

**SINGAPORE INSTITUTE OF
INTERNATIONAL AFFAIRS
(UEN No. S62SS0073L)**

**STATEMENT BY THE MANAGEMENT COMMITTEE
AND FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

C O N T E N T S

	<u>PAGE</u>
Management committee statement	1
Independent auditor's report	2 - 4
Statement of financial position	5
Statement of income and expenditure	6
Statement of changes in funds	7
Statement of cash flow	8
Notes to financial statements	9 - 24

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

MANAGEMENT COMMITTEE STATEMENT

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 together with the notes thereon are drawn up in accordance with the provisions of the Constitution of the Society, the Societies Act 1966, the Charities Act 1994 and other relevant regulations and Financial Reporting Standards in Singapore so as to present fairly in all material respects, the statement of financial position of the Society as at 31 December 2021 and of the statement of income and expenditure, 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 and at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debt as and when they fall due.

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

On behalf of the Management Committee



.....
Simon Tay Seong Chee
Chairman

Adam Rahman

.....
Adam Abdur Rahman
Treasurer



.....
Yeo Lay Hwee
Secretary

28 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Singapore Institute of International Affairs (the "Society"), which comprise the statement of financial position as at 31 December 2021, and the statement of income and expenditure, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 24.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the "Societies Act"), the Charities Act 1994 and other relevant regulations ("the Charities Act and Regulations") 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 2021 and the results, changes in funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Committee Statement set out on page 1.

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 statement 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

Responsibilities of Management and Management 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 Societies Act, the Charities Act and Regulations, and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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 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 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 Society to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

- (e) 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 Societies Act and the Charities Act and Regulations to be kept by the Society have been properly kept in accordance with the provisions of the Societies Act and the Charities Act and Regulations.



Public Accountants and
Chartered Accountants
Singapore

28 March 2022

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

**STATEMENT OF FINANCIAL POSITION
31 December 2021**

	Note	2021	2020
		\$	\$
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	5	1,989,593	1,702,505
Trade and other receivables	6	305,232	281,034
Other current assets	7	44,036	30,867
Total current assets		<u>2,338,861</u>	<u>2,014,406</u>
Non-current assets			
Plant and equipment	8	7,967	6,248
Right-of-use assets	9	43,367	108,419
Total non-current assets		<u>51,334</u>	<u>114,667</u>
Total assets		<u>2,390,195</u>	<u>2,129,073</u>
<u>LIABILITIES AND FUNDS</u>			
Current liabilities			
Trade and other payables	10	331,597	371,999
Provision for reinstatement cost	11	31,800	31,800
Lease liabilities	12	42,927	61,899
Total current liabilities		<u>406,324</u>	<u>465,698</u>
Non-current liabilities			
Lease liabilities	12	-	42,927
Total non-current liabilities		<u>-</u>	<u>42,927</u>
Funds			
Endowment fund		870,437	516,199
General fund		1,113,434	1,104,249
Total funds		<u>1,983,871</u>	<u>1,620,448</u>
Total liabilities and funds		<u>2,390,195</u>	<u>2,129,073</u>

See accompanying notes to financial statements

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

STATEMENT OF INCOME AND EXPENDITURE
Year ended 31 December 2021

	Note	2021			2020		
		Endowment fund \$	General fund \$	Total funds \$	Endowment fund \$	General fund \$	Total funds \$
Income							
Sponsorships and grants for conferences	13	-	1,101,224	1,101,224	-	1,017,320	1,017,320
Donations	13	884,000	-	884,000	554,000	-	554,000
Membership subscription fee	13	-	155,429	155,429	-	171,175	171,175
Income from research/advisory	13	-	7,133	7,133	-	850	850
Income from sale of books	13	-	115	115	-	-	-
Income from consultation	13	-	32,407	32,407	-	106,500	106,500
Interest income	13	6	5,168	5,174	46	7,424	7,470
Other income	14	19,763	51,986	71,749	45,687	180,806	226,493
		<u>903,769</u>	<u>1,353,462</u>	<u>2,257,231</u>	<u>599,733</u>	<u>1,484,075</u>	<u>2,083,808</u>
Expenditure							
Cost of organising conferences, talks and seminars		330,074	997,162	1,327,236	269,863	975,688	1,245,551
Cost of research activities		-	52,814	52,814	-	104,024	104,024
Administrative costs		217,835	292,280	510,115	136,877	330,650	467,527
Finance costs	16	1,622	2,021	3,643	2,295	4,214	6,509
		<u>549,531</u>	<u>1,344,277</u>	<u>1,893,808</u>	<u>409,035</u>	<u>1,414,576</u>	<u>1,823,611</u>
Net surplus of income over expenditure		<u>354,238</u>	<u>9,185</u>	<u>363,423</u>	<u>190,698</u>	<u>69,499</u>	<u>260,197</u>

