

ASIA PACIFIC TRAVEL RETAIL ASSOCIATION
ROS Registration No. T05SS0187C

REPORT ON THE AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019



1 Coleman Street #05-16 The Adelphi Singapore 179803
Tel: (65) 6837 0360 Fax: (65) 6837 0369
Email: enquiry@jdt.com.sg website: www.jdt.com.sg
Incorporated with Limited Liability Regn No. 200801266N



ASIA PACIFIC TRAVEL RETAIL ASSOCIATION
ROS Registration No: T05SS0187C
(Registered in Singapore)

REPORT ON THE AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

C O N T E N T S

	PAGES
Statement by the Management Committee	1
Independent Auditor's Report	2 - 4
Statement of Financial Position	5
Statement of Financial Activities	6
Statement of Changes in Funds	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 30

STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the management committee,

(a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Asia Pacific Travel Retail Society (Singapore) (the "Society") as at 31 December 2019 and of the statement of financial activities, statement of changes in funds and statement of cash flows of the Society for the financial year then ended;

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

(c) 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 Societies Act, Cap 311 and Singapore Financial Standards.

On behalf of the Management Committee,



.....
GRANT ANDREW FLEMING
PRESIDENT


.....
RYAN HILL
SECRETARY

.....
PAN HAR YING
TREASURER

Singapore

31 MAR 2020

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ASIA PACIFIC TRAVEL RETAIL ASSOCIATION**

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Asia Pacific Travel Retail Association, Singapore (the "Society"), which comprise of the statement of financial position as at 31 December 2019, the statement of financial activities, the statement of changes in general funds and the statement of cash flows of the Society for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Societies Act, Chapter 311 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view, the financial position of the Society as at 31 December 2019 and the financial performance, changes in funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

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

The Management Committee is responsible for the other information. The other information comprises the Statement by the Management Committee of the Society 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.

Responsibilities of Management committee and those charged with Governance for the Financial Statements

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

In preparing the financial statements, the Management Committee is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of Management Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the those charged with governance 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 regulations enacted under the Societies Act to be kept by the Society have been properly kept in accordance with those regulations.

Joe Tan & Assoc PAC

Joe Tan & Associates PAC
Public Accountants and
Chartered Accountants

Singapore **31 MAR 2020**

ASIA PACIFIC TRAVEL RETAIL ASSOCIATION
(ROS Registration No.: T05SS0187C)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	<u>Note</u>	<u>2019 US\$</u>	<u>2018 US\$</u>
ASSETS			
Non-Current Assets			
Plant and equipment	4	2,060	1,081
Intangible Asset	5	8,000	-
Total Non-Current Assets		<u>10,060</u>	<u>1,081</u>
Current Assets			
Trade and other receivables	6	124,023	148,126
Cash and cash equivalents	7	370,596	371,802
Total Current Assets		<u>494,619</u>	<u>519,928</u>
TOTAL ASSETS		<u>504,679</u>	<u>521,009</u>
FUNDS AND LIABILITIES			
Funds			
General funds	8	144,195	188,451
Total Funds		<u>144,195</u>	<u>188,451</u>
Current Liabilities			
Other payables	9	64,002	39,494
Contract liabilities	10	296,362	292,750
Income tax payable		120	314
Total Current Liabilities		<u>360,484</u>	<u>332,558</u>
TOTAL FUNDS AND LIABILITIES		<u>504,679</u>	<u>521,009</u>

The accompanying notes form an integral part of these financial statements

ASIA PACIFIC TRAVEL RETAIL ASSOCIATION
(ROS Registration No.: T05SS0187C)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	<u>Note</u>	<u>2019 US\$</u>	<u>2018 US\$</u>
Income			
Membership subscription		256,198	294,750
Associate membership		11,000	22,000
Sponsorship		36,197	36,000
Other fees		45,021	33,366
	11	<u>348,416</u>	<u>386,116</u>
Direct cost			
Events and seminars		(11,144)	(5,189)
		<u>337,272</u>	<u>380,927</u>
Gross Surplus			
Other income	12	2,917	-
Total income		<u>340,189</u>	<u>380,927</u>
Expense			
Administrative expenses	13	<u>(384,444)</u>	<u>(369,603)</u>
(Deficit)/Surplus before income tax		(44,256)	11,324
Income tax credit/(expense)	15	-	(393)
(Deficit)/Surplus for the year		<u><u>(44,256)</u></u>	<u><u>10,931</u></u>

