

**THE SINGAPORE SCOUT ASSOCIATION**  
Unique Entity No. S85CC0196D

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

# **The Singapore Scout Association**

## **General Information**

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### **Scout Council**

President – Tan Tee How  
Vice President – Professor Lui Pao Chuen  
Vice President – Chua Tin Sien Philip  
Vice President – Chia Lee Meng Raymond  
Honorary Secretary – Ranvir Kumar Singh  
Honorary Treasurer – Philip Ling Soon Hwa

Chief Commissioner – Antong Shahrudin Bin Rahmat  
Deputy Chief and International Commissioner – Ho Kai Kwong Jeffrey

### **Registered Office**

1 Bishan Street 12  
Singapore 579808

### **Auditor**

CA.sg PAC

### **Bankers**

Oversea-Chinese Banking Corporation Limited  
The Bank of East Asia Ltd  
CIMB Bank Berhad  
Sing Investments & Finance Limited

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**The Singapore Scout Association**

**Statement by Scout Council  
for the year ended 31 December 2018**

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We, the undersigned, hereby state that in the opinion of the Scout Council, the financial statements of The Singapore Scout Association (“Association”) set out on pages 6 to 49 are properly drawn up so as to give a true and fair view of the financial position of the Association as at 31 December 2018 and of the financial performance and cash flows of the Association for the financial year ended on that date.

On behalf of the Scout Council



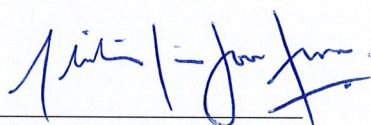
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Tan Tee How  
President



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Antong Shahrudin Bin Rahmat  
Chief Commissioner



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Philip Ling Soon Hwa  
Honorary Treasurer

1 June 2019

**INDEPENDENT AUDITOR'S REPORT**  
to the members of  
**THE SINGAPORE SCOUT ASSOCIATION**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the accompanying financial statements of The Singapore Scout Association ("Association") which comprise the statement of financial position as at 31 December 2018, the statement of financial activities and statement of cash flows 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 Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the Association as at 31 December 2018 and of the financial performance, and cash flows of the Association for the year ended on that date.

*Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

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.

## **INDEPENDENT AUDITOR'S REPORT**

to the members of

**THE SINGAPORE SCOUT ASSOCIATION** (continued)

### **Report on the Audit of the Financial Statements** (continued)

#### *Responsibilities of Management and Those Charged with Governance 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 FRS, 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

**INDEPENDENT AUDITOR'S REPORT**

to the members of

**THE SINGAPORE SCOUT ASSOCIATION (continued)**

**Report on the Audit of the Financial Statements (continued)**

*Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- 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 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.

**INDEPENDENT AUDITOR'S REPORT**  
to the members of  
**THE SINGAPORE SCOUT ASSOCIATION**

**Report on Other Legal and Regulatory Requirements**

In our opinion:

- a) the accounting and other records required to be kept by the Association have been properly kept in accordance with the Charities Act, Chapter 37 and Regulations and Boy Scouts Association Act, Chapter 26;
- b) the fund-raising appeals listed below conducted by the Association during the financial year, have been carried out in accordance with the Charities Act, Chapter 37 and Regulations and Income Tax Act, Chapter 134 and proper accounts and other records have been kept of the fund-raising appeals:-

<u>Name of fund-raising project</u>	<u>Period of fund-raising</u>
Job Week	10 March 2018 to 16 March 2018
Donation Draw	30 July 2018 to 20 October 2018

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

- (i) the Association has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institution of a Public Character) Regulations; and
- (ii) the Association has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