See accompanying notes to financial statements

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

STATEMENT OF CHANGES IN FUNDS
Year ended 31 December 2021

	Endowment fund	General fund	Total funds
	\$	\$	\$
Balance at 1 January 2020	325,501	1,034,750	1,360,251
Surplus for the financial year representing total comprehensive income	<u>190,698</u>	<u>69,499</u>	<u>260,197</u>
Balance at 31 December 2020	516,199	1,104,249	1,620,448
Surplus for the financial year representing total comprehensive income	<u>354,238</u>	<u>9,185</u>	<u>363,423</u>
Balance at 31 December 2021	<u>870,437</u>	<u>1,113,434</u>	<u>1,983,871</u>

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

STATEMENT OF CASH FLOWS
Year ended 31 December 2021

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Operating activities			
Net surplus before income tax		363,423	260,197
Adjustments for:			
Depreciation of plant and equipment	8	6,133	16,787
Amortisation of right-of-use assets	9	65,052	65,051
Interest income	13	(5,174)	(7,470)
Interest expense	16	3,643	6,509
Gain on disposal of plant and equipment		(275)	(12,931)
Operating cash flows before movements in working capital		<u>432,802</u>	<u>328,143</u>
Changes in working capital:			
Trade and other receivables		(24,198)	51,214
Other current assets		(13,169)	18,389
Trade and other payables		(40,402)	(187,108)
Deferred income		-	(13,750)
Net cash flows from operating activities		<u>355,033</u>	<u>196,888</u>
Investing activities			
Purchase of plant and equipment		(7,852)	-
Proceeds from disposal of plant and equipment		275	12,931
Net cash (used in) from investing activities		<u>(7,577)</u>	<u>12,931</u>
Financing activities			
Interest received		5,174	7,470
Repayment of obligations under lease liabilities		(61,899)	(59,034)
Interest paid		(3,643)	(6,509)
Net cash used in financing activities		<u>(60,368)</u>	<u>(58,073)</u>
Net increase in cash and cash equivalents		287,088	151,746
Cash and cash equivalents at beginning of year		<u>1,702,505</u>	<u>1,550,759</u>
Cash and cash equivalents at end of year		<u><u>1,989,593</u></u>	<u><u>1,702,505</u></u>

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

1. GENERAL

Singapore Institute of International Affairs (the "Society") is registered as a Society under the Societies Act 1966 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. These financial statements are presented in Singapore dollar, which is the Society's functional currency.

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.

The financial statements of the Society for the year ended 31 December 2021 were authorised for issue by the Management Committee on 28 March 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - These financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Constitution of the Society, the Societies Act 1966, the Charities Act 1994 and Financial Reporting Standards in Singapore ("SFRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Society takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

ADOPTION OF NEW AND REVISED STANDARDS - On 1 January 2021, the Society adopted all the new and revised FRS pronouncements that are relevant to its operations. The adoption of these new/revise FRSs pronouncements does not result in changes to the Society's accounting policies and has no material effect on the disclosures or on the amounts reported for the current year or prior years except as discussed below.

STANDARDS ISSUED BUT NOT YET EFFECTIVE - Management has considered and is of the view that the adoption of the new or revised FRSs, INT FRSs and amendments to FRSs in future periods will not have a material impact on the financial statements in the period of their initial adoption.

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.

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.

Donation received with attached conditions from patrons that will be satisfied in future periods are presented as deferred income.

(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.

Donation received with attached conditions from patrons that will be satisfied in future periods are presented as deferred income.

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

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

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

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

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.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Society recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Society should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to income and expenditure on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in income and expenditure in the period in which they become receivable.

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

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 end of the reporting period.

LEASES

As lessee

The Society assesses whether a contract is or contains a lease, at inception of the contract. The Society recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Society recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Society uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance payments), less any lease incentives;
- the amount expected to be payable by the lessee under residual value guarantees;
- payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Society remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Society incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Society expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Society applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in 'Impairment of Non-financial Assets' below.

PLANT AND EQUIPMENT - Plant and equipment are carried at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

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

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

The estimated useful lives, residual values and depreciation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in income and expenditure.

