 1422-2018, numeral 13 of article 16° of the Tax Code is included, which establishes the joint and several liability, also attributed to the legal representatives, as long as they contributed with the design or acts approval or execution, economic situations or relations estimated from the second to the fifth paragraphs of the Standard XVI, which refer to situations of tax payment avoidance.

Accrual system

By the Legislative Decree N° 1425-2018, the Income Tax Law has been modified, in order to include the legal concept of "Accrual System". This standard is valid since1 January 2019. Third category income tax are considered produced in the commercial period in which they are accrued.

Tax regulation to mitigate the Covid 19 Effects

Since March 2020, the Peruvian Government – through the Tax Administration– issued diverse regulations in order to help the taxpayers affected by the Covid-19 pandemic to alleviate their tax burden. These measures were mainly focus in the extension of deadlines to report the sworn declaration and tax payment, applicable to taxpayers that comply with certain characteristics.

The reason was the necessity of the Government to obtain tax income that allow the Government to cover its operations, besides dealing with the emergency and support the social programs implemented for these effects, as well as the already existent before the declaration of the National Emergency Status.

The following are the main actions regarding tax matters established:

- Modification (or suspension) of payments on account of corporate Income Tax (third category) for the months from April to July 2020.
- Up to five (5) years extension of the deadline to compensate the total net loss of the third category registered during 2020, under system A of losses compensation.
- Regime of Extension and tax debts instalment managed by SUNAT (RAF).

The issuance of these new tax standards had no material effects that affect financially the Association.

Tax loss

According to the Income Tax Law and its amendments, the entities established in Peru with a tax loss carry forward, can choose between one of the following two offsetting methods:

A. Tax loss can be used until four years after the year when loss was generated.
B. Tax loss can be offset with future taxable income until its extinction, applying such loss up to 50 % of its taxable profit.

Through Legislative Decree N° 1481, the loss carryforward under system "A" is exceptionally extended, for the taxpayers domiciled in the country that generate third category income tax, that may have opted or decide to opt for this system, can compensate the net loss registered in the taxable period 2020, applying it every year until the amount is settled, against third category net income obtained in the immediately subsequent five periods registered since taxable year 2021.

The Association has been applying the method "A" for the compensation of its tax losses. The accumulated tax loss to offset future taxable income amounts S/ 25,949.

The Board of Directors believes that, as a result of the application of these standards, no significant contingencies to the Company will arise as at 31 December 2020. In any case, if additional income tax arises from the Tax authority's audit, it will be recognized in the tax year it occurs.

9. CONTINGENCIES

In opinion of the Board of Directors, there are no material trials nor lawsuits pending of resolution or other contingencies against the Association at 31 December 2020.

10. INFORMATION ON FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial statements comprise a statement of comprehensive income, a statement of financial position, a statement of changes in equity, a statement of cash flows, and notes to the financial statements. Income and expenses are recognised for the determination of the surplus or deficit of the year.

The Association presents the statement of comprehensive income using the classification by function of expenses. This method provides more useful information to the readers of the financial statements as it better reflects the way operations are run from a business point of view. The statement of financial position format is based on a current / non-current distinction.

Measurement basis
The Financial Statements have been prepared on the historical cost basis except when otherwise indicated in accounting policies detailed below. The assets are registered by the cash amount and other paid entries, or by the fair value of the counterpart delivered in Exchange at the acquisition moment, the liabilities are registered at the amount of the products received in exchange of incurring in these obligations or any circumstance by the cash amounts that are estimated to be paid to satisfy the liabilities in the regular operation course.
Fair Value is a measurement based in the market and is defined as the price that would be received to sell an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. For some assets and liabilities, observable market transactions or market information may be available. When a Price for an identical asset or liabilities is non-observable, the entity will measure the fair value using other valuation technique to maximize the use of non-observable entry data.

The Association measures some of its financial instruments such as cash, other accounts receivable, trade accounts payable, and other accounts payable at Fair Value on the date of the Statement of financial position.
Fair Values are categorized into different levels of hierarchy.

This classification in different levels 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, as follows:

- **Level 1**
  Entry data are quoted prices (unadjusted) in active markets for identical assets or liabilities the Association can have access to in the measurement date.
- **Level** 2
  Entry data are different than the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3**
  Entry data are data unobservable inputs for the asset and liability and are used to measure the fair value in the extent that the relevant observable entry data is not available, considering that way, situations where there is little, if any, market activity for the asset or liability in the measurement date.

