

S.E.A. PETROLEUM EXPLORATION SOCIETY
(Registered under the Societies Act)
(Registration No.: S73SS0042H)

AUDITED FINANCIAL STATEMENTS
For the financial year ended 30 September 2021

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STATEMENT BY COUNCIL
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

The Council is pleased to submit this statement to the members together with the audited financial statements of S.E.A. Petroleum Exploration Society (the "Society") for the financial year ended 30 September 2021.

COUNCIL & AUDITORS

The office bearers of the Council at the date of this report are as follows:

Ian Cross
Chris Howells
Jeff Labao
Bill Lafferrandre
Jean-Yves Beninger
Chester Chua Ling Chuan
David Anderson
Mike Reeder
Roland Tay
Colin Murray
Nick Comrie-Smith
Andy Butler
Shankar Krishnan

President
1st Vice President
2nd Vice President
Treasurer
Secretary
Councilor
Councilor
Councilor
Councilor
Councilor
Councilor
Councilor
Councilor

The honorary auditors at the date of this report is Vijay Krishnan and Philip Gunn.

OPINION OF THE COUNCIL

In the opinion of the Council, the accompanying financial statements of the Society are drawn up so as to give a true and fair view of the financial position of the Society as at 30 September 2021 and the financial performance, changes in funds and cash flows of the Society for the financial year ended 30 September 2021.

On behalf of the Council



IAN CROSS
President



BILL LAFFERRANDRE
Treasurer

Singapore

07 MAR 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF S.E.A. PETROLEUM EXPLORATION SOCIETY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of S.E.A. PETROLEUM EXPLORATION SOCIETY (the "Society"), which comprise the statement of financial position as at 30 September 2021, the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Society as at 30 September 2021 and of the financial performance, changes in funds and cash flows of the Society for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 Statement by Council, as set out on page 1.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial 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.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the 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, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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.



Stone Ray

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- 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 regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

STONE RAY & ASSOCIATES
Public Accountants and Chartered Accountants
Singapore

07 MAR 2022

S.E.A. PETROLEUM EXPLORATION SOCIETY
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STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	2021 S\$	2020 S\$
ASSETS			
NON-CURRENT ASSETS			
Equipment	4	851	2,127
Right-of-use assets	5	<u>41,985</u>	<u>25,253</u>
		42,836	27,380
CURRENT ASSETS			
Trade and other receivables	6	15,751	40,521
Cash and cash equivalents	7	<u>523,256</u>	<u>626,453</u>
		539,007	666,974
TOTAL ASSETS		<u><u>581,843</u></u>	<u><u>694,354</u></u>
FUNDS AND LIABILITIES			
FUNDS			
Accumulated funds		<u>478,415</u>	<u>612,641</u>
TOTAL ACCUMULATED FUNDS		<u>478,415</u>	<u>612,641</u>
NON-CURRENT LIABILITIES			
Lease liabilities	10	<u>21,186</u>	<u>535</u>
		21,186	535
CURRENT LIABILITIES			
Trade and other payables	8	32,973	29,348
Deferred income	9	28,428	24,963
Lease liabilities	10	<u>20,841</u>	<u>26,867</u>
		82,242	81,178
TOTAL LIABILITIES		<u>103,428</u>	<u>81,713</u>
TOTAL FUNDS AND LIABILITIES		<u><u>581,843</u></u>	<u><u>694,354</u></u>

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

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STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 S\$	2020 S\$
INCOME			
Membership		32,677	45,159
Corporate sponsorship		64,400	101,024
Press advertisement		(1,070)	-
Forum and talks		-	9,444
SEAPEX Exploration Conference		2,000	-
Discretionary spending		8,129	8,444
Asia-Pacific Scout Check		4,206	26,832
Miscellaneous		3,746	4,500
Wage Credit Scheme & Employment Credit		629	791
Grant for Jobs Support Scheme		4,020	24,103
Grant for property tax		-	2,380
Total income		<u>118,737</u>	<u>222,677</u>
LESS: EXPENDITURE			
Forum and talk expenses		-	38,798
SEAPEX Exploration Conference		920	-
Discretionary spending		4,189	11,666
SEAPEX press costs		22,690	18,986
Asia-Pacific Scout Check		8,604	21,395
Administrative costs	11	215,395	216,870
Finance cost		<u>1,165</u>	<u>2,308</u>
Total expenditure		<u>252,963</u>	<u>310,023</u>
Net deficit before taxation		(134,226)	(87,346)
Taxation	12	<u>-</u>	<u>-</u>
Net deficit for the year		<u>(134,226)</u>	<u>(87,346)</u>