Fully depreciated assets still in use are retained in the financial statements.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At each reporting date, the Society reviews the carrying amounts of the non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of its fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which estimates of the future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income and expenditure.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income and expenditure.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Society becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Society recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Society always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Society recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Society measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Society compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Society considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtors to settle the receivables.

The Society presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Society has reasonable and supportable information that demonstrates otherwise.

The Society assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Society regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Society considers that default has occurred when a financial asset is more than 90 days past due unless the Society has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Society writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in income and expenditure.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Society in accordance with the contract and all the cash flows that the Society expects to receive, discounted at the original effective interest rate.

If the Society has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Society measures the loss allowance at an amount equal to 12-month ECL at the current reporting date except for assets for which the simplified approach was used.

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

Derecognition of financial assets

The Society derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Society neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Society recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Society retains substantially all the risks and rewards of ownership of a transferred financial asset, the Society continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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 measured subsequently at amortised cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial

Derecognition of financial liabilities

The Society derecognises financial liabilities when, and only when, the Society's obligations are discharged, cancelled or have expired.

PROVISIONS - Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that the Society 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents in the statement of financial position comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

INCOME TAX - The Society is a registered charity under the Charities Act 1994 and is exempt from income tax.

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Society's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the company's accounting policies

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

Key sources of estimation uncertainty

Management is of opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. FINANCIAL RISK MANAGEMENT

a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	<u>2021</u>	<u>2020</u>
	\$	\$
Financial asset		
Financial assets at amortised cost	<u>2,315,319</u>	<u>2,002,840</u>
Financial liabilities		
Financial liabilities at amortised cost	229,524	338,966
Lease liabilities	<u>42,927</u>	<u>104,826</u>

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

b) *Financial risk management policies and objectives*

(i) 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 develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default.

The Society's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 60 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

The details on the credit quality and potential exposure to credit risk of the Society's financial assets are disclosed in Notes 6.

Cash and cash equivalents are held with creditworthy institutions and is subject to immaterial credit loss.

Although the Society's credit exposure is concentrated mainly in Singapore, it has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics except for trade receivables of \$116,700 (2020 : \$171,200) as at the end of the financial year.

(ii) Interest rate risk

The Society is not exposed to any significant interest rate risk as the Society does not have any significant interest-bearing assets and liabilities.

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

(iii) Foreign currency risk

The Society's operations are not exposed to any significant foreign exchange risk as most of its transaction are denominated in Singapore dollar.

(iv) Liquidity risk management

The Society maintains sufficient cash for its operations and obtains funding from the members and sponsors when required. All financial liabilities at the end of the reporting period are repayable on demand or due within 1 year from the end of the reporting period, except for lease liabilities as disclosed in Note 12

(v) Fair value of financial assets and financial liabilities

The carrying amounts of the Society's financial assets and financial liabilities approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

c) *Capital management policies and objectives*

The funds are maintained to provide working capital, and to enable the Society to develop over the longer term. No changes are made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

5. CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
	\$	\$
Endowment fund		
- Current account	1,347,202	832,441
- Fixed deposits	22,951	22,945
General fund		
- Current account	206,862	439,388
- Fixed deposits	412,147	407,300
- Cash in hand	431	431
	<u>1,989,593</u>	<u>1,702,505</u>

Short-term fixed deposits have an average maturity of 2.48 months (2020 : 2.97 months) and have a weighted average effective interest rate of 0.06% (2020 : 0.71%) per annum.

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS 31 December 2021

6. TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
Trade receivables	186,432	211,401
Accrued income	118,800	48,342
Grant receivable	-	21,291
Total trade and other receivables	<u>305,232</u>	<u>281,034</u>

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the expected credit losses for other receivables, management has taken into account the historical default experience and the financial position of the counterparties and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period for trade and other receivables.

Trade and other receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

The Society has not recognised any loss allowance following the consideration of the factors stated above.

7. OTHER CURRENT ASSETS

	2021	2020
	\$	\$
Prepayments	23,542	11,566
Deposits	20,494	19,301
	<u>44,036</u>	<u>30,867</u>