The accompanying notes form an integral part of these financial statements

ASIA PACIFIC TRAVEL RETAIL ASSOCIATION
(ROS Registration No.: T05SS0187C)

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	<u>General Funds US\$</u>	<u>Total US\$</u>
Balance as at 1 January 2019	188,451	188,451
(Deficit)/Surplus for the year	(44,256)	(44,256)
Balance as at 31 December 2019	<u><u>144,195</u></u>	<u><u>144,195</u></u>
Balance as at 1 January 2018	177,520	177,520
Surplus for the year	10,931	10,931
Balance as at 31 December 2018	<u><u>188,451</u></u>	<u><u>188,451</u></u>

The accompanying notes form an integral part of these financial statements

ASIA PACIFIC TRAVEL RETAIL ASSOCIATION
(ROS Registration No.: T05SS0187C)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 US\$	2018 US\$
Cash flows from operating activities			
(Deficit)/Surplus before tax		(44,256)	11,324
<i>Adjustments for:</i>			
Allowance for expected credit losses		-	2,917
Reversal of allowance for expected credit losses		(2,917)	-
Bad debt written off		-	3,500
Depreciation of plant and equipment	4	959	31
Operating (loss)/profit before working capital changes		<u>(46,213)</u>	<u>17,772</u>
<i>Working capital changes:</i>			
Decrease/(increase) in trade and other receivables		27,020	(147,135)
Increase in trade and other payables		24,507	(176,903)
Increase in contract liabilities		3,612	292,750
Cash generated from/(used in) from operations		<u>8,926</u>	<u>(13,516)</u>
Income tax paid		(194)	(220)
Net cash generated from/(used in) operating activities		<u>8,732</u>	<u>(13,736)</u>
Cash flows from investing activities			
Acquisition of plant and equipment		(1,938)	(1,112)
Acquisition of intangible assets		(8,000)	-
Net cash used in investing activities		<u>(9,938)</u>	<u>(1,112)</u>
Net (decrease) in cash and cash equivalents		(1,206)	(14,848)
Cash and cash equivalents at the beginning of year		<u>371,802</u>	<u>386,650</u>
Cash and cash equivalents at end of year	7	<u>370,596</u>	<u>371,802</u>

Note A: Reconciliation of liabilities arising from financing activities

	2018 US\$	Deficit for the year US\$	Financing Cash Flows US\$	2019 US\$
General funds	188,451	(44,256)	-	144,195
	<u>188,451</u>	<u>(44,256)</u>	<u>-</u>	<u>144,195</u>

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL

Asia Pacific Travel Retail Association (the "Society") has been registered under the Singapore Societies Act.

The registered office of the Society is located at 8 Eu Tong Sen Street, #18-81, The Central Singapore 059818.

The principal activities of the Society is to promote cooperation amongst members in order to facilitate growth in the region's duty free/travel retail industry.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements are presented in United States Dollar and are prepared in accordance with the provisions of the Society Act, and Singapore Financial Reporting Standards ("FRS"). The Society is also subject to the provision of the Charities Act., Cap 37. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollar (US\$), which is the Society's functional currency. All financial information is presented in United States Dollar, unless otherwise indicated.

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 January 2019.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Society has not adopted the following standards applicable to the Society that have been issued but not yet effective:

<u>Reference</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to:	References to the Conceptual Framework in FRS Standards	1 Jan 2020
	FRS 1 and FRS 8 <i>Definition of Material</i>	1 Jan 2020
	FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The management committee expects that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.4 FINANCIAL INSTRUMENTS

a) Financial Assets

Initial recognition and measurement

Financial assets 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 assets at initial recognition.

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.

De-recognition

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.4 FINANCIAL INSTRUMENTS – CONTINUED

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 Branch 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

Financial liabilities at amortised cost

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.

2.5 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).

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 IMPAIRMENT OF FINANCIAL ASSETS – CONTINUED

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.

2.6 CASH AND CASH EQUIVALENTS

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

2.7 PLANT AND EQUIPMENT

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and 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. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

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	- 3 years

The carrying values of 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 plant and 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.

2.8 INTANGIBLE ASSETS

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.8 INTANGIBLE ASSETS – CONTINUED

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to infinite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Website

Website is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the website for its intended use. Costs associated with maintaining computer software are recognised as an expense as incurred.

Website is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 years.

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Society assesses at each reporting date 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 determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.10 RESTRICTED FUNDS

The restricted funds are funds which are available to be used for specific purpose.

2.11 REVENUE RECOGNITION

Revenue is measured based on the consideration to which the Society expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Society satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Membership subscription

Revenue from membership subscription are recognised when due (at a point of time).

