

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

AUDITED FINANCIAL STATEMENTS
For the financial year ended 30 September 2020

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S.E.A. PETROLEUM EXPLORATION SOCIETY
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(Registration No.: S73SS0042H)

**STATEMENT BY COUNCIL
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

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 2020.

COUNCIL & AUDITORS

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

Ian Cross	President
Chris Howells	1 st Vice President
Jeff Labao	2 nd Vice President
Bill Lafferrandre	Treasurer
Jean-Yves Beninger	Secretary
Chester Chua Ling Chuan	Councilor
David Anderson	Councilor
Mike Reeder	Councilor
Roland Tay	Councilor
Colin Murray	Councilor
Nick Comrie-Smith	Councilor
Andy Butler	Councilor
Shankar Krishnan	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 2020 and the financial performance, changes in funds and cash flows of the Society for the financial year ended 30 September 2020.

On behalf of the Council



IAN CROSS
President



BILL LAFFERRANDRE
Treasurer

Singapore

01 MAR 2021

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 2020, 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 2020 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.

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 effectiveness 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

01 MAR 2021

S.E.A. PETROLEUM EXPLORATION SOCIETY
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STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 S\$	2019 S\$
ASSETS			
NON-CURRENT ASSETS			
Equipment	4	2,127	3,404
Right-of-use assets	5	<u>25,253</u>	<u>-</u>
		27,380	3,404
CURRENT ASSETS			
Trade and other receivables	6	40,521	35,534
Cash and cash equivalents	7	<u>626,453</u>	<u>713,754</u>
		666,974	749,288
TOTAL ASSETS		<u><u>694,354</u></u>	<u><u>752,692</u></u>
FUNDS AND LIABILITIES			
FUNDS			
Accumulated funds		<u>612,641</u>	<u>702,228</u>
TOTAL ACCUMULATED FUNDS		<u>612,641</u>	<u>702,228</u>
NON-CURRENT LIABILITIES			
Lease liabilities	10	<u>535</u>	<u>-</u>
		535	-
CURRENT LIABILITIES			
Trade and other payables	8	29,348	19,054
Contract liabilities	9	24,963	31,410
Lease liabilities	10	<u>26,867</u>	<u>-</u>
		81,178	50,464
TOTAL LIABILITIES		<u>81,713</u>	<u>50,464</u>
TOTAL FUNDS AND LIABILITIES		<u><u>694,354</u></u>	<u><u>752,692</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 2020

	Note	2020 S\$	2019 S\$
INCOME			
Membership		45,159	72,460
Merchandise sales		-	336
Corporate sponsorship		101,024	93,500
Press advertisement		-	2,500
Forum and talks		9,444	21,584
SEAPEX Exploration Conference		-	783,625
Discretionary spending		8,444	59,986
Asia-Pacific Scout Check		26,832	-
Miscellaneous		4,500	790
Grant from Singapore Tourism Board		-	35,424
Wage Credit Scheme & Employment Credit		791	-
Grant for Jobs Support Scheme		24,103	-
Grant for property tax		2,380	-
Total income		<u>222,677</u>	<u>1,070,205</u>
LESS: EXPENDITURE			
Forum and talk expenses		38,798	68,231
SEAPEX Exploration Conference		-	524,978
Discretionary spending		11,666	24,629
SEAPEX press costs		18,986	18,060
Asia-Pacific Scout Check		21,395	25,791
Administrative costs	11	216,870	268,677
Finance cost		2,308	-
Total expenditure		<u>310,023</u>	<u>930,366</u>
Net (deficit)/ income before taxation		(87,346)	139,839
Taxation	12	<u>-</u>	<u>-</u>
Net (deficit)/ income for the year		<u>(87,346)</u>	<u>139,839</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 2020

	Accumulated Funds S\$
As at 1 October 2018	562,389
Net income for the financial year	<u>139,839</u>
As at 30 September 2019	<u><u>702,228</u></u>
As at 1 October 2019	702,228
Effect of adopting FRS 116 <i>Leases</i>	<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	<u><u>612,641</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 2020