**CA.sg PAC**  
Public Accountants and  
Chartered Accountants  
Singapore

1 June 2019

**The Singapore Scout Association**

**Statement of Financial Position  
As at 31 December 2018**

	Note	2018 S\$	2017 S\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	2,339,373	1,090,413
Prepayments	4	1,471,309	1,530,161
		<u>3,810,682</u>	<u>2,620,574</u>
<b>Current Assets</b>			
Inventories	5	267,865	302,936
Trade receivables	6	399,445	205,595
Other receivables	7	571,049	603,640
Prepayments	4	58,852	58,852
Cash and cash equivalents	8	7,108,185	7,879,721
		<u>8,405,396</u>	<u>9,050,744</u>
<b>Total Assets</b>		<u>12,216,078</u>	<u>11,671,318</u>
<b>Current Liabilities</b>			
Trade payables	9	94,079	187,914
Other payables	10	387,291	538,823
Deferred grant	11	58,852	58,852
		<u>540,222</u>	<u>785,589</u>
<b>Non-Current Liability</b>			
Deferred grant	11	1,471,309	1,530,161
<b>Total Liabilities</b>		<u>2,011,531</u>	<u>2,315,750</u>
<b>Net Current Assets</b>		<u>7,865,174</u>	<u>8,265,155</u>
<b>Net Assets</b>		<u>10,204,547</u>	<u>9,355,568</u>
<b>FUNDS</b>			
<b>Unrestricted Funds</b>			
General funds	12	4,379,040	4,402,607
<b>Restricted Funds</b>			
Building fund		3,061,866	2,149,669
Scout Foundation fund		252,524	335,465
Other specific funds	13	2,511,117	2,467,827
<b>Total Funds</b>		<u>10,204,547</u>	<u>9,355,568</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements



The Singapore Scout Association

Statement of Financial Activities  
For the year ended 31 December 2018

		←	Restricted Funds	→		
	General Funds (Note 12)	Building Fund	Scout Foundation Fund	Other Specific Funds (Note 13)	2018 Total Funds	2017 Total Funds
Note	S\$	S\$	S\$	S\$	S\$	S\$
<b>Incoming resources</b>						
<u>Incoming resources from generated funds</u>						
Voluntary income	14	1,514	-	71,252	18,933	91,699
Activities for generating funds						
- Donation Draw	15	234,643	-	-	124,430	359,073
- Job Week	16	326,913	-	-	326,914	653,827
- Scout Guild events	17	116,307	-	-	-	116,307
Investment income		49,810	-	-	6,751	56,561
<u>Incoming resources from charitable activities</u>						
- Grants		746,105	-	-	1,950	748,055
- Membership fees		111,615	-	-	-	111,615
- Fees from participants		447,576	-	-	35,663	483,239
- Scout Shop	18	167,332	-	-	-	167,332
- Scout Guild		-	-	-	-	8,612
- Sands Leadership Development Centre	19	1,604,018	-	-	-	1,604,018
- Use of headquarter's facilities		-	-	-	-	8,395
Other incoming resources		260,681	-	-	-	200,393
<b>Total incoming resources</b>		<u>4,066,514</u>	<u>-</u>	<u>71,252</u>	<u>514,641</u>	<u>4,652,407</u>
<b>Resources expended</b>						
<u>Costs of generating funds</u>						
Fundraising costs						
- Donation Draw	15	46,922	-	-	4,923	51,845
- Job Week	16	5,050	-	-	5,050	10,100
- Scout Guild events	17	31,062	-	-	-	31,062
<u>Charitable activities</u>						
- Scout Shop	18	105,167	-	-	-	105,167
- Scout Guild		273	-	-	-	273
- Scout Groups		-	-	-	511,843	511,843
- Area activities		227,886	-	-	-	227,886
- International scout events and programme expenses		372,511	-	-	-	372,511
- Sands Leadership Development Centre	19	1,348,894	-	-	-	1,348,894
- Employee benefits expense	20	1,015,281	-	149,259	-	1,164,540
Governance costs - audit fees		16,500	-	-	-	16,500
Other resources expended	21	799,536	-	4,934	576	805,046
<b>Total resources expended</b>		<u>3,969,082</u>	<u>-</u>	<u>154,193</u>	<u>522,392</u>	<u>4,645,667</u>
<b>Net incoming/(outgoing) resources before amortisation and transfer</b>		97,432	-	(82,941)	(7,751)	6,740
Amortisation of building fund		26,602	(26,602)	-	-	-
Transfer of funds		(147,601)	96,560	-	51,041	-
Incoming resources for building fund		-	842,239	-	-	842,239
<b>Net (outgoing)/incoming resources</b>		(23,567)	912,197	(82,941)	43,290	848,979
<b>Total funds brought forward</b>		<u>4,402,607</u>	<u>2,149,669</u>	<u>335,465</u>	<u>2,467,827</u>	<u>9,355,568</u>
<b>Total funds carried forward</b>		<u>4,379,040</u>	<u>3,061,866</u>	<u>252,524</u>	<u>2,511,117</u>	<u>9,355,568</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements

**The Singapore Scout Association**

**Statement of Cash Flows  
For the year ended 31 December 2018**

	Note	2018 S\$	2017 S\$
<b>Cash flows from operating activities</b>			
Surplus/(Deficit) for the year		6,740	(383,063)
Adjustments for:-			
Depreciation of property, plant and equipment		66,232	47,957
Impairment loss on trade receivables		7,169	-
Property, plant and equipment written-off		7,888	-
Interest income		(56,561)	(70,714)
		<u>24,728</u>	<u>(22,757)</u>
Operating surplus/(deficit) before working capital changes		<u>31,468</u>	<u>(405,820)</u>
Decrease/(Increase) in inventories		35,071	(46,023)
(Increase)/Decrease in trade and other receivables		(109,576)	44,250
(Decrease)/Increase in trade and other payables		(304,219)	61,373
		<u>(378,724)</u>	<u>59,600</u>
Net cash used in operating activities		<u>(347,256)</u>	<u>(346,220)</u>
<b>Cash flows from investing activities</b>			
Interest received		56,561	70,714
Purchase of property, plant and equipment		(1,323,080)	(232,255)
Net cash used in investing activities		<u>(1,266,519)</u>	<u>(161,541)</u>
<b>Net cash generated from financing activities</b>			
Funding for upgrading of building		<u>842,239</u>	<u>1,250,533</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(771,536)</u>	<u>742,772</u>
<b>Cash and cash equivalents at 1 January</b>		<u>7,879,721</u>	<u>7,136,949</u>
<b>Cash and cash equivalents at 31 December</b>	8	<u><u>7,108,185</u></u>	<u><u>7,879,721</u></u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements

## **The Singapore Scout Association**

### **Notes to the financial statements – 31 December 2018**

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

#### **1. General information**

The Association (Unique Entity No. S85CC0196D) was registered on 4 January 1912 under the powers granted by the Royal Charter issued under the hand of King George V and Boy Scouts Association Act (Chapter 26, Singapore Statutes, 1985 Revised edition).

The Association is registered as a Charity under the Charities Act, Chapter 37 and has been granted an Institution of Public Character (IPC) status up to 31 August 2019 by its Sector Administrator, the Ministry of Education.

The objects of the Association are to develop good citizenship among young people by forming their character, training them in habits of observation, obedience and self-reliance, inculcating loyalty and thoughtfulness for others, teaching them services useful to the public and skills useful to themselves and promoting their physical, mental and spiritual development.

The Association is domiciled and registered in Singapore. The registered address and principal place of activities of the Association are situated at 1 Bishan Street 12, Singapore 579808.

#### **2. Summary of significant accounting policies**

##### **2.1 Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies, and the provisions of Singapore Financial Reporting Standards (“FRS”).

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Association’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 26.

The financial statements are presented in Singapore dollars (“S\$”) and all values are presented to the nearest dollar except where indicated otherwise.

##### **2.2 Adoption of new standards**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Association has adopted all the new and amended standards which are relevant to the Association and are effective for annual financial periods beginning on or after 1 January 2018. The effect of the adoption of FRS 109 – Financial Instruments and FRS 115 Revenue from Contracts with Customers on the financial performance or position of the Association is described below :-

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.2 Adoption of new standards (continued)

###### FRS 109 - Financial Instruments

As at 1 January 2018, the Association adopted FRS 109 – Financial Instruments. Accordingly, for financial assets held by the Association on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under the FRS 109.

###### (a) Classification and measurement

The classification and measurement requirements of FRS 109 did not have a significant impact to the Association. The Association's trade and other receivables that were classified as loans and receivables under FRS 39 – Financial Instruments : Recognition and Measurement ("FRS 39") are now classified at amortised cost under FRS 109.

There are no changes in the classification and measurement for the Association's financial liabilities.

###### (b) Impairment of financial assets

FRS 109 requires the Association to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis. Management has assessed that there is no material impact of applying the new standard on the Association's financial statements.

The accounting policies for financial instruments and the impairment methodology for each class of financial asset under FRS 109 are as disclosed in note 2.3.

###### FRS 115 - Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 - Construction Contracts, FRS 18 - Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.2 Adoption of new standards (continued)

###### FRS 115 - Revenue from Contracts with Customers (continued)

The Association adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Association elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying FRS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under FRS 11, FRS 18 and related interpretations.

The Association has assessed its contracts and determined that there is no significant impact arising from the adoption of FRS 115 on its financial performance or position.

