SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

(Registered in Singapore. Unique Entity Number: S62SS0073L)

Statement By The Management Committee and
Financial Statements
for the financial year ended 31 December 2019

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

STATEMENT BY THE MANAGEMENT COMMITTEE

We, the undersigned, being the officers primarily responsible for the financial management of Singapore Institute Of International Affairs (the "Society"), hereby confirm that the financial statements set out on pages 5 to 26 are properly drawn up in accordance with the provisions of the Constitution of the Society so as to give a true and fair view of the statement of financial position of the Society as at 31 December 2019 and of the income and expenditure statement, statement of changes in funds and statement of cash flows of the Society for the financial year then ended and that proper accounting and other records have been kept.

The Management Committee on the date of this statement authorised these financial statements for issue.

On behalf of the Management Committee

Simon Tay Chairman	**Gerald Ong** Treasurer	**Yeo Lay Hwee** Secretary

Singapore
10 March 2020

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BDO LLP
Chartered Accountants
600 North Bridge Road
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS
(Registered under the Societies Act, Chapter 311)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Institute Of International Affairs (the "Society") set out on pages 5 to 26, which comprise the statement of financial position as at 31 December 2019, and the income and expenditure statement, 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.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2019 and the results, changes in funds and cash flows of the Society 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society 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 Committee is responsible for the other information. The other information comprises information included in the Statement by the Management Committee.

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.

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management Committee for the Financial Statements

Management Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and FRSs, and for such internal control as Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Committee is responsible for assessing the Society'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 Committee either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The Management Committee's responsibilities include overseeing the Society's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- 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 Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Committee.

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the regulations enacted under the Act to be kept by the Society have been properly kept in accordance with the regulations of the Act, and there was no public fund-raising appeal held during the financial year.

BDO LLP

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
10 March 2020

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

INCOME AND EXPENDITURE STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Endowment fund	General fund	2019 Total funds	Endowment fund	General fund	2018 Total funds
		$	$	$	$	$	$
Income							
Sponsorships and grants for conferences	3	-	1,352,284	1,352,284	-	1,568,191	1,568,191
Donations	3	132,100	-	132,100	476,269	-	476,269
Membership subscription fee	3	-	185,429	185,429	-	209,026	209,026
Income from research/ advisory	3	-	2,473	2,473	-	2,735	2,735
Income from sale of books	3	-	-	-	-	220	220
Income from organising conferences	3	-	-	-	-	1,993	1,993
Income from consultation	3	-	48,585	48,585	-	13,350	13,350
Interest income	3	59	1,700	1,759	53	4,228	4,281
Other income	4	10,140	5,342	15,482	10,760	23,408	34,168
		142,299	1,595,813	1,738,112	487,082	1,823,151	2,310,233
Expenditure							
Cost of organising conferences, talks and seminars		118,055	1,585,361	1,703,416	252,190	1,295,232	1,547,422
Cost of research activities		5,689	46,228	51,917	2,026	27,463	29,489
Administrative costs	5	47,833	429,447	477,280	124,601	373,127	497,728
Finance costs	6	745	7,626	8,371	-	-	-
		172,322	2,068,662	2,240,984	378,817	1,695,822	2,074,639
(Deficit)/surplus of income over expenditure		(30,023)	(472,849)	(502,872)	108,265	127,329	235,594
Income tax expense	7	-	-	-	-	-	-
Net (deficit)/surplus of income over expenditure		(30,023)	(472,849)	(502,872)	108,265	127,329	235,594