(b) Sponsorship fees

Sponsorship fees are recognised as income upon receipt (at a point of time).

Revenue is recognised when it is probable that the economic benefits will flow to the Society and revenue can be reliably measured. Revenue is measured at the fair value of consideration received and receivable, taking into account contractually defined terms of payment and excluding taxes or duty. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due and associated costs.

Revenue from membership subscription are recognised when due.

Sponsorship fees are recognised as income upon receipt.

2.12 TAXES

(a) 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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.12 TAXES – CONTINUED

(b) Deferred Tax – Continued

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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.

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.

(c) Sales Tax

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

- (i) 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
- (ii) Receivables and payables that are stated with the amount of sales tax included.

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

2.13 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are measured in the functional currency of the Society and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.14 EMPLOYEE BENEFITS

(a) Defined contribution plan

The Society's contributions to defined contributions plans, namely the Central Provident Fund Scheme, are recognised as employee benefits expenses in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2.15 RELATED PARTIES

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Society if that person:
- (i) Has control or joint control over the Society;
 - (ii) Has significant influence over the Society; or
 - (iii) Is a member of the key management personnel of the Society or of a parent of the Society.
- (b) An entity is related to the Society if any of the following conditions applies:
- (i) The entity and the Society are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint venture of the same third party.
 - (iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Society or an entity related to the Society. If the Society is itself such a plan, the sponsoring employers are also related to the Society.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Society's financial statements requires management 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 these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgments made in applying accounting policies

(i) Determination of functional currency

In determining the functional currency of the Society, judgment is used by the Society to determine the currency of the primary economic environment in which the Society operates. Consideration factors include the currency that mainly influences income and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

(b) 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 plant and equipment

The useful life of an item of plant and 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 plant and equipment as at 31 December 2019 was US\$2,060 (2018: US\$1,081).

(ii) Useful lives of intangible asset

The useful life of an item of intangible asset 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 intangible asset as at 31 December 2019 was US\$8,000 (2018: US\$nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES – CONTINUED

- (a) Judgments made in applying accounting policies – Continued
- (iii) Impairment of plant and equipment

The plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The Society assesses impairment of these assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of these assets is estimated to determine the impairment loss. The Society evaluates the recoverable amount of these assets based on the net present value of future cash flows (value in use) derived from such assets using cash flow projections which have been discounted at an appropriate rate.

As at 31 December 2019, no allowance for impairment loss of the plant and equipment was made for the financial year ended 31 December 2019 as the recoverable amount was in excess of the carrying amount.

- (b) Key sources of estimation uncertainty - continued
- (iii) Provision for expected credit losses of trade receivables

The Society uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Society's historical observed default rates. The Society will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Society's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Society's trade receivables is disclosed in Note 16.

The carrying amounts of the Society's trade and other receivables as at 31 December 2019 were US\$124,023 (2018: US\$148,126).

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. PLANT AND EQUIPMENT

	Computer US\$
Cost:	
At 01.01.2018	520
Additions	1,112
At 31.12.2018	1,632
Additions	1,938
At 31.12.2019	<u>3,570</u>
Accumulated depreciation	
At 01.01.2018	520
Depreciation	31
At 31.12.2018	551
Depreciation	959
At 31.12.2019	<u>1,510</u>
Net carrying amount:	
At 31.12.2018	<u>1,081</u>
At 31.12.2019	<u>2,060</u>

5. INTANGIBLE ASSETS

	Website US\$
Cost:	
At 01.01.2018	-
Additions	-
At 31.12.2018	-
Additions	8,000
At 31.12.2019	<u>8,000</u>
Accumulated Armortisation	
At 01.01.2018	-
Armortisation	-
At 31.12.2018	-
Armortisation	-
At 31.12.2019	<u>-</u>
Net carrying amount:	
At 31.12.2018	<u>-</u>
At 31.12.2019	<u>8,000</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. INTANGIBLE ASSETS – CONTINUED

Intangible assets comprise of a website internally developed by the Society. The website will ease the process of membership applications and promote the benefits of membership, thereby increasing membership subscription rates. Therefore, it is expected to generate cash inflows for the Society.

The website has been assessed to have a useful life of 3 years. However, the website has not begun operation as at 31 December 2019. Thus, there was no amortisation of the website for the year ended 31 December 2019.