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS
31 December 2021

8. PLANT AND EQUIPMENT

	Office renovation	Furniture and fittings	Office equipment	Computer	Motor vehicle	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 1 January 2020	121,874	44,545	20,316	39,978	112,000	338,713
Disposals	-	-	-	-	(112,000)	(112,000)
At 31 December 2020	121,874	44,545	20,316	39,978	-	226,713
Additions	-	-	1,192	6,660	-	7,852
Disposals	-	(370)	-	(8,777)	-	(9,147)
At 31 December 2021	121,874	44,175	21,508	37,861	-	225,418
Accumulated depreciation						
At 1 January 2020	121,874	43,626	17,435	25,604	107,139	315,678
Depreciation	-	919	2,682	8,325	4,861	16,787
Disposals	-	-	-	-	(112,000)	(112,000)
At 31 December 2020	121,874	44,545	20,117	33,929	-	220,465
Depreciation	-	-	319	5,814	-	6,133
Disposals	-	(370)	-	(8,777)	-	(9,147)
At 31 December 2021	121,874	44,175	20,436	30,966	-	217,451
Net carrying amount						
At 31 December 2021	-	-	1,072	6,895	-	7,967
At 31 December 2020	-	-	199	6,049	-	6,248

9. RIGHT-OF-USE ASSETS

	Office premise
	\$
At 1 January 2020	173,470
Amortisation charge	(65,051)
At 31 December 2020	108,419
Amortisation charge	(65,052)
At 31 December 2021	43,367

10. TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
Trade payable	-	1,270
Membership subscription fee received in advance	82,699	78,778
Donation received in advance	75,000	102,755
Deferred grant income	-	35,104
Accrued operating expenses	173,898	154,092
	331,597	371,999

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS
31 December 2021

11. PROVISION FOR REINSTATEMENT COST

	<u>2021</u>	<u>2020</u>
	\$	\$
Beginning and end of financial year	<u>31,800</u>	<u>31,800</u>

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.

12. LEASE LIABILITIES

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

	<u>2021</u>	<u>2020</u>
	\$	\$
Maturity analysis:		
- Year 1	43,694	65,543
- Year 2	-	43,694
	<u>43,694</u>	<u>109,237</u>
Less: Unearned interest	(767)	(4,411)
	<u>42,927</u>	<u>104,826</u>
Analysed as:		
- Current	42,927	61,899
- Non-current	-	42,927
	<u>42,927</u>	<u>104,826</u>

Lease liabilities are denominated in Singapore dollar.

The Society does not face a significant liquidity risk with regard to its lease liabilities.

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS
31 December 2021

13. DISAGGREGATION OF INCOME

	2021	2020
	\$	\$
<u>Type of good or service</u>		
Sponsorships	210,974	262,910
Government grants for conferences:		
- Ministry of Environment and Water Resources	794,434	745,825
- Ministry of Foreign Affairs	12,255	-
- Ministry of Trade and Industry	15,116	-
- National Youth Council	68,445	8,585
Sponsorships and grants for conferences	1,101,224	1,017,320
Donations	884,000	554,000
Membership subscription fee	155,429	171,175
Income from consultation	32,407	106,500
Income from research/advisory	7,133	850
Income from sale of books	115	-
Interest income	5,174	7,470
	<u>2,185,482</u>	<u>1,857,315</u>
 <u>Timing of transfer of good or service</u>		
At a point in time	2,024,879	1,678,670
Over time	160,603	178,645
	<u>2,185,482</u>	<u>1,857,315</u>

14. OTHER INCOME

	2021	2020
	\$	\$
Wage and employment credit	9,966	26,375
JSS government grant	60,226	169,393
Amortisation of donation	-	13,750
Gain on disposal of plant and equipment	275	12,931
Others	1,282	4,044
	<u>71,749</u>	<u>226,493</u>

SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

NOTES TO FINANCIAL STATEMENTS
31 December 2021

15. EXPENSES BY NATURE

Expenses in the income and expenditure statement include the following:

	2021			2020		
	Endowment fund \$	General fund \$	Total funds \$	Endowment fund \$	General fund \$	Total funds \$
Depreciation of plant and equipment (Note 8)	-	6,133	6,133	4,861	11,926	16,787
Amortisation of right-of-use assets (Note 9)	28,967	36,085	65,052	-	65,051	65,051
Salaries	334,902	834,279	1,169,181	237,885	835,570	1,073,455
Employer's contribution to Central Provident Fund	48,995	109,788	158,783	35,353	108,362	143,715
Honorarium	34,749	94,860	129,609	30,902	149,654	180,556
Travel	382	656	1,038	222	2,053	2,275
Upkeep of premises	7,375	9,187	16,562	7,224	13,263	20,487
Utilities and telecommunication charges	1,800	2,243	4,043	1,352	2,483	3,835
Audit fee	715	890	1,605	1,886	3,464	5,350

16. FINANCE COST

	2021	2020
	\$	\$
Interest on lease liabilities	3,643	6,509

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 or 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.

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:

	2021	2020
	\$	\$
With Chairman		
Advisory services rendered to third parties through the Society	15,266	50,010