Simon Tay
Chairman

Gerald Ong
Treasurer

Yeo Lay Hwee
Secretary

Singapore
10 March 2020

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and bank balances	8	1,550,759	1,789,214
Trade and other receivables	9	332,248	354,931
Other current assets	10	49,256	37,822
		1,932,263	2,181,967
Non-current assets			
Plant and equipment	11	23,035	61,412
Right-of-use assets	12	173,470	-
		196,505	61,412
Total assets		2,128,768	2,243,379
LIABILITIES			
Current liabilities			
Trade and other payables	13	559,107	324,706
Provision for reinstatement cost	14	31,800	31,800
Deferred income	15	13,750	23,750
Lease liabilities	16	59,034	-
		663,691	380,256
Non-current liabilities			
Lease liabilities	16	104,826	-
Total liabilities		768,517	380,256
NET ASSETS		1,360,251	1,863,123
FUNDS			
Endowment fund		325,501	355,524
General fund		1,034,750	1,507,599
Total funds		1,360,251	1,863,123

Simon Tay Chairman	**Gerald Ong** Treasurer	**Yeo Lay Hwee** Secretary

Singapore
10 March 2020

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Endowment fund	General fund	Total funds
	$	$	$
2019			
Beginning of financial year	355,524	1,507,599	1,863,123
Total recognised net deficit for the financial year	(30,023)	(472,849)	(502,872)
End of financial year	325,501	1,034,750	1,360,251
2018			
Beginning of financial year	247,259	1,380,270	1,627,529
Total recognised net surplus for the financial year	108,265	127,329	235,594
End of financial year	355,524	1,507,599	1,863,123

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Secretary

Singapore
10 March 2020

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	2019 $	2018 $
Cash flows from operating activities		
Net (deficit)/surplus	(502,872)	235,594
Adjustments for:		
Depreciation of plant and equipment	26,444	27,628
Amortisation of right-of-use assets	65,051	-
Interest income	(1,759)	(4,281)
Interest expense	8,371	-
Gain on disposal of plant and equipment	-	(131)
	(404,765)	258,810
Changes in working capital		
Trade and other receivables	22,683	(30,052)
Other current assets	(11,434)	(3,746)
Trade and other payables	234,401	(204,699)
Deferred income	(10,000)	(10,000)
Net cash (used in)/provided by operating activities	(169,115)	10,313
Cash flows from investing activities		
Purchase of plant and equipment	(5,557)	(15,028)
Proceeds from disposal of plant and equipment	-	131
Repayment of obligations under leases	(65,542)	-
Net cash used in investing activities	(71,099)	(14,897)
Cash flows from financing activity		
Interest received, representing cash provided by financing activity	1,759	4,281
Net change in cash and bank balances	(238,455)	(303)
Cash and bank balances at beginning of financial year	1,789,214	1,789,517
Cash and bank balances at end of financial year	1,550,759	1,789,214

Simon Tay Chairman	**Gerald Ong** Treasurer	**Yeo Lay Hwee** Secretary

Singapore
10 March 2020

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

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

1. General information

Singapore Institute of International Affairs (the "Society") is registered and domiciled in Singapore. The registered address of the Society is 60A Orchard Road, #04-03 Tower 1, The Atrium @Orchard, International Involvement Hub, Singapore 238890. The Society's registration number is S62SS0073L.

The objectives of the Society are to promote interest in and public awareness of contemporary issues of international politics and regional security through international conferences, workshops, seminars and public lectures.

These financial statements are presented in Singapore dollar, which is the Society's functional currency.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires the Management Committee to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. However, there are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

On 1 January 2019, the Society adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. Changes to the Society's accounting policies have been made as required in accordance with the relevant transitional provisions in the respective FRS. The adoption of the new or revised standards did not result in changes to the Society's accounting policies and had no material effect on the amounts reported for the current or prior financial years except as detailed below:

<u>FRS 116 *Leases*</u>

FRS 116 supersedes FRS 17 *Leases* and INT FRS 104 *Determining whether an Arrangement Contains a Lease*. FRS 116 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be amortised and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116.

The Society applied FRS 116 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening balance in funds as at 1 January 2019 (the "date of initial application"). The Society elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under FRS 17 and INT FRS 104 were not reassessed. The definition of lease under FRS 116 was applied only to contracts entered into or changed on or after 1 January 2019.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS 116 *Leases* (Continued)

The Society applied FRS116 based on modified retrospective approach, the Society has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- Initial direct costs have not been included in the measurement of the right-of-use asset at the date of initial application;
- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Society previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under FRS 116, the Society recognises right-of-use assets and lease liabilities for all leases. Consequently, certain office renovation is reclassified and presented under right-of-use assets (Note 12) at the date of initial application.