The accounting policies for the recognition of revenue under FRS 115 are as disclosed in note 2.11.

Other than the above, the Association has not applied any new or revised FRS or interpretations that have been issued as of the date of the statement of financial position date but are not yet effective. The initial application of these standards and interpretations are not expected to have any material impact on the Association's financial statements. The Association has not considered the impact of the accounting standards issued after the date of the statement of financial position.

##### 2.3 Financial assets

The accounting for financial assets before 1 January 2018 is as follows:

###### (a) Classification and recognition

Financial assets within the scope of FRS 39 ("FRS 39") are classified as either financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. Financial assets are recognised on the statement of financial position when, and only when, the Association becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Association determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.3 Financial assets (continued)

###### (a) Classification and recognition (continued)

###### Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of financial activities when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade and other receivables are accounted for as loans and receivables under FRS 39. They are recognised and carried at original invoiced amount, which represents their fair value on initial recognition, less allowance for any uncollectible amounts. Allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Trade receivables are non-interest bearing and are generally granted 30 days terms.

The Association's loans and receivables include trade and other receivables and cash and cash equivalents.

###### (b) Derecognition

A loan or receivable is derecognised where the contractual rights to receive cash flows from the asset have expired which usually coincides with receipt of payments for the asset. On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income.

###### (c) Impairment of financial assets

###### Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of financial activities.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.3 Financial assets (continued)

###### (c) Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of financial activities, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

The accounting for financial assets from 1 January 2018 is as follows:

###### (a) Classification and measurement

The Association classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Association's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Association reclassifies debt instruments when and only when its business model for managing those assets changes.

###### At initial recognition

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

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.3 Financial assets (continued)

###### (a) Classification and measurement (continued)

###### At subsequent measurement

###### (i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Association's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost - Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- FVOCI - Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- FVPL - Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".



## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.3 Financial assets (continued)

###### (a) Classification and measurement (continued)

###### (ii) Equity investments

The Association subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other gains and losses”, except for those equity securities which are not held for trading. The Association has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Association considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as “fair value gains / losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

###### (b) Impairment

The Association recognises loss allowances for expected credit losses (“ECLs”) on:

- financial assets measured at amortised costs;
- debt investments measured at FVOCI;
- contract assets (as defined in FRS 115); and

Loss allowances of the Association are measured on either of the following bases:

- 12-month ECLs - these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

###### Simplified approach

The Association applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. The Association 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 Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.3 Financial assets (continued)

###### (b) Impairment (continued)

###### General approach

The Association applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Association assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Association's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Association considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Association in full, without recourse by the Association to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

The Association considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Association in full, without recourse by the Association to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Association is exposed to credit risk.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.3 Financial assets (continued)

###### (b) Impairment (continued)

###### Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Association expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

###### Credit-impaired financial assets

At each reporting date, the Association assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Association on terms that the Association would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

###### Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.3 Financial assets (continued)

###### (b) Impairment (continued)

###### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Association determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Association's procedures for recovery of amounts due.

###### (c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Association commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Association has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Association are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.4 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use, and includes the costs of dismantlement, removal or restoration, the obligation for which the Association incurs as a consequence of installing the asset. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to expenditure as incurred.

Depreciation is calculated on the straight-line method to write off the cost of the assets over their estimated useful lives. The estimated useful lives are as follows:

HQ building	Leasehold period of 30 years
Furniture and fittings	5 years
Sundry equipment	5 years
Air-conditioners	5 years
Computers	3 years
Motor vehicle	5 years

HQ building work-in-progress is not depreciated.

The residual values, useful lives and depreciation methods are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. The effect of any changes in estimate is accounted for on a prospective basis.

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.

On disposal of an item of equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of financial activities.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.5 Inventories

Inventories comprising goods like uniforms, camping equipment and their related accessories, and souvenir items held for resale are stated at the lower of cost and net realisable value with cost being determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

##### 2.6 Impairment non-financial assets

The carrying amounts of the Association's assets are reviewed at each date of the statement of financial position to determine whether there is any objective evidence that a financial asset is impaired. If such indication exists, the assets' recoverable amount is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognised immediately in the statement of financial activities.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. The 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 the statement of financial activities.

##### 2.7 Financial liabilities

###### (a) Classification and measurement

###### At initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.7 Financial liabilities (continued)

###### (a) Classification and measurement (continued)

The Association's financial liabilities include trade and other payables.