6. TRADE AND OTHER RECEIVABLES

	2019 US\$	2018 US\$
Trade receivables:		
- Members	115,792	145,202
Less: Allowance for expected credit loss	-	(2,917)
	<u>115,792</u>	<u>142,285</u>
Other debtors	2,603	-
Prepayments	5,628	5,841
	<u>124,023</u>	<u>148,126</u>

The trade receivables are non-interest bearing and generally on 30 days' terms (2018: 30 days).

Receivables that are past due but not impaired

The Society had trade receivables amounting to US\$77,953 (2018: US\$12,750) 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:

	2019 US\$	2018 US\$
Trade receivables past due but not impaired:		
0 – 30 days	75,111	5,218
31 – 90 days	-	4,532
More than 90 days	2,842	3,000
	<u>77,953</u>	<u>12,750</u>

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

	2019 US\$	2018 US\$
Movement in allowance accounts:		
Beginning of Financial Year	2,917	-
Reversal/(addition) during the year	(2,917)	2,917
End of Financial Year	<u>-</u>	<u>2,917</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. CASH AND CASH EQUIVALENTS

	2019 US\$	2018 US\$
Cash at bank	370,596	371,567
Cash on hand	-	235
	<u>370,596</u>	<u>371,802</u>

8. GENERAL FUNDS

	2019 US\$	2018 US\$
Balance at beginning of year	188,451	177,520
Income	351,332	386,116
Expenditure	(395,588)	(375,185)
Balance at end of year	<u>144,195</u>	<u>188,451</u>

9. OTHER PAYABLES

	2019 US\$	2018 US\$
Accrued operating expenses	5,876	5,713
Other payables	58,126	33,781
	<u>64,002</u>	<u>39,494</u>

Other payables are non-interest bearing and have average term of six months (2018: average term of six months).

10. CONTRACT LIABILITIES

	2019 US\$	2018 US\$
Contract liabilities	296,362	292,750
	<u>296,362</u>	<u>292,750</u>

Contract liabilities are relating to the advance billings to members for the membership fees to be provided. The revenue relating to membership fees is recognised when the fees are due.

11. REVENUE

	2019 US\$	2018 US\$
Membership subscription	256,198	294,750
Associate membership	11,000	22,000
Sponsorship	36,197	36,000
Other fees	45,021	33,366
	<u>348,416</u>	<u>386,116</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. OTHER INCOME

	2019 US\$	2018 US\$
Reversal of allowance for expected credit losses	2,917	-
	<u>2,917</u>	<u>-</u>

13. ADMINISTRATIVE EXPENSES

	2019 US\$	2018 US\$
Administrative expense	38,950	38,740
Allowance for expected credit losses	-	2,917
Advertising	1,713	742
Bad debt written off	-	3,500
Bank charges	4,246	5,368
CPF	9,719	-
Depreciation of plant and equipment	959	31
Exchange difference - realised	5,617	1,992
Exchange difference - unrealised	108	1,248
Food and Beverages	-	3,704
General expense	100	30
Insurance expense	1,104	-
IT related expense	4,614	915
Local travel	2,026	1,119
Marketing fee	-	15,016
Paypal charges	2,062	1,185
Petty cash written off	235	-
Recruitment expense	-	20,895
Postage and Courier	180	66
Printing and Stationery	4,407	928
Professional fee	9,678	8,296
Rental for equipment	-	286
Secretary fee	190	192
Seminars and Courses	86	1,533
SDL	105	-
Statutory fines	60	-
Subscriptions	17,301	17,701
Storage expense	94	95
Telecommunications	2,031	807
Travelling	6,035	16,050
Wages – Non-director	93,874	-
	<u>205,494</u>	<u>143,356</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. (DEFICIT)/SURPLUS BEFORE INCOME TAX

	2019 US\$	2018 US\$
(Deficit)/Surplus before income tax has been arrived at after charging:		
Net foreign exchange loss	5,724	3,240
Advertising	1,713	742
Administrative expense	38,950	38,740
Consultancy/ Communication PR	68,588	164,979
Marketing fee	-	15,016
Other professional fee	110,362	61,268
Recruitment expense	-	20,895
Subscriptions	17,301	17,701

15. INCOME TAX EXPENSE

The major component of income tax expense recognised in profit or loss for the years ended 31 December 2019 and 2018 was:

	2019 US\$	2018 US\$
Current income tax expense	-	393

Relationship between tax expense and accounting surplus

A reconciliation between tax expense and the product of accounting surplus multiplied by the applicable corporate tax rate for the financial years ended 31 December 2019 and 2018 were as follows:

	2019 US\$	2018 US\$
(Deficit)/Surplus before income tax	(44,256)	11,324
Tax at the statutory tax rate at 17% (2018:17%)	(7,524)	1,925
Expenses not deductible for tax purposes	37,536	41,024
Income not subject to tax	(34,019)	(41,692)
Statutory tax exemption	-	(943)
Under provision of prior year income tax	-	79
Deferred tax asset not recognised on unutilised losses	4,007	-
	-	393

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. FINANCIAL RISK MANAGEMENT

The Society's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Management reviews and agrees policies and procedures for the management of these risks, which are executed by the Management Committee. It is, and has been throughout the current and previous financial year, the Society's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Society's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Society. The Society's exposure to credit risk arises primarily from trade and other receivables and loan to the holding company. For other financial assets (including investment securities and cash), the Society minimises credit risk by dealing exclusively with high credit rating counterparties.

The Society has adopted a policy of only dealing with creditworthy counterparties. The Society performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Society considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Society has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Society has developed and maintained the Society's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Society's own trading records to rate its major customers and other debtors. The Society considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. FINANCIAL RISK MANAGEMENT – CONTINUED

(a) Credit risk

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Society determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Society categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

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

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. FINANCIAL RISK MANAGEMENT – CONTINUED

(a) Credit risk - continued

The table below details the credit quality of the Society's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	12-month or Lifetime ECL	Gross carrying amount US\$	Loss allowance US\$	Net carrying amount US\$
31 December 2019					
Trade receivables	6	Lifetime ECL (simplified)	115,792	-	115,792
Other debtors	6	12-month ECL	2,603	-	2,603
Prepayments	6	12-month ECL	5,628	-	5,628
				-	
				-	
1 January 2019					
Trade receivables	6	Lifetime ECL (simplified)	145,202	(2,917)	142,285
Other debtors	6	12-month ECL	-	-	-
Prepayments	6	12-month ECL	5,841	-	5,841
				(2,917)	

Trade receivables

For trade receivables, the Society has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Society determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. FINANCIAL RISK MANAGEMENT – CONTINUED

(b) Liquidity risk

Liquidity risk refers to the risk that the Society will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Society's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation. The Society's operations are financed mainly through general fund. The Board are satisfied that funds are available to finance the operations of the Society.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Society's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying Amount US\$	Contractual Cash flows US\$	One year or less US\$
2019			
Financial assets			
Trade and other receivables (1)	118,395	118,395	118,395
Cash and cash equivalents	370,596	370,596	370,596
Total undiscounted financial assets	<u>488,991</u>	<u>488,991</u>	<u>488,991</u>
Financial liabilities			
Other payables (2)	64,002	64,002	64,002
Total undiscounted financial liabilities	<u>64,002</u>	<u>64,002</u>	<u>64,002</u>
Total net undiscounted financial assets	<u>424,989</u>	<u>424,989</u>	<u>424,989</u>
	Carrying Amount US\$	Contractual Cash flows US\$	One year or less US\$
2018			
Financial assets			
Trade and other receivables (1)	142,285	142,285	142,285
Cash and cash equivalents	371,802	371,802	371,802
Total undiscounted financial assets	<u>517,004</u>	<u>517,004</u>	<u>517,004</u>
Financial liabilities			
Other payables (2)	39,494	39,494	39,494
Total undiscounted financial liabilities	<u>39,494</u>	<u>39,494</u>	<u>39,494</u>
Total net undiscounted financial assets	<u>477,510</u>	<u>477,510</u>	<u>477,510</u>

(1) These exclude prepayment.

(2) These exclude advanced received from customers.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. FINANCIAL RISK MANAGEMENT – CONTINUED

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Society's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(d) Foreign currency risk

The Society's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Society does not have any formal policy for hedging against currency risk. The Society ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances

The Society has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Society, primarily Singapore Dollar (SGD) and Euro (EUR).