On adoption of FRS 116, the Society recognised right-of-use assets and lease liabilities in relation to office premise, which had previously been classified as operating leases. In addition, the Society had reclassified the provision for reinstatement cost of net book value amounted $17,490 which was previously presented as part of plant and equipment to right-of-use assets.

Lease liabilities from operating leases under the principles of FRS 17 were measured at the present value of the remaining lease payments, discounted using the Society's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 4.75%.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. No leases were classified as finance leases applying FRS 17 as at 31 December 2018.

The effect of adopting FRS 116 as at 1 January 2019 was presented in the line items of the statement of financial position as follows:

	(Decrease)/Increase
	$
Assets	
Non-current assets	
Plant and equipment	(17,490)
Right-of-use assets	238,521
Liabilities	
Non-current liabilities	
Lease liabilities	163,860
Current liabilities	
Lease liabilities	57,171

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS 116 *Leases* (Continued)

The aggregate lease liabilities recognised in the statement of financial position as at 1 January 2019 and the Society's operating lease commitments as at 31 December 2018 can be reconciled as follows:

	$
Operating lease commitments as at 31 December 2018 (Note 18)	224,600
Effect of discounting using the incremental borrowing rate as at date of initial application	(3,569)
Lease liabilities as at 1 January 2019	221,031

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Society were issued but not yet effective, and have not been adopted early in these financial statements:

Consequential amendments were also made to various standards as a result of these new or revised standards.

		Effective date (annual periods beginning on or after)
FRS 119, FRS 39 and FRS 117 (Amendments)	: Interest Rate Benchmark Reform	1 January 2020
Annual Improvements to FRSs (March 2018)		1 January 2020

Consequential amendments were also made to various standards as a result of these new or revised standards.

The management anticipates that the adoption of the above FRS and INT FRS, in future period, will have no material impact on the financial statements of the Society in the period of initial adoption.

2.2 Endowment Fund

Donations received for the Endowment Fund are taken directly to the fund. This Endowment Fund has been approved as an Institution of a Public Character (IPC) under the Charities Act since 1 September 2002. The Ministry of Community Development, Youth and Sports has approved the Endowment Fund's renewal application as an IPC for further three years with effect from 1 September 2019.

2. Summary of significant accounting policies (Continued)

2.3 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Society expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. Most of the Society's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

(i) Donations and corporate cash sponsorships

The Society receives funding from corporate cash sponsorships and donations to promote interest in and public awareness of contemporary issues of international politics and regional security. Income from corporate cash sponsorships and donations is recognised at point in time when they are received, except for committed corporate cash sponsorships and donations that are recorded at a point in time when the commitments are signed. The receipt of uncommitted fund is a faithful depiction of the satisfaction of performance obligations as the disbursement of funds would only be made when all attaching conditions will be complied with.

(ii) Income from annual membership fees is recognised on a straight-line basis over the subscription period.

(iii) Income from research is recognised when the research service is performed.

(iv) Income from organisation of conferences and seminars are recognised when the events are completed.

(v) Interest income is recognised on a time-proportion basis using the effective interest method.

2.4 Grants

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Society with no future related costs are recognised in profit or loss in the period in which they become receivable.

2. Summary of significant accounting policies (Continued)

2.5 Employee compensation

(a) Defined contribution plans

The Society's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due.

(b) Employee leave entitlement

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

2.6 Leases

When the Society is the lessee of operating leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

<u>Initial measurement</u>

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Society's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Society if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Society is contractually required to dismantle, remove or restore the leased asset.

The Society presents the right-of-use assets and lease liabilities separately from other assets and other liabilities in the statement of financial position.