	Note	2020 S\$	2019 S\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (deficit)/ income before taxation		(87,346)	139,839
Adjustments for:			
Depreciation of equipment		28,108	558
Finance cost		2,308	-
Operating (deficit)/ income before working capital changes		(56,930)	140,397
Trade and other receivables		(4,987)	119,767
Trade and other payables		10,295	(9,038)
Contract liabilities		(6,447)	(140,797)
Net cash (used in)/ generated from operating activities		(58,069)	110,329
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment		-	(3,829)
Net cash (used in) investing activities		-	(3,829)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(26,924)	-
Lease interest		(2,308)	-
Net cash (used in) financing activities		(29,232)	-
Net (decrease)/ increase in cash and cash equivalents		(87,301)	106,500
Cash and cash equivalents at beginning of the financial year		713,754	607,254
Cash and cash equivalents at end of the financial year	7	626,453	713,754

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 2020

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 Singapore Financial Reporting Standards (“FRS”). 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 2019. Except for the adoption of FRS 116 leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the Society.

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FRS 116 Leases

FRS 116 supersedes FRS 17 Leases, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases-Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Society adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Society elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Society applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The effect of adopting FRS 116 as at 1 October 2019 was as follows:

	Increase/ (decrease)
	S\$
Equipment	84,440
Lease liabilities	54,326
Retained earnings	(2,241)

The Society has lease contracts for office and copier. Before the adoption of FRS 116, the Society classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.12.

Upon adoption of FRS 116, the Society applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2.12. The standard provides specific transition requirements and practical expedients, which have been applied by the Society.

(a) Leases previously classified as finance leases

The Society did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right of use assets and lease liabilities equal the lease assets and liabilities recognised under FRS 17). The requirements of FRS 116 were applied to those leases from 1 January 2019.

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(b) Leases previously accounted for as operating leases

The Society recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Society also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 October 2019:

- right-of-use assets of S\$84,440 were recognised.
- additional lease liabilities of S\$54,326 were recognised; and
- the net effect of these adjustments of S\$2,241 had been adjusted to retained earnings. Comparative information is not restated.

The lease liabilities as at 1 October 2019 can be reconciled to the operating lease commitments as of 30 September 2018, as follows:

	S\$
Operating lease commitments as at 30 September 2019	57,822
Weighted average incremental borrowing rate as at 1 October 2019	4.25%
Lease liabilities as at 1 October 2019	<u>54,326</u>

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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 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

Initial recognition and measurement

Financial assets are recognised when, and only when the Society 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 recognised in profit or loss when the assets are derecognised 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 recognised 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 recognised in profit or loss.

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Derecognition

A financial asset is derecognised where 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 had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

b) 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.

Derecognition

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 when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants in recognition of specific expenses are recognized as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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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.

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

These accounting policies are applied on and after the initial application date of FRS 116, 1 January 2019:

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.

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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 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.

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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.

These accounting policies are applied before the initial application date of FRS 116, 1 January 2019:

As lessee

Finance leases which transfer to the Society substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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.

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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.

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.

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4 EQUIPMENT

	Computer & software S\$	Furniture & fittings S\$	Office equipment S\$	Website S\$	Total S\$
<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
<u>Cost</u>					
At 1 October 2018	6,026	8,065	1,550	8,000	23,641
Additions	3,829	-	-	-	3,829
Disposals	-	-	-	-	-
At 30 September 2019	9,855	8,065	1,550	8,000	27,470
<u>Accumulated depreciation</u>					
At 1 October 2018	6,026	8,065	1,550	7,867	23,508
Charge for the year	425	-	-	133	558
Disposals	-	-	-	-	-
At 30 September 2019	6,451	8,065	1,550	8,000	24,066
Carrying amounts	3,404	-	-	-	3,404

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5 RIGHT-OF-USE ASSETS

	Office S\$	Copier S\$	Total S\$
<u>Cost</u>			
At 30 September 2019	-	-	-
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
<u>Accumulated depreciation</u>			
At 30 September 2019	-	-	-
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
Carrying amounts	22,786	2,467	25,253

6 TRADE AND OTHER RECEIVABLES

	2020 S\$	2019 S\$
Trade receivables	16,170	15,310
GST receivable	-	312
Other receivables	8,198	8,170
Deposits paid	839	839
Prepayments	9,622	10,903
Grant receivables	5,692	-
	<u>40,521</u>	<u>35,534</u>

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

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

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Receivables that are past due but not impaired

The Society had trade receivables amounting to S\$16,170 (2019: S\$15,310) 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:

	2020 S\$	2019 S\$
Trade receivables past due but not impaired:		
Lesser than 30 days	4,560	2,945
31 to 60 days	95	95
61 to 90 days	-	-
More than 90 days	11,515	12,270
	<u>16,170</u>	<u>15,310</u>

Trade and other receivables are denominated in Singapore Dollar.