Transfers between the different levels within the Fair Value hierarchy are recognized by the Association at the end of each reporting period where the changed was produced.

Likewise, the Board of Directors analyses the movements in the values of assets and liabilities that shall be valued according to the Association's accounting policies.

For fair value disclosure purposes, the Association has determined the type of assets and liabilities based on its nature, characteristics and risks and the hierarchy level of fair value.

At 31 December 2020 the Association keeps financial instruments measured at Fair Value according to the hierarchy level of Fair Value described in the previous paragraphs.

Based on the criteria previously described, the Board of Directors estimates that there are no material differences between the carrying amounts and the Fair value of the financial instruments of the Association at 31 December 2020 and 2019.

The financial assets and liabilities of the Statement of Financial position, classified per levels are:

	2020			
	Financial assets		**Financial liabilities**	
	Level 1	**Level 2**	**Level 2**	**Total**
	S/	S/	S/	S/
Assets:				
Cash	249,117			249,117
Other accounts receivable		252,813		252,813
Services and others contracted in advanced		1,396		1,396
Total	**249,117**	**254,209**		**503,326**
Liabilities				
Trade accounts payable	-	-	7,040	7,040
Other accounts payable	-	-	150,253	150,253
Provisions	-	-	12,728	12,728
Total	-	-	**170,021**	**170,021**

	2019			
	Financial assets		**Financial liabilities**	
	Level 1	**Level 2**	**Level 2**	**Total**
	S/	S/	S/	S/
Assets:				
Cash	93,949	-	-	93,949
Other accounts receivable	-	153,116	-	153,116
Services and others contracted in advanced	-	-	-	-
Total	**93,949**	**153,116**		**247,065**
Liabilities				
Trade accounts payable	6,861		-	6,861
Other accounts payable	-		79,316	79,316
Provisions	-		12,592	12,592
Total	**6,861**		**91,907**	**98,769**

11. FINANCIAL RISK MANAGEMENT

The Association's activities expose it to a variety of financial risks: market risk and liquidity risk and capital risk. The risk management program of the Association focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Board of Directors based on technical knowledge and experience, establishes policies for controlling market and liquidity risks.

(a) Market risk

Exchange rate risk

The exchange rate risk is the risk that the Fair Value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates of foreign currency.

Balances in foreign currency at 31 December 2020 are expressed in Peruvian Soles at the free market exchange rate published by the Superintendence of Bank, Insurance and Pension Fund Administrators - AFP valid at the end of the year of S/3.618 for assets and S/3.624 for liabilities per each US$1 (S/3.311 for assets and S/3.317 for liabilities per each US$1 at 31 December 2019).

The Association at 31 December 2020, had assets and liabilities in foreign currency as follows:

	2020	2019
	US$	US$
Assets:		
Cash	516,304	28,360
Other accounts receivable	77,242	33,024
Total assets	**593,546**	**61,384**
Liabilities:		
Trade accounts payable	59,294	4,309
Other accounts payable	615	7,891
Total liabilities	**59,909**	**12,200**
Asset position, net	**533,637**	**49,184**

The Board of Directors monitors and analyzes the actions to take before fluctuations in the exchange rate of the Peruvian currency against U.S. dollars in order to minimize the effect on the results of its operations.

Net Exchange difference at 31 December includes the following:

	2020	2019
	S/	S/
Gain for Exchange difference	132,005	3,172
Loss for Exchange difference	(44,840)	(12,386)
Total	**87,165**	**(9,214)**

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities as they fall due at a reasonable cost. The Association's controls the required liquidity through appropriate management of assets and liabilities maturity, to achieve fit between the cash flow income and future payments.

The following presents a detail of the financial liabilities of the Association classified considering the time remaining from the date of the statement of financial position to its maturity:

Maturity	Trade accounts payable	Other accounts payable	Provisions	Total
	S/	S/	S/	S/
At 31 December 2020				
Less than 1 year	7,040	150,253	12,728	170,021
Total	**7,040**	**150,253**	**12,728**	**170,021**
At 31 December 2019				
Less than 1 year	6,861	79,316	12,592	98,769
Total	**6,861**	**79,316**	**12,592**	**98,769**

The Board of Directors controls liquidity risk associated with the amounts included in each of those categories detailed above, through appropriate management of the financial viability of clients and proper management of the maturities of assets and liabilities of such categories that achieves the fit between revenue streams and future payments; as well as assure its working capital with cash flows from its operating activities.