2. **Summary of significant accounting policies** (Continued)

2.6 **Leases** (Continued)

When the Society is the lessee of operating leases (Continued)

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any re-measurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Society will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.8 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any re-measurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Society revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the re-measurement is recognised directly in profit or loss.

When the Society renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional asses being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

2. Summary of significant accounting policies (Continued)

2.6 Leases (Continued)

When the Society is the lessee of operating leases (Continued)

Subsequent measurement (Continued)

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Society has elected to account for the entire contract as a lease. The Society does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

Accounting policy prior to 1 January 2019

Operating lease payments

Payments made under operating leases (net of any incentives received from the lessors) are recognised in the income statement on a straight-line basis over the period of the lease.

2.7 Plant and equipment

Plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Office renovation	3 - 6 years
Fixtures and fittings	3 years
Office equipment	3 years
Computers	3 years
Motor vehicle	10 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

2.8 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment whenever there is any indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement.

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets (Continued)

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 the 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 accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement.

2.9 Financial instruments

The Society recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Society becomes a party to the contractual provisions of the instrument.

Financial assets

The society classifies its financial assets as measured at amortised cost. The classification depends on the Society's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The Society shall reclassify its affected financial assets when and only when the Society changes its business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Society's accounting policy is as follows:

Amortised cost

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

Impairment provisions for trade receivables are recognised based on the simplified approach within FRS 109 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Society's financial assets measured at amortised cost comprise cash and cash bank balances and trade and other receivables in the statement of financial position.

Derecognition of financial assets

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

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial liabilities

The Society classifies all financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables, excluding advances received, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Derecognition of financial liabilities

The Society derecognises financial liabilities when, and only when, the Society;s obligations are discharged cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.10 Provisions

Provisions are recognised when the Society has a present obligation as a result of a past event and it is probable 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. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Deferred income

Donations with attached conditions from patrons are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis.

2.12 Fair value estimation

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values.

3. Disaggregation of income

	2019 $	2018 $
Type of good or service		
Sponsorships	321,388	468,986
Government grants for conferences:		
- Ministry of Environment and Water Resources	894,396	930,110
- National Environment Agency	136,500	169,095
Sponsorships and grants for conferences	1,352,284	1,568,191
Donations	132,100	476,269
Membership subscription fee	185,429	209,026
Income from research/advisory	2,473	2,735
Income from sale of books	-	220
Income from organising conferences	-	1,993
Income from consultation	48,585	13,350
Interest income	1,759	4,281
	1,722,630	2,276,065
Timing of transfer of good or service		
At a point in time	1,535,442	2,062,758
Over time	187,188	213,307
	1,722,630	2,276,065

4. Other income

	2019 $	2018 $
Wage and employment credit	3,913	20,776
Amortisation of donation	10,000	10,000
Gain on disposal of plant and equipment	-	131
Others	1,569	3,261
	15,482	34,168

5. Expenses by nature

Expenses in the income statement include the following:

	Endowment fund	General fund	2019 Total funds	Endowment fund	General fund	2018 Total funds
	$	$	$	$	$	$
Depreciation of plant and equipment	13,080	13,364	26,444	13,081	14,547	27,628
Amortisation of right-of-use assets	-	65,051	65,051	-	-	-
Operating leases - rental of office premises	-	-	-	15,271	50,271	65,542
Salaries	73,560	1,205,370	1,278,930	154,183	986,909	1,141,092
Employer's contribution to Central Provident Fund	11,092	156,443	167,535	23,802	132,969	156,771
Honorarium	10,424	85,780	96,204	8,628	40,290	48,918
Travel	5,769	153,957	159,726	18,039	90,628	108,667
Upkeep of premises	2,440	24,979	27,419	7,154	23,549	30,703
Utilities and telecommunication charges	461	4,719	5,180	1,234	4,061	5,295
Audit fee	476	4,874	5,350	1,247	4,103	5,350

6. Finance cost

	2019	2018
	$	$
Interest on lease liability	8,371	-

7. Income tax expense

The Society is exempted from income tax.