7 CASH AND CASH EQUIVALENTS

	2020 S\$	2019 S\$
Cash at bank	<u>626,453</u>	<u>713,754</u>

The cash and cash equivalents are denominated in Singapore Dollar.

8 TRADE AND OTHER PAYABLES

	2020 S\$	2019 S\$
Trade payables	6,262	-
Other payables	11,792	5,539
GST payable	436	-
Deposits received	-	-
Accrued expenses	10,858	13,515
	<u>29,348</u>	<u>19,054</u>

Trade and other payables are denominated in Singapore Dollar.

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9 CONTRACT LIABILITIES

Contract liabilities relates to membership fees, income from events and activities received/receivable for the reporting period 2019/20 (2019: 2018/19).

10 LEASE LIABILITIES

	2020 S\$	2019 S\$
Current	26,867	-
Non-current	535	-
	<u>27,402</u>	<u>-</u>

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

	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>

11 ADMINISTRATIVE EXPENSES

	2020 S\$	2019 S\$
Audit fee	4,500	4,549
Bank charges/Worldpay charges	3,723	27,228
Bookkeeping fee	5,325	6,000
Central Provident Fund	13,383	16,076
Cleaning expenses	3,960	3,960
Computer and IT expenses	110	-
Computer peripheral	-	36
Courier and postage	1,999	2,882
Database and website management	15,112	18,862
Depreciation of equipment	1,277	558
Depreciation of right-of-use assets	26,831	-
Entertainment and refreshment	211	418
Exchange loss in foreign currency	-	21

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	2020	2019
	S\$	S\$
Insurance	11,556	11,375
IT support	111	943
Medical fee	1,310	-
Office rental	-	26,400
Printing and stationery	1,999	6,267
Professional fees	200	1,448
Rental of copier	-	2,232
Repair and maintenance	267	858
Skill Development Levy	194	192
Staff salaries and bonus	114,984	128,967
Staff welfare	150	-
Storage	1,287	1,287
Subscription fee	1,598	1,281
Tax fee	1,000	1,000
Telecommunication	5,112	4,943
Transportation	672	294
Utilities	-	600
	<u>216,871</u>	<u>268,677</u>

12 INCOME TAX

	2020	2019
	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 2020 and 2019 were as follows:

	2020	2019
	S\$	S\$
Net (deficit)/ income before taxation	<u>(87,346)</u>	<u>139,839</u>
Income tax using the statutory tax rate of 17% (2019: 17%)	(14,849)	23,773
Adjustments:		
Non-taxable income	(19,973)	(12,689)
Non-deductible expenses	5,171	95
Allowable deduction due to FRS 116	(4,969)	-
Others	45,989	11,411
Deferred tax assets not recognised	<u>(11,369)</u>	<u>(22,590)</u>
Income tax expense recognised in profit or loss	<u>-</u>	<u>-</u>

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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\$137,930 (2019: S\$71,056) and S\$343,100 (2019: S\$343,100) respectively at the reporting date which can be carried forward and used to offset against future taxable income.

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

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

	2020 S\$
Depreciation of right-of-use assets	26,831
Interest expense on lease liabilities	2,308
	29,139

d) Total cash outflow

The Company had total cash outflows for leases of S\$29,232 in 2020.

e) Extension options

The Company has no lease contract that has extension options.

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14 COMMITMENTS

The Society leases office and copier under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights.

As at 30 September 2019, the future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2019
	S\$
Not later than one year	29,232
Later than one year but not later than five years	28,590
	<u>57,822</u>

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 September 2019 amounted S\$28,632.

15 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:

15.1 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.

15.2 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.

15.3 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.

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16 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.

17 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:

	2020	2019
	S\$	S\$
Financial assets measured at amortised cost		
Trade and other receivables	30,899	24,631
Cash and cash equivalents	626,453	713,754
Total financial assets measured at amortised cost	<u>657,352</u>	<u>738,385</u>
Financial liabilities measured at amortised cost		
Trade and other payables	29,348	19,054
Lease liabilities	27,402	-
Total financial liabilities measured at amortised cost	<u>56,750</u>	<u>19,054</u>

18 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 September 2020 were authorised for issue by the Council on the date of the Statement by Council.