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

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STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Accumulated Funds S\$
As at 1 October 2019	702,228
Effect of adopting FRS 116 Leases	<u>(2,241)</u>
As at 1 October 2019 (restated)	699,987
Net deficit for the financial year	<u>(87,346)</u>
As at 30 September 2020	612,641
Net deficit for the financial year	<u>(134,226)</u>
As at 30 September 2021	<u><u>478,415</u></u>

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

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 S\$	2020 S\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net deficit before taxation		(134,226)	(87,346)
Adjustments for:			
Depreciation of equipment		1,277	1,277
Depreciation of right-of-use assets		24,759	26,831
Finance cost		1,165	2,308
Operating deficit before working capital changes		(107,025)	(56,930)
Trade and other receivables		24,770	(4,987)
Trade and other payables		3,625	10,295
Deferred income		3,465	(6,447)
Net cash used in operating activities		(75,165)	(58,069)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used in investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(26,867)	(26,924)
Lease interest		(1,165)	(2,308)
Net cash used in financing activities		(28,032)	(29,232)
Net decrease in cash and cash equivalents		(103,197)	(87,301)
Cash and cash equivalents at beginning of the financial year		626,453	713,754
Cash and cash equivalents at end of the financial year	7	523,256	626,453

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

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

1 GENERAL

S.E.A. Petroleum Exploration Society (the “Society”) is a society registered in Singapore under the Societies Act, Cap. 311.

The Society is a non-profit organisation with the following objectives:

- To advance the science of geology and related earth sciences, with particular emphasis on petroleum and natural gas exploration, development and production in Southeast Asia;
- To foster the spirit of scientific research throughout its membership;
- To promote technologies for finding, developing and producing hydrocarbons;
- To disseminate information relating to petroleum geoscience;
- To inspire a high standard of professional conduct on the part of its members; and
- To act as a body to improve the awareness of oil and gas industry issues in the community.

The registered office is located at 20 Upper Circular Road, The River Walk #01-06, Singapore 058416. The Society is situated in Singapore.

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 Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared on the historical cost basis.

The functional currency is Singapore Dollar (S\$), as it reflects the primary economic environment in which the entity operates.

2.2 ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Society has adopted all the new and amended standards which are relevant to the Society and are effective for annual financial periods beginning on or after 1 October 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Society.

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FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

2.3 EQUIPMENT

All items of equipment are initially recorded at cost. Subsequent to recognition, equipment are measured at cost less accumulated depreciation and any accumulated impairment loss. 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 management.

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

	<u>Useful lives</u>
Computer and software	3 years
Office equipment	3 years
Furniture and fittings	3 years
Website	5 years
Right-of-use asset – Office	Over the lease period 2 to 3 years
Right-of-use asset - copier	Over the lease period 5 years

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

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.4 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Society assesses at each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Society makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been

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determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.5 FINANCIAL INSTRUMENTS

i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Society measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Society's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Society only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognized in profit and loss when the assets are derecognized or impaired, and through the amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Society may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognized in profit or loss when the Society's right to receive payments is established. For investments in equity instruments which the Society has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognized in profit or loss.

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Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.6 IMPAIRMENT OF FINANCIAL ASSETS

The Society recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

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For trade receivables, the Society applies a simplified approach in calculating ECLs. Therefore, the Society does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Society has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Society considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Society may also consider a financial asset to be in default when internal or external information indicates that the Society is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Society. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and are subject to an insignificant risk of changes in value.

