THE ECONOMIC SOCIETY OF SINGAPORE

Society Reference No.: 0219/1956
(A registered society in Singapore)

AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

THE ECONOMIC SOCIETY OF SINGAPORE

AUDITED FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2019

TABLE OF CONTENTS | **PAGE**

MAZARS

INDEPENDENT AUDITORS' REPORT TO THE EXECUTIVE COMMITTEE OF THE ECONOMIC SOCIETY OF SINGAPORE

Report on the audited financial statements

Opinion

We have audited the accompanying financial statements of The Economic Society of Singapore (the "Society") which comprise the statement of financial position as at 31 December 2019, the income and expenditure account and the receipts and payments account for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Society as at 31 December 2019 and income and expenditures accounts and the receipts and payments account 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 (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.

Responsibilities of the Executive Committee for the Financial Statements

The Executive Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act 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, the Executive 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 the Executive Committee either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

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Chartered Accountants of Singapore

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 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 the Executive Committee.

- Conclude on the appropriateness of the Executive 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 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.

- 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 Executive 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.

INDEPENDENT AUDITORS' REPORT TO THE EXECUTIVE COMMITTEE OF THE ECONOMIC SOCIETY OF SINGAPORE (Continued)

Report on Other Legal and Regulatory Requirements

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

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
09 March 2020

THE ECONOMIC SOCIETY OF SINGAPORE

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 S$	2018 S$
INCOME			
Subscriptions		144,361	144,469
Annual dinner contributions		69,180	65,350
Contribution for essay competition		6,000	6,000
Contribution for events		125,053	-
Dividend income		9,209	10,738
Outstanding Economics Teacher Award		4,000	4,000
Royalty income		486	395
Society Forum, Public Lectures and Seminars Contribution		25,870	29,943
Others		1,065	312
		385,224	261,207
EXPENDITURE			
Audit fees		4,730	4,734
AGM expenses		2,653	4,735
Bank charges		52	10
Communication charges		2,780	3,515
Depreciation		155	209
Economic bulletin expenses		9,095	8,560
ESS website charges		5,124	1,892
Essay competition		6,640	6,584
Expenses for Outstanding Economics Teacher Award		5,038	5,575
Expenses for annual dinner		79,365	80,826
Expenses for events		103,655	-
Gold medals and prizes		500	950
Meeting expense		5,520	3,453
Miscellaneous expenses		-	389
Professional fee		50,400	50,400
Postage and faxes		291	267
Printing and stationery		1,240	1,492
Purchases of "Singapore Economic Review"		2,901	5,396
Society forum, public lectures and seminars expenses		38,362	38,450
Subscription		259	-
Transportation		252	360
		(319,012)	(217,797)
Surplus for the year before income tax		66,212	43,410
Income tax credit/(expense)	4	1,747	(860)
Surplus for the year representing total comprehensive income for the year		67,959	42,550

The accompanying notes for an integral part and should be read in conjunction with these financial statements.

THE ECONOMIC SOCIETY OF SINGAPORE

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 S$	2018 S$
CURRENT ASSETS			
Other receivable		5,000	-
Cash and cash equivalents	5	376,365	312,741
		381,365	312,741
CURRENT LIABILITIES			
Deferred income – subscription		67,159	56,535
Other payable and accruals		8,654	4,000
Provision for taxation		-	1,893
		75,813	62,428
NET CURRENT ASSETS		305,552	250,313
NON-CURRENT ASSETS			
Equipment	6	1,394	-
Other investments	7	265,841	246,323
		267,235	246,323
NON-CURRENT LIABILITY			
Deferred income-subscription		13,846	25,172
NET ASSETS		558,941	471,464
Represented by:			
Accumulated fund	8	380,008	312,049
Fair value reserve	9	119,211	99,693
Life subscription	10	59,722	59,722
		558,941	471,464

Certified Correct

Professor Euston Quah
(President)

Date: 09 MAR 2020

Assoc Professor Chia Wai Mun
(Hon Treasurer)

Date: 09 MAR 2020

The accompanying notes for an integral part and should be read in conjunction with these financial statements.