The Society's currency exposures to the SGD and Euro at the reporting date were as follows:

<u>2019</u>	Singapore Dollar US\$	Euro US\$
Financial assets		
Cash and cash equivalents	46,463	-
Trade and other receivables	2,603	8,231
	<u>49,066</u>	<u>8,231</u>
Financial liabilities		
Trade and other payables	4,018	-
	<u>4,018</u>	<u>-</u>
Foreign currency exposure	<u>45,048</u>	<u>8,231</u>
<u>2018</u>	Singapore Dollar US\$	Euro US\$
Financial assets		
Cash and cash equivalents	5,919	-
Trade and other receivables	-	5,841
	<u>5,919</u>	<u>5,841</u>
Financial liabilities		
Trade and other payables	5,101	12,248
	<u>5,101</u>	<u>12,248</u>
Foreign currency exposure	<u>818</u>	<u>(6,407)</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. FINANCIAL RISK MANAGEMENT - CONTINUED

(d) Foreign currency risk - continued

A 10% strengthening of United States dollar against the foreign currencies denominated balances as at the reporting date would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	2019	2018
	Profit (after tax)	Profit (after tax)
	US\$	US\$
Singapore Dollar	3,739	68
Euro	683	(532)

A 10% weakening of United States dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

17. FINANCIAL INSTRUMENT

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, other receivables and other payables

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

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2019 US\$	2018 US\$
Financial assets measured at amortised cost		
Trade and other receivables (Note 6) (a)	118,395	142,285
Cash and cash equivalents (Note 7)	370,596	371,802
Total	<u>488,991</u>	<u>514,087</u>
Financial liabilities measured at amortised cost		
Other payables (Note 9) (b)	64,002	39,494
Total financial liabilities measured at amortised cost	<u>64,002</u>	<u>39,494</u>

(a) These exclude the prepayment.

(b) These exclude advanced received from customers.

19. CAPITAL MANAGEMENT

The Society manages its capital to ensure it will be able to continue as a going concern. The capital structure of the Society consists only of funds. Board reviews the capital structure on a regular basis. The Society's overall strategy remains unchanged from 2018.

20. RESTATEMENTS AND COMPARATIVE FIGURES

Certain reclassification had been made for the prior year's financial statements to enhance comparability with current year's financial statements. As a result, certain line items have been amended on the face of the Statement of Financial Activities.

The restatement of 2018 accounts are to better reflect the direct and indirect expenses of the Society.

The effect of the restatement is as follows:

	As Previously Stated 2018 US\$	As Restated 2018 US\$
Statement of Financial Activities		
Direct Costs	5,189	231,436
Administrative Expenses	369,603	143,356

**ASIA PACIFIC TRAVEL RETAIL ASSOCIATION
(ROS Registration No. T05SS0187C)**

(Registered in Singapore)

**THE ACCOMPANYING SUPPLEMENTARY DETAILED STATEMENT OF FINANCIAL ACTIVITIES
HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY
AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS**

ASIA PACIFIC TRAVEL RETAIL ASSOCIATION
(ROS Registration No.: T05SS0187C)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

SCHEDULE A

	2019 US\$	2018 US\$
Income		
Membership subscription	256,198	294,750
Associate membership	11,000	22,000
Sponsorship	36,197	36,000
Other fees	45,021	33,366
	348,416	386,116
Less: Direct cost		
Events and seminars	11,144	5,189
	(11,144)	(5,189)
Gross surplus	337,272	380,927
Add: Other income		
Others	2,917	-
Less: Operating expenses		
Administrative expenses (Schedule B)	(384,444)	(369,603)
(Deficit)/Surplus before income tax	(44,256)	11,324

ASIA PACIFIC TRAVEL RETAIL ASSOCIATION
(ROS Registration No.: T05SS0187C)

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

SCHEDULE B

	2019 US\$	2018 US\$
<u>Administrative expenses</u>		
Accounting fee	5,043	5,069
Allowance for expected credit losses	-	2,917
Audit fee	2,785	2,794
Advertising	1,713	742
Administrative expense	38,950	38,740
Bad debts written off	-	3,500
Bank charges	4,246	5,368
Consultancy/ Communication PR	68,588	164,979
CPF - employer	9,719	-
Depreciation of plant and equipment	959	31
Exchange difference - realised	5,617	1,248
Exchange difference - unrealised	108	1,992
Food & Beverages	-	3,704
General expense	100	30
Insurance expense	1,104	-
IT related expenses	4,614	915
Local travel	2,026	1,119
Marketing fee	-	15,016
Other professional fee	110,362	61,268
Paypal charges	2,062	1,185
Petty csh written off	235	-
Recruitment expense	-	20,895
Postage & Courier	180	66
Printing & Stationery	4,407	928
Professional fee	1,412	-
Rental for equipment	-	286
Secretary fee	190	192
Seminars & Courses	86	1,533
SDL	105	-
Statutory fines	60	-
Subscriptions	17,301	17,701
Storage expense	94	94
Tax fee	438	433
Telecommunications	2,031	807
Travelling	6,035	16,050
Wages	93,874	-
	(384,444)	(369,602)