2.8 PROVISIONS

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

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

2.9 GOVERNMENT GRANTS

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grants related to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

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Property tax rebate

The Singapore Government had given remission of property tax (property tax rebates) under section 6(8) of the Property Tax Act (Cap. 254) to qualifying non-residential properties in response to the COVID-19 pandemic.

For the portion of a non-residential property leased out to a lease (tenant), the owner of the property (landlord) must transfer the benefit from the property tax rebate under section 29 of the COVID-19 (Temporary Measures) Act 2020. For the vacant portion of the property, the landlord itself will benefit from the property tax rebate.

Jobs Support Scheme

The Jobs Support Scheme provides wage support to employers to help them retain their local employees during this period of economic uncertainty. Employers who have made CPF contributions for their local employees will qualify for the payouts under the scheme.

2.10 EMPLOYEE BENEFITS

i) Defined Contribution Plans

The Society makes contribution to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

ii) Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.11 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

i) Members' Subscriptions

Income received from subscriptions is recognized on a straight line basis over the term of the membership.

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ii) Sponsorship and events

Revenue from sponsorship is recognized on a receipt basis. Revenue from events and activities is recognized when the event and activities has occurred and completed.

iii) Interest Income

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

2.12 LEASES

The Society assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Society applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Society recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Society recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.4.

The Society's right-of-use assets are presented at Note 5.

Lease liabilities

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society and payments of

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penalties for terminating the lease, if the lease term reflects the Society exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Society uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Society applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.13 TAXES

i) Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

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Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

iii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Society's financial statements requires the Society to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about those assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in the future periods.

3.1 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

i) Useful Lives Of Equipment

The useful life of an item of equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Society's equipment is disclosed in Note 4 to the financial statements.

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ii) Impairment Of Loans And Receivables

The impairment of trade and other receivables is based on the ageing analysis and the Society's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, the Society considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Society's trade and other receivables is disclosed in Note to the financial statements.

4 EQUIPMENT

	Computer & software S\$	Furniture & fittings S\$	Office equipment S\$	Website S\$	Total S\$
<u>Cost</u>					
At 1 October 2020	9,855	8,065	1,550	8,000	27,470
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 September 2021	9,855	8,065	1,550	8,000	27,470
<u>Accumulated depreciation</u>					
At 1 October 2020	7,728	8,065	1,550	8,000	25,343
Charge for the year	1,276	-	-	-	1,276
Disposals	-	-	-	-	-
At 30 September 2021	9,004	8,065	1,550	8,000	26,619
Carrying amounts	851	-	-	-	851
<u>Cost</u>					
At 1 October 2019	9,855	8,065	1,550	8,000	27,470
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 September 2020	9,855	8,065	1,550	8,000	27,470
<u>Accumulated depreciation</u>					
At 1 October 2019	6,451	8,065	1,550	8,000	24,066
Charge for the year	1,277	-	-	-	1,277
Disposals	-	-	-	-	-
At 30 September 2020	7,728	8,065	1,550	8,000	25,343
Carrying amounts	2,127	-	-	-	2,127

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5 RIGHT-OF-USE ASSETS

	Office S\$	Copier S\$	Total S\$
<u>Cost</u>			
At 1 October 2019	-	-	-
Effect of adopting FRS 116	74,573	9,867	84,440
At 1 October 2019 (restated)	74,573	9,867	84,440
Additions	-	-	-
Disposals	-	-	-
At 30 September 2020	74,573	9,867	84,440
Additions	41,491	-	41,491
Disposals	-	-	-
At 30 September 2021	116,064	9,867	125,931
<u>Accumulated depreciation</u>			
At 1 October 2019	-	-	-
Effect of adopting FRS 116	26,929	5,427	32,356
At 1 October 2019 (restated)	26,929	5,427	32,356
Charge for the year	24,858	1,973	26,831
Disposals	-	-	-
At 30 September 2020	51,787	7,400	59,187
Charge for the year	22,786	1,973	24,759
Disposals	-	-	-
At 30 September 2021	74,573	9,373	83,946
Carrying amounts			
As at 30 September 2021	41,491	494	41,985
As at 30 September 2020	22,786	2,467	25,253

6 TRADE AND OTHER RECEIVABLES

	2021 S\$	2020 S\$
Trade receivables	950	16,170
Other receivables	2,755	8,198
Deposits paid	839	839
Prepayments	11,207	9,622
Grant receivables	-	5,692
	<u>15,751</u>	<u>40,521</u>

Trade receivables are non-interest bearing and is generally on 30 day's term.

