SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

(Unique Entity Number: S99SS0111B)
(Registered Under the Charities Act, Chapter 37 and Societies Act, Chapter 311)

Statement by Management Committee and Financial Statements

Year Ended 30 June 2018

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Statement by Management Committee and Financial Statements

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SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

Statement by Management Committee

In the opinion of the management committee,

(a) the accompanying statement of financial activities, statement of financial position, statement of cash flows, and notes thereto are drawn up so as to present fairly, in all material respects of the state of affairs of Securities Investors Association (Singapore) (the "association") as at 30 June 2018 and the results and cash flows of the association for the reporting year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due.

The management committee approved and authorised these financial statements for issue.

On behalf of the management committee,

....	....
Jeyasegaram David @ David Gerald Jeyasegaram	Lim Chuang
President	Honorary Treasurer

(… … 2018)

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Independent Auditor's Report to the Management Committee of
SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Securities Investors Association (Singapore) ("the association"), which comprise the statement of financial position as at 30 June 2018, and the statement of financial activities, and statement of cash flows for the year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying financial statements of the association are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations), and the Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the association as at 30 June 2018 and the results, changes in funds and cash flows of the association 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 association in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by the management committee and annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management committee and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the association'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 association or to cease operations, or has no realistic alternative but to do so.

The management committee and those charged with governance are responsible for overseeing the association'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 association's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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 association'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 association to cease to continue as a going concern.

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.

We also provide the management committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In our opinion:

(a) The accounting and other records required by the association have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and

(b) The fund-raising appeals held during the reporting year have been carried out in accordance with regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeals.

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

(a) the association has not complied with the requirements of Regulation 7 of the Charities (Fund-Raising Appeals) Regulations; and

Report on other legal and regulatory requirements (cont'd)

(b) the use of the donation moneys was not in accordance with the objectives of the association as required under regulation 11 of the Charities (Institutions of a Public Character) Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Woo E-Sah.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

(… … 2018)

Statement of Financial Activities
Year Ended 30 June 2018

	Notes	2018 $	2017 $
Income	4	2,351,276	3,120,970
Interest income	5	911	904
Other gains	6	103,221	66,980
Items of expenditure			
Services consumed	7	(503,105)	(544,231)
Depreciation expense	11	(23,580)	(19,595)
Employee benefits expense	8	(1,177,219)	(1,118,613)
Other losses	6	(3,000)	–
Other operating expenses	9	(647,713)	(1,334,090)
Total expenditure		(2,354,617)	(3,016,529)
Net income before tax		100,791	172,325
Income tax expense	10	–	–
Net income for the year		100,791	172,325
Total funds brought forward		700,198	527,873
Total funds carried forward		800,989	700,198

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

Statement of Financial Position
As at 30 June 2018

	Notes	2018	2017
ASSETS		$	$
Non-current assets			
Plant and equipment	11	17,971	22,716
Total non-current assets		17,971	22,716
Current assets			
Trade and other receivables	12	291,066	553,508
Other assets	13	11,832	72,859
Cash and cash equivalents	14	921,901	636,891
Total current assets		1,224,799	1,263,258
Total assets		1,242,770	1,285,974
Non-current liabilities			
Other liabilities, non-current	15	38,000	38,000
Total non-current liabilities		38,000	38,000
Current liabilities			
Trade and other payables	16	183,930	386,693
Other liabilities, current	17	219,851	161,083
Total current liabilities		403,781	547,776
Total liabilities		441,781	585,776
Net assets		800,989	700,198
FUNDS AND LIABILITIES			
Funds			
General fund		800,989	700,198
Total funds		800,989	700,198