THE ECONOMIC SOCIETY OF SINGAPORE

RECEIPTS AND PAYMENTS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 S$	2018 S$
BALANCE AS AT 1 JANUARY			
Cash in hand		29	87
Cash at bank – DBS		62,631	271,136
Cash at bank – Maybank		250,081	-
		312,741	271,223
RECEIPTS			
Subscriptions		143,659	147,385
Annual dinner contributions		69,180	59,750
Contribution for essay competition		6,000	6,000
Contribution for events		120,053	-
Dividend income		9,209	12,506
Outstanding Economics Teacher Award		4,000	4,000
Royalty		486	395
Society Forum, Public Lectures and Seminars Contribution		25,870	29,943
Other Income		1,065	312
		379,522	260,291
PAYMENTS			
Audit fees		4,730	4,734
AGM expenses		2,653	4,735
Bank charges		52	10
Communication charges		2,770	3,515
Economics bulletin expenses		9,095	8,560
ESS website charges		5,124	1,892
Essay competition		6,640	6,584
Expenses for Outstanding Economics Teacher Award		5,038	5,575
Expenses for annual dinner		79,365	80,826
Expenses for events		99,419	-
Gold medals and prizes		500	950
Meeting expenses		5,435	3,453
Miscellaneous expenses		-	581
Professional fee		50,400	50,400
Postage and faxes		291	267
Printing and stationery		1,240	1,492
Purchases of “Singapore Economic Review”		2,901	5,396
Society forum, public lectures and seminars expenses		38,225	38,450
Subscription		259	-
Transportation		66	360
Acquisition of equipment		1,549	-
Tax paid		146	993
		315,898	218,773
BALANCE AS AT 31 DECEMBER			
Cash in hand		-	29
Cash at bank – DBS		106,342	62,631
Cash at bank – Maybank		270,023	250,081
	5	376,365	312,741

The accompanying notes for an integral part and should be read in conjunction with these financial statements.

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

1. General

The Economic Society of Singapore (the "Society") is a non-profit organisation of economists and other professionals interested in economics. The Society comprises members of the economics profession in academic, the government and business sectors and provides a platform for discussions on issues facing the Singapore economy and the region. The primary objective of the Society is to raise public awareness, and stimulate public interest and debate, in economic issues. It does this by organising conferences, talks workshops and public lectures and by conducting studies on issues, either on its own or in partnership with other organisations.

The registered office and principal place of operations of the Society is at National University of Singapore, Department of Economics, 1 Arts Link, Singapore 117570.

The financial statements of the Society for the financial year ended 31 December 2019 were authorised for issue by the Executive Committee on 9 March 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the Societies Act and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The Society's financial statements are measured and presented in the currency of the primary economic environment in which the Society operates (its functional currency). The financial statements of the Society are presented in Singapore dollar ("S$") which is also the functional currency of the Society.

In the current financial year, the Society has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS did not result in changes to the Society's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective:

FRS	Title	Effective date (annual periods beginning on or after)
FRS 1, FRS 8	Amendments to FRS 1 and FRS 8: *Definition of material*	1 January 2020
FRS 103	Amendments to FRS 103: *Definition of a Business*	1 January 2020
FRS 109, FRS 39, FRS107	Amendments to FRS 109, FRS 39 and FRS 107: *Interest Rate Benchmark Reform*	1 January 2020
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
Various	Amendments to References to the Conceptual Framework in FRS Standards	
	Amendments to illustrative examples, implementation guidance and FRS practice statements	1 January 2020

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

The Society have not adopted any of the above new/revised standards, interpretations and amendments to the existing standards in the financial year ended 31 December 2019. Other than the following standards, management anticipates that the adoption of the abovementioned revised/new standards will not have a material impact on the financial statements of the Society in the period of their initial adoption.

2.2 Revenue recognition

Revenue from contracts with its customers is recognised when or as the Society satisfies a performance obligation by service generated in the ordinary course of the Society's activities to its customer, at a transaction price that reflects the consideration the Society expects to be entitled in exchange for the service and that is allocated to that performance obligation. The service is transferred when or as the customer obtains control of the service.