With effect from the year of assessment 2008 (financial year ended 31 December 2007), all registered and exempt charities are exempted from tax.

8. Cash and bank balances

	2019	2018
	$	$
Endowment fund		
- Current account	626,323	277,260
- Fixed deposits	22,899	22,853
General fund		
- Current account	501,170	868,522
- Fixed deposits	400,000	618,574
- Cash in hand	367	2,005
	1,550,759	1,789,214

8. Cash and bank balances (Continued)

Short-term fixed deposits at the balance sheet date have an average maturity of 2.39 months (2018: 5.80 months) from that date and have a weighted average effective interest rate of 0.62% (2018: 0.65%) per annum.

Cash and bank balances are denominated in the following currencies:

	2019	2018
	$	$
Singapore dollar	1,550,692	1,787,680
United States dollar	67	1,534
	1,550,759	1,789,214

9. Trade and other receivables

	2019	2018
	$	$
Trade receivables	139,085	44,863
Non-trade receivables	515	1,004
Accrued income	192,648	309,064
	332,248	354,931

Trade and other receivables are denominated in Singapore dollar.

10. Other current assets

	2019	2018
	$	$
Prepayments	21,231	17,380
Deposits	28,025	20,442
	49,256	37,822

The deposits are denominated in Singapore dollar.

11. Plant and equipment

	Office renovation	Furniture and fittings	Office equipment	Computer	Motor vehicle	Total
	$	$	$	$	$	$
2019						
Cost						
Beginning of the financial year	153,674	44,545	23,153	37,882	112,000	371,254
Adoption of FRS 116	(31,800)	-	-	-	-	(31,800)
Additions	-	-	-	5,557	-	5,557
Disposals	-	-	(2,837)	(3,461)	-	(6,298)
End of the financial year	121,874	44,545	20,316	39,978	112,000	338,713
Accumulated depreciation						
Beginning of the financial year	136,184	42,623	16,800	20,176	94,059	309,842
Depreciation	-	1,003	3,472	8,889	13,080	26,444
Adoption of FRS 116	(14,310)	-	-	-	-	(14,310)
Disposals	-	-	(2,837)	(3,461)	-	(6,298)
End of the financial year	121,874	43,626	17,435	25,604	107,139	315,678
Net carrying amount						
End of the financial year	-	919	2,881	14,374	4,861	23,035

11. Plant and equipment (Continued)

	Office renovation	Furniture and fittings	Office equipment	Computer	Motor vehicle	Total
	$	$	$	$	$	$
2018						
Cost						
Beginning of the financial year	153,674	44,952	22,551	30,256	112,000	363,433
Additions	-	-	922	14,106	-	15,028
Disposals	-	(407)	(320)	(6,480)	-	(7,207)
End of the financial year	153,674	44,545	23,153	37,882	112,000	371,254
Accumulated depreciation						
Beginning of the financial year	131,414	42,027	13,846	21,156	80,978	289,421
Depreciation	4,770	1,003	3,274	5,500	13,081	27,628
Disposals	-	(407)	(320)	(6,480)	-	(7,207)
End of the financial year	136,184	42,623	16,800	20,176	94,059	309,842
Net carrying amount						
End of the financial year	17,490	1,922	6,353	17,706	17,941	61,412

12. Right-of-use assets

	Office premise
	$
Cost	
Balance at beginning of financial year	-
- Adoption of FRS 116	238,521
Balance at beginning of financial year under FRS 116	238,521
Amortisation charge	(65,051)
Balance at end of financial year	173,470

13. Trade and other payables

	2019	2018
	$	$
Trade payable	3,982	11,717
Membership subscription fee received in advance	89,803	90,832
Sponsorship received in advance	297,000	37,500
Accrued operating expenses	168,322	184,657
	559,107	324,706

Trade and other payables are denominated in Singapore dollar.