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

Statement of Cash Flows
Year Ended 30 June 2018

	2018 $	2017 $
Cash flows from operating activities		
Net income before tax	100,791	172,325
Depreciation of plant and equipment	23,580	19,595
Interest income	(911)	(904)
Operating cash flows before changes in working capital	123,460	191,016
Trade and other receivables	262,442	(322,223)
Other assets	61,027	(35,084)
Trade and other payables	(202,763)	222,447
Other liabilities, current	58,768	(5,897)
Net cash flows from operating activities	302,934	50,259
Cash flows from investing activities		
Purchase of plant and equipment	(18,835)	(1,030)
Interest income	911	904
Net cash flows used in investing activities	(17,924)	(126)
Net increase in cash and cash equivalents	285,010	50,133
Cash and cash equivalents, beginning balance	636,891	586,758
Cash and cash equivalents, ending balance (Note 14)	921,901	636,891

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

1. General

Securities Investors Association (Singapore) (the “association”) is registered in Singapore under the Societies Act, Chapter 311. The financial statements are presented in Singapore dollars. The association is a charity registered under the Charities Act, Chapter 37 with effect from 8 May 2015. It is also an Institutions of a Public Character (“IPC”) registered under the Charities Act (Chapter 37) from 6 August 2018 to 5 August 2021.

The management committee approved and authorised these financial statements for issue on the date of the statement by the management committee.

The principal activities of the association are those of providing forum discussion of investment interests of members; presenting views to Singapore Exchange and other appropriate bodies, providing educational information and conducting research into various aspects of investments to and advisory services to members; and to act on behalf of members in Court of law, tribunals, conferences and administrative bodies to protect the interest of members.

The registered office address is: 7 Maxwell Road, #05-03, MND Building, Annexe B, Singapore 069111. The association is situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council and the provisions of the Charities Act, Chapter 37 and the Societies Act, Chapter 311. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRS may not be applied when the effect of applying them is immaterial. The disclosures required by FRS need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS.

Basic of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the ordinary activities of the association and it is shown net of related tax and subsidies.

(i) Sponsorship

Sponsorship income is recognised upon the association performing an act or service.

(ii) Membership fees

Membership fees for activities held are recognised when the services are rendered.

(iii) Interest Income

Interest income is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset.

(iv) Donations

Revenue from donations are accounted for when received, except for committed donations that are recognised when the commitments are signed. Donations related to depreciable assets are usually recognised in the statement of financial activities over the periods necessary to match the depreciation of assets to which the donations relate.

(v) Seminars and conference

Revenue from rendering of services that are of short duration is recognised when the services are completed.

Grants

Government grants and similar non-government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants and government subvention receipts in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income. The deferred grants are recognised in the statement of financial activities over the period necessary to match the depreciation of assets to which the grants relate.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income tax

As a charity, the association is exempt from tax on income and gains falling within section 13(1)(2M) of the Income Tax Act to the extent that these are applied to its charitable objects. No tax changes have arisen in the association.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Plant and Equipment – 3 to 5 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Plant and equipment (cont'd)

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an 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 repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 15 on non-current provisions.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

2. Loans and receivables (cont'd): Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets*:* As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets*:* As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

#1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

#2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements**.** 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. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A Provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the period they occur.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses if any are allocated on a reasonable basis to the funds based on a method most suitable to that common expense.

Reserve policy

The reserves of the association provide financial stability and the means for the development of the association's activities. The association intends to maintain the reserves at a level sufficient for its operating needs. The management committee reviews the level of reserves regularly for the association's continuing obligations.

2C. Critical judgements, assumptions and estimation uncertainties

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

It is not the normal practice for the trustees/office bearers, or people connected with them, to receive remuneration, or other benefits, from the association for which they are responsible, or from institutions connected with the association except as disclosed below.

The association paid individual expenses incurred by office bearers for services provided to the association, either by reimbursement of the office bearer concerned or by direct payment to a third party. The aggregate amount of those expenses for 2018 and 2017 is disclosed in Note 3A.

3A. Related parties:

	2018	2017
	$	$
Reimbursement of expenses to the Chief Executive Officer ("CEO")	5,077	15,885
Expenses paid to a related party	–	250

3. Related party relationships and transactions (cont'd)

3B. Key management compensation:

	2018 $	2017 $
Salaries and other short-term employee benefits	286,785	277,785

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation is for the Chief Executive Officer.