(i) *Subscription and contributions revenue*

Revenue from membership renewals are recognised on a straight-line basis over the membership period.

(ii) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(iii) *Events*

Revenue from events is recognised when the event is held. Collected amounts for events which are not yet held at the end of reporting period is recognised as deferred income and included in trade and other payables.

2.3 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from surplus as reported income and expenditure account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Society's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which deductible temporary differences can be utilised.

2. Summary of significant accounting policies (Continued)

2.3 Income tax (Continued)

A deferred income tax asset is recognised to the extent that it is probable that future taxable surplus will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable surpluses will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Society expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to income and expenditure account, except when it relates to items charged or credited directly to accumulated fund, in which case the deferred tax is also dealt with in accumulated fund.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Society intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in income and expenditure account, except when they relate to items credited or debited directly to accumulated fund.

2.4 Equipment

Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Executive Committee. Dismantlement, removal or restoration costs are included as part of the cost of equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the equipment.

Subsequent expenditure relating to the equipment 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 entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in income and expenditure account when incurred.

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

- Computer equipment 20%

The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. Summary of significant accounting policies (Continued)

2.4 Equipment (Continued)

The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of equipment is recognised in income and expenditure account.

Fully depreciated equipment are retained in the financial statements until they are no longer in use.

2.5 Impairment of tangible assets

The Society reviews the carrying amounts of its tangible assets as at each reporting date to assess for any indication of 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 it is not possible to estimate the recoverable amount of an individual asset, the Society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in income and expenditure account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.6 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 party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

2. Summary of significant accounting policies (Continued)

2.6 Financial instruments (Continued)

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Society commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Society applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The classification at initial recognition depends on the Society's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Society's business model refers to how the Society manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Society determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if 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.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets held at FVTOCI

A financial asset that is an investment in debt instrument is subsequently measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets 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. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss.

At initial recognition, the Society may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which FRS 3, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis.

2. Summary of significant accounting policies (Continued)

2.6 Financial instruments (Continued)

Financial assets (Continued)

Financial assets held at FVTOCI (Continued)

Upon derecognition, other than the aforementioned equity instruments for which their subsequent cumulative fair value changes would be transferred to accumulated profits, the cumulative fair value changes recognised in other comprehensive income is recycled to profit or loss.

Dividends from equity instruments are recognised in profit or loss only when the Society's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Society and the amount of the dividend can be measured reliably.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

Impairment of financial assets

The Society recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost and debt instruments measured at FVTOCI. At each reporting date, the Society assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Society assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Society uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Society measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that 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 Society uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

2. Summary of significant accounting policies (Continued)

2.6 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

While they are not financial assets, contract assets arising from the Society's contracts with customers under FRS 115 are assessed for impairment in accordance with FRS 109, similar to that of trade receivables.

The Society directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Society's accounting policy for its impairment of financial assets, refer to Note 11.

Derecognition of financial assets

The Society derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Society neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset 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 receivables.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Society commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

2. Summary of significant accounting policies (Continued)

2.6 Financial instruments (Continued)

Financial assets (Continued)

Financial liabilities (Continued)

Other financial liabilities

Other payables and accruals

Other payables and accruals are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Derecognition of financial liabilities

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

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand which are subject to insignificant risk of changes in value.

3. Critical accounting judgements and key sources of estimation uncertainty

The Society made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Society's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Society's accounting policies

The Executive Committee is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The Executive Committee is of the opinion that there are no key sources of estimation uncertainty at the end of financial year that have a significant effect on the amounts of assets and liabilities within the next financial year.

4. Income tax (credit)/expense

	2019 S$	2018 S$
Current income tax		
- Current year expense	-	1,893
- Over provision in prior years	(1,747)	(1,033)
	(1,747)	860

Domestic income tax is calculated at 17% of the estimated assessable profit for the year.