14. Provision for reinstatement cost

	2019	2018
	$	$
Beginning and end of financial year	31,800	31,800

Provision for reinstatement cost is the estimated costs of dismantlement, removal or restoration of plant and equipment arising from the use of assets, which are included in the cost of right-of-use assets (2018: plant and equipment).

15. Deferred income

	2019	2018
	$	$
Beginning of financial year	23,750	33,750
Amortisation	(10,000)	(10,000)
End of financial year	13,750	23,750

The deferred income arises from a donation by a patron for the purchase of a motor vehicle for the Society's use.

16. Lease liabilities

	Office premise
	$
Balance at beginning of financial year	-
- Adoption of FRS 116	221,031
	221,031
Addition	
- Interest expense	8,371
Lease payments	
- Principal portion	(57,171)
- Interest portion	(8,371)
Balance at end of financial year	163,860

The maturity analysis of lease liabilities of the Society at the end of the reporting period are as follows:

	2019
	$
Contractual undiscounted cash flows	
- Not later than one financial year	65,543
- Between one and five financial years	109,237
	174,780
Less: Future interest expense	(10,920)
Present value of lease liabilities	163,860
Presented in statement of financial position	
- Current	59,034
- Non-current	104,826
	163,860

The Society leases an office premise in Singapore. All lease payments are fixed. As at 31 December 2019, the incremental borrowing rate applied in the leases was 4.75%.

Lease liabilities are denominated in Singapore dollar.

17. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Society if the Society has the ability, directly or indirectly, to control the party of exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Society and the party are subject to common significant influence. Related parties may be individuals or other entities.

17. Significant related party transactions (Continued)

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions between the Society and its related parties during the financial year on terms and rates between the parties:

	2019	2018
	$	$
With Chairman		
Advisory services rendered to third parties through the Society	18,837	-

18. Financial risk management

The Society's operations are not exposed to any significant foreign exchange risk as most of its transaction are denominated in Singapore dollar. The Society's income and operating cash flows are significantly independent of changes in market interest rates. The Society maintains sufficient cash for its operations and obtains funding from the members and sponsors when required. The Society's financial liabilities mature within 12 months from the balance sheet date.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Society.

The Society does not have any significant concentration of credit risk to any single counterparty or any group of counterparties having similar characteristic except for trade receivables of $70,959 (2018: $37,244) as at the end of the financial year.

The major classes of financial assets of the Society are cash and bank balances and trade and other receivables.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial assets presented on the balance sheet.

Cash and bank balances

Credit risk arises from cash and bank balances and deposits with banks and financial institutions. The cash and bank balances are held with bank and financial institution counterparties, which are rated Aa1, based on Moody's ratings. Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Society considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties.

Trade and other receivables

For trade and other receivables, the Society adopts the policy of dealing with counterparties with appropriate credit history.

(i) Financial assets that are neither past due nor impaired

Trade receivables amounting to $98,635 (2018: $42,363) that are neither past due nor impaired are substantially companies with good collection track records with the Society.

18. Financial risk management (Continued)

Credit risk (Continued)

Trade and other receivables (Continued)

(ii) Financial assets that are past due and/or impaired

The Society provided for lifetime expected credit losses for trade receivables based on the Society's historical observed default rates which is adjusted with forward-looking information. At the end of the reporting period, management has assessed the expected credit loss to be insignificant.

The aging of trade receivables past due but not impaired are:

	2019	2018
	$	$
Past due 1 to 3 months	10,000	2,500
Past due more than 3 months	40,450	-
	50,450	2,500

18. Operating lease commitments

Where the Society is a lessee

The Society leases office premise from a third party under non-cancellable operating lease agreement.

The future minimum lease payable under non-cancellable operating lease contracted for at the balance sheet date but not recognised as liabilities are as follows:

	2018
	$
Not later than one year	61,255
Between one and five years	163,345
	224,600

19. Authorisation of financial statements

These financial statements were authorised for issue by the Society's Management Committee on 10 March 2020.