4. Income

	2018 $	2017 $
Investors' Choice award	202,900	239,600
Subscriptions	6,416	6,438
Seminars and conferences	501,477	489,119
Shareholders' communication services	106,708	65,418
Sponsorship	656,433	641,289
Donation (Note 4A)	874,300	864,512
Investment Scam Campaign	2,778	814,539
Other income	264	55
	2,351,276	3,120,970

4A. Donations

This item includes the following:	2018 $	2017 $
Tax-deductible donations (1)	874,300	861,512
Non-tax-deductible donations	–	3,000
Total	874,300	864,512

(1) The association enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deduction for the donations made to the association. This status was renewed for 3 years with effect from 6 August 2018 under the Charities Act (Chapter 37).

5. Interest income

	2018 $	2017 $
Interest on fixed deposits	911	904

6. Other gains / (loss)

	2018 $	2017 $
Government grants	103,221	66,980
Bad debts written off	(3,000)	–
	100,221	66,980
Presented in statement of financial activities as:		
Other gains	103,221	66,980
Other losses	(3,000)	–
Net	100,221	66,980

7. Services consumed

	2018 $	2017 $
Investors' Choice award	234,365	232,146
Event expenses	35,247	36,318
Seminars, courses and conferences	194,540	247,203
Website expenses	38,953	28,564
	503,105	544,231

8. Employee benefits expense

	2018 $	2017 $
Short term employee benefits expense	1,047,034	987,853
Contributions to defined contribution plan	125,488	125,306
Other benefits	4,697	5,454
Total employee benefits expense	1,177,219	1,118,613

9. Other operating expenses

The major components and other selected components include the following:

	2018 $	2017 $
Investor education expenses	44,991	50,868
Rental of office equipment	7,691	7,822
Rental of office premise	166,944	168,307
Investment Scam Campaign	2,028	814,539
Research charges	239,483	130,000
Overseas expenses	9,643	5,667

The overseas expenses comprise of expenses related to the Inaugural Corporate Governance Conference in Thailand amounting to $1,762 (2017: Nil) and staff retreat amounting to $7,881 (2017: $5,667)

10. Income tax

The association is registered as a charity with effect from 8 May 2015. Consequently, the association is exempt from tax on income and gains falling within section 13(1)(zm) of the Income Tax Act to the extent that these are applied to its charitable objects.

11. Plant and equipment

	Plant and equipment $
Cost:	
At 1 July 2016	193,819
Additions	1,030
Written off	(5,147)
At 30 June 2017	189,702
Additions	18,835
Written off	(6,289)
At 30 June 2018	202,248
Accumulated depreciation:	
At 1 July 2016	152,538
Depreciation for the year	19,595
Written off	(5,147)
At 30 June 2017	166,986
Depreciation for the year	23,580
Written off	(6,289)
At 30 June 2018	184,277
Net book value:	
At 1 July 2016	41,281
At 30 June 2017	22,716
At 30 June 2018	17,971

12. Trade and other receivables

	2018 $	2017 $
Trade receivables:		
Outside parties	250,170	284,217
Other receivables:		
Outside parties	–	228,395
Deposits	40,896	40,896
Sub-total	40,896	269,291
Total trade and other receivables	291,066	553,508

13. Other assets

	2018 $	2017 $
Prepayment	11,832	72,859

14. Cash and cash equivalents

	2018 $	2017 $
Not restricted in use (Note 18A)	921,901	636,891
Interest earning balances	205,078	154,167

The rate of interest for the cash on interest earning balances was between was 0.40% to 0.70% (2017: 0.40% to 0.70%).

15. Other liabilities, non-current

	2018 $	2017 $
Provision for restoration cost	38,000	38,000

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased properties. The estimate is based on quotations from external contractors.