The income tax (credit)/expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2018: 17%) to surplus before income tax (credit)/expense as a result of the following differences:

	2019 S$	2018 S$
Surplus before income tax	66,212	43,410
Income tax at statutory rate of 17%	11,256	7,380
Add/(Less):		
Effect of income not subject to tax	(9,608)	(5,523)
Effect of non-deductible items	-	36
Tax exemption	(1,236)	-
Others	(412)	-
Over provision in prior years	(1,747)	(1,033)
Income tax (credit)/expense	(1,747)	860

5. Cash and cash equivalents

	2019 S$	2018 S$
Cash on hand	-	29
Cash at bank	376,365	312,712
	376,365	312,741

Cash and cash equivalents approximate their fair values and are denominated in Singapore dollar.

6. Equipment

	Computer equipment S$
Cost	
At 1 January 2018 and 31 December 2018	1,049
Addition	1,549
At 31 December 2019	2,598
Accumulated depreciation	
At 1 January 2018	840
Charge for the year	209
At 31 December 2018	1,049
Charge for the year	155
At 31 December 2019	1,204
Carrying amount	
At 31 December 2019	1,394
At 31 December 2018	-

7. Other investments

Financial instruments

	2019 S$	2018 S$
At fair value through other comprehensive income		
- Equity securities (quoted)	265,841	246,323

The investments in quoted equity securities have no fixed maturity date nor coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

Other investments are denominated in Singapore dollar.

8. Accumulated fund

	2019 S$	2018 S$
As at 1 January	312,049	269,499
Surplus for the year	67,959	42,550
As at 31 December	380,008	312,049

9. Fair value reserve

	2019 S$	2018 S$
As at 1 January	99,693	112,583
Change in fair value of other investments	19,518	(12,890)
As at 31 December	119,211	99,693

Fair value reserve represents the cumulative fair value changes, net of tax, of equity securities at fair value through other comprehensive until they are disposed of or impaired.

10. Life subscription

	2019 S$	2018 S$
As at 1 January and 31 December	59,722	59,722

11. Financial instruments and financial risks

The Society's activities expose it to market risks such as equity price risk and liquidity risk. The Society's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Society's financial performance.

The Executive Committee is responsible for setting the objectives and underlying principles of financial risk management for the Society. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Executive Committee.

There have been no changes to the Society's exposure to these financial risks or the manner in which it manages and measures the risk.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Society. The Society do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

The Society major classes of financial assets are other receivable, bank deposits and other investments.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

11. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The Society's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risks [Note 1]	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ⩽ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition [Note 2] or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired [Note 3]	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount [Note 4]	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Society assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Society compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Society considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Society's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Society will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Society presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Society has reasonable and supportable information that demonstrates otherwise.

11. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Society assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Society writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Society performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Society does not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Equity price risk

The Society is exposed to equity price risk arising from equity securities classified as fair value through other comprehensive income. Equity securities are held for strategic rather than trading purposes. The Society did not actively trade in other investments.

Further details of these equity securities can be found in Note 7 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the financial year.

The sensitivity analysis assumes an instantaneous 10% change in the equity prices from the reporting date, with all variables held constant.

	Increase/(Decrease) Equity	
	2019	**2018**
	S$	**S$**
Other investments	26,584	24,632

11. Financial instruments and financial risks (Continued)

Market risks

Foreign exchange risk

The Society does not transact in foreign currency denominated transactions.

Interest rate risk

The Society has no exposure to interest rate risk.

Liquidity risk

The Executive Committee exercises prudent liquidity risk management policies. It implies maintaining sufficient cash to close out market positions. Due to the non-profit organisation nature of its operations, funding is mainly from memberships, organisation of events and to some extent the income from its investment. All financial liabilities of the Society is payable within the next 12 months.

Fair values

The carrying amounts of applicable assets and liabilities, approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of applicable financial assets and financial liabilities are determined as follows:

(a) Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

The other investments of the Society belong to Level 1 of the fair value hierarchy.

12. Capital management

The Society is a non-profit organisation where funding is obtained through memberships, profits from events organised and returns on investments made. The Society ensures that there is sufficient income and funds to realise its primary objectives by regularly reviewing its financial standing in relation to the requirements of the operations.

The Society is not subject to any externally imposed capital requirement. The Society's overall strategy remains unchanged from 2019.