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There is no other class of financial assets that is past due and/or impaired except for trade receivables.

Receivables that are past due but not impaired

The Society had trade receivables amounting to S\$950 (2020: S\$16,170) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2021 S\$	2020 S\$
Trade receivables past due but not impaired:		
Lesser than 30 days	-	4,560
31 to 60 days	950	95
61 to 90 days	-	-
More than 90 days	-	11,515
	<u>950</u>	<u>16,170</u>

Trade and other receivables are denominated in Singapore Dollar.

7 CASH AND CASH EQUIVALENTS

	2021 S\$	2020 S\$
Cash at bank	<u>523,256</u>	<u>626,453</u>

The cash and cash equivalents are denominated in Singapore Dollar.

8 TRADE AND OTHER PAYABLES

	2021 S\$	2020 S\$
Trade payables	5,528	6,262
Other payables	11,880	11,792
GST payable	854	436
Deposit received	500	-
Advanced payment from customer	1,000	-
Accrued expenses	<u>13,211</u>	<u>10,858</u>
	<u>32,973</u>	<u>29,348</u>

Trade and other payables are denominated in Singapore Dollar.

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9 DEFERRED INCOME

Deferred income relates to membership fees, income from events and activities received/receivable for the reporting period 2021/22 (2019: 2020/21).

10 LEASE LIABILITIES

	2021 S\$	2020 S\$
Current	20,841	26,867
Non-current	21,186	535
	<u>42,027</u>	<u>27,402</u>

A reconciliation of liabilities arising from financing activities is as follows:

	1 October 2020	Additions	Cash flows	Non-cash changes	30 September 2021
	S\$	S\$	S\$	Accretion of interest S\$	Others S\$
Current	26,867	20,305	(28,031)	1,165	535
Non-current	535	21,186	-	-	(535)
	<u>27,402</u>	<u>41,491</u>	<u>(28,031)</u>	<u>1,165</u>	<u>-</u>

	1 October 2019	Additions	Cash flows	Non-cash changes	30 September 2020
	S\$	S\$	S\$	Accretion of interest S\$	Others S\$
Current	54,326	-	(29,232)	2,308	(535)
Non-current	-	-	-	-	535
	<u>54,326</u>	<u>-</u>	<u>(29,232)</u>	<u>2,308</u>	<u>-</u>

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11 ADMINISTRATIVE EXPENSES

	2021	2020
	S\$	S\$
Audit fee	4,300	4,500
Bad debts	3,663	-
Bank charges/Worldpay charges	3,653	3,723
Bookkeeping fee	7,600	5,325
Central Provident Fund	12,636	13,383
Cleaning expenses	3,960	3,960
Computer and IT expenses	-	110
Computer peripheral	330	-
Courier and postage	1,400	1,999
Database and website management	12,423	15,112
Depreciation of equipment	1,277	1,277
Depreciation of right-of-use assets	24,759	26,831
Entertainment and refreshment	346	211
Insurance	12,964	11,556
IT expenses	104	111
Medical fee	-	1,310
Office rental	2,200	-
Printing and stationery	411	1,999
Professional fees	-	200
Repair and maintenance	-	267
Skill Development Levy	192	194
Staff salaries and bonus	114,984	114,984
Staff welfare	-	150
Stamp duty	172	-
Storage	1,183	1,287
Subscription fee	1,295	1,598
Tax fee	1,000	1,000
Telecommunication	4,365	5,111
Transportation	128	672
Utilities	50	-
	<u>215,395</u>	<u>216,870</u>