16. Trade and other payables

	2018 $	2017 $
Outside parties and accrued liabilities (Note 18A)	183,930	386,693

17. Other liabilities, current

	2018 $	2017 $
Deferred income (Note 17A)	219,851	161,083

17. Other liabilities, current (cont'd)

17A. Deferred income

	2018 $	2017 $
Unutilised fund from:		
Sponsorship	116,917	89,667
Shareholder communication services	37,708	41,416
Corporate membership	6,226	–
Others	59,000	30,000
Total deferred income	219,851	161,083
Movement in above balance:		
Balance at beginning of the year	161,083	166,980
Received / receivable during the year	1,267,158	777,538
Utilised during the year	(1,208,390)	(783,435)
Balance at end of the year	219,851	161,083

The movements of deferred revenue relates to sponsorship for shareholder communication program and investor education program and corporate membership. The income is recognised over the sponsorship period.

18. Financial instruments: information on financial risks

18A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	2018 $	2017 $
Financial assets:		
Cash and cash equivalents (Note 14)	921,901	636,891
Trade and other receivables (Note 12)	291,066	553,508
At end of the year	1,212,967	1,190,399
Financial liabilities:		
Trade payables and other payables (Note 16)	183,930	386,693
At end of the year	183,930	386,693

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

18B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the association's operating, investing and financing activities. There are exposure to the financial risks on the financial instruments such as credit risk and liquidity risk. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

The association is not exposed to significant interest rate and currency risks.

18. Financial instruments: information on financial risks (cont'd)

18C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

18D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the association could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with clients is controlled by setting limits on the exposure to individual clients and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and clients unless otherwise disclosed in the notes to the financial statements below.

As part of the process of setting client credit limits, different credit terms are used. The average credit period generally granted to trade receivable clients is about 30 days (2017: 30 days). But some clients take a longer period to settle the amounts.

At the end of reporting year, the trade receivable amounts that are past due but not impaired are as follows:

	2018 $	2017 $
Trade receivables:		
1 to 30 days	19,260	–
31 to 60 days	9,585	51,654
61 to 180 days	–	14,330
More than 180 days	–	43,200
Total	28,845	109,184

Other receivables are normally with no fixed terms and therefore there is no maturity.

18. Financial instruments: information on financial risks (cont'd)

18D. Credit risk on financial assets (cont'd)

Concentration of trade receivable as at the end of reporting year:

	2018 $	2017 $
Top 1 clients	25,680	73,054
Top 2 clients	40,937	116,254
Top 3 clients	50,521	148,354

18E. Liquidity risk – financial liabilities maturity analysis

There are no non-current financial liabilities at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2017: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

19. Operating lease payment commitments – as lessee

At the end of the reporting year, the totals of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	2018 $	2017 $
Not later than one year	160,920	176,535
Later than one year and not later than five years	167,220	22,095
Rental expenses for the year	174,635	176,129

Operating lease payments are for rentals payable for office which expires on 30 June 2020 and office equipment which expire on 30 April 2021. The lease rental terms are negotiated for an average term of three to five years and rentals are not subject to an escalation clause.

20. Reserve policy

The reserves of the association provide financial stability and the means for the development of the association's activities. The association intends to maintain the reserves at a level sufficient for its operating needs. The management committee reviews the level of reserves regularly for the association's continuing obligations.

	2018 $	2017 $
Unrestricted income fund	800,989	700,198
Ratio of reserves to annual operating expenditure	0.34	0.23

21. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards ("FRS") in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition Of Deferred Tax Assets For Unrealised Losses

22. New or amended standards in issue but not yet effective

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

FRS No.	Title	Effective date for periods beginning on or after
FRS 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers. Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019

FRS 116 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces FRS 17 and its Interpretations. For the lessee, the biggest change introduced is that almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the lessor, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. FRS 116 will be adopted in the financial statements when it becomes mandatory, with the following effects: For the entity's non-cancellable operating lease commitments of to $486,590 as at 30 June 2018 (Note 19), a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under FRS 116. Thus, the reporting entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases - unless they qualify for low value or short-term leases upon the application of FRS 116 – which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of FRS 116 is not expected to have a material impact on the amounts recognised in the financial statements.