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12 INCOME TAX

	2021	2021
	S\$	S\$
Current income tax expense	<u>-</u>	<u>-</u>

A reconciliation between tax expense and the product of book surplus multiplied by the applicable statutory tax rate for the years ended 30 September 2021 and 2020 were as follows:

	2021	2020
	S\$	S\$
Net deficit before taxation	<u>(134,226)</u>	<u>(87,346)</u>
Income tax using the statutory tax rate of 17% (2020: 17%)	(22,818)	(14,849)
Adjustments:		
Non-taxable income	(11,374)	(19,973)
Non-deductible expenses	4,624	5,171
Allowable deduction due to FRS 116	(4,587)	(4,969)
Others	46,210	45,989
Deferred tax assets not recognised	<u>(12,055)</u>	<u>(11,369)</u>
Income tax expense recognised in profit or loss	<u>-</u>	<u>-</u>

Deferred income tax assets have not been recognised due to the unpredictability of future surplus stream. The Society has unrecognised tax losses and donations of S\$179,655 (2020: S\$137,930) and S\$295,500 (2020: S\$343,100) respectively at the reporting date which can be carried forward and used to offset against future taxable income.

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13 LEASES

Society as a lessee

The Society has lease contract for office and copier. The Society's obligation under these leases are secured by the lessor's title to the leased assets. The Society is restricted from assigning and subleasing the lease asset.

a) Carrying amount of right-of use assets

	Office S\$	Copier S\$	Total S\$
At 1 October 2019	47,644	4,440	52,084
Depreciation	(24,858)	(1,973)	(26,831)
At 30 September 2020	22,786	2,467	25,253
Additions	41,491	-	41,491
Depreciation	(22,786)	(1,973)	(24,759)
At 30 September 2021	41,491	494	41,985

b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 10.

c) Amounts recognised in profit or loss

	2021 S\$	2020 S\$
Depreciation of right-of-use assets	24,759	26,831
Interest expense on lease liabilities	1,165	2,308
	<u>25,924</u>	<u>29,139</u>

d) Total cash outflow

The Company had total cash outflows for leases of S\$28,032 (2020: \$29,232).

e) Extension options

The Company has no lease contract that has extension options.

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14 FINANCIAL RISK MANAGEMENT

The main risks arising from the Society's financial instruments are liquidity risk, credit risk and interest risk. The policies for managing each of these risks are summarized as follows:

14.1 CREDIT RISK

Credit risk arises mainly from the risk on counterparties defaulting on the terms of their agreements. The carrying amounts of trade and other receivables and cash and cash equivalents represent the Society's maximum exposure to credit risk in relation to financial assets.

The Society monitors the exposure to credit risk on an ongoing basis. The credit risk on balances of cash and cash equivalents is low as these balances are placed with a reputable bank.

14.2 LIQUIDITY RISK

Liquidity risk is the risk that the Society will encounter difficulty in meeting financial obligations due to shortage of funds.

The Society manages its operating cash flows and the availability of funding so as to ensure that a sufficient level of cash and cash equivalents is maintained to meet its working capital requirement.

All financial liabilities of the Society are repayable on demand or matured with one year.

14.3 INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market interest rates.

The Society does not have any interest-bearing financial liabilities.

15 FAIR VALUES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, trade and other receivables and trade and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

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16 FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	2021	2020
	S\$	S\$
Financial assets measured at amortised cost		
Trade and other receivables	4,544	30,899
Cash and cash equivalents	<u>523,256</u>	<u>626,453</u>
Total financial assets measured at amortised cost	<u><u>527,800</u></u>	<u><u>657,352</u></u>
Financial liabilities measured at amortised cost		
Trade and other payables	32,973	29,348
Lease liabilities	<u>42,027</u>	<u>27,402</u>
Total financial liabilities measured at amortised cost	<u><u>75,000</u></u>	<u><u>56,750</u></u>

17 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 September 2021 were authorised for issue by the Council on the date of the Statement by Council.