###### At subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

###### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Association that are not designated as hedging instruments in hedge relationships as defined by FRS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 109 are satisfied. The Association has not designated any financial liability as at fair value through profit or loss.

###### (b) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.8 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Association prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Trade payables are non-interest bearing and are generally payable within 30 to 90 days.

##### 2.9 Grants

A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in the statement of financial activities of the period in which it becomes receivable.

Grant is recognised at its fair value where there is a reasonable assurance that the grant will be received and the Association will comply with all the attached conditions. Grants relating to costs are deferred and recognised in the statement of financial activities over the period necessary to match them with the costs they are intended to compensate. Grants relating to assets are recognised as deferred capital grants on the statement of financial position and are amortised to the statement of financial activities on a straight-line basis over the expected useful life of the relevant assets.

##### 2.10 Funds

Funds of the Association comprise mainly the general funds, the building fund, the Scout Foundation Fund and other funds designated for specific objectives (as further described in note 13 to the financial statements).

###### (i) General Funds

General funds are unrestricted and expendable at the discretion of the Scout Council in furtherance of the Association's objects.

###### (ii) Building Fund

Designated donations for the renovation/construction of the HQ building, Sarimbun Camp and Sands Training Institute are credited to the Building Fund account. The Building Fund account is amortised to the statement of financial activities to match the depreciation in respect of these buildings and camp.



## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.10 Funds (continued)

##### (iii) Scout Foundation Fund

The Scout Foundation Fund is for projects which support the development of scouting in Singapore, including upgrading of camping and other infrastructure for scouting activities, development of Scout Groups in schools and the community and providing financial support for disadvantaged scouts.

##### 2.11 Income

The accounting policy for revenue recognition after 1 January 2018 is as follows:

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

Revenue is recognised when the Association satisfies a performance obligation by transferring a promised good or 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 or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

##### (i) Fees from participants and subscription fees

The Association conducts programmes and courses for its members, schools and third parties. Fees from participants are recognised as a performance obligation satisfied over time and are recognised over the duration of the programmes and in the period during which service is provided, having regards to the stage of completion of the service. Unearned income relating to service to be rendered in future periods is included in contract liabilities.

Subscription fees are recognised as income in the year to which the subscription relates. Unearned income relating to future year is included in contract liabilities.

The above fees are due upon registration, and non-refundable.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.11 Income (continued)

###### (ii) Sale of goods

The Association sells uniforms, camping equipment and their related accessories, souvenirs and other related items.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of the estimated discounts and adjusted for returns, where goods are defective. Based on the Association's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Association generally does not have a policy to give discounts to customers. In very limited situations where the Association may give a discount, such a discount is accounted for as consideration payable to customers and are netted against revenue that is recognised on those goods sold.

At the end of each reporting date, the Association updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

The Association has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

###### (iii) Donations and other income

Donations and other income are recognised to the extent that it is probable that the economic benefits will flow to the Association and the income can be reliably measured. These income are measured at fair value of consideration received or receivable.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.11 Income (continued)

###### (iv) Interest income

Interest income from bank deposits is recognised using the effective interest method.

###### (v) Rental income

Rental income from operating leases is recognised on the straight-line basis over the term of the lease.

##### 2.12 Currency

###### (i) Functional currency

Items included in the financial statements of the Association are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Association (“functional currency”). The financial statements of the Association are presented in Singapore dollars, which is also the functional currency of the Association.

###### (ii) Foreign currency transaction

Transactions in foreign currencies are measured in the functional currency of the Association and are recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the date of the statement of financial position. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the date of the statement of financial position are recognised in the statement of financial activities.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 2. Summary of significant accounting policies (continued)

##### 2.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the statement of financial activities on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### 2.14 Employee benefits

As required by law, the Association makes contributions to the state pension scheme, the Central Provident Fund (“CPF”). CPF contributions are recognised as an expense in the same period as the employment that gives rise to the contributions.

##### 2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances. Restricted deposits are excluded from cash and cash equivalents.

##### 2.16 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party when making financial or operational decisions. In considering each possible related party relationship, attention is paid to the substance of the relationship, not merely the legal form.

Related parties include the Association’s members, key management personnel, associates and enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the Association’s members or key management personnel.

The Singapore Scout Association

Notes to the financial statements – 31 December 2018

3. Property, plant and equipment		HQ building S\$	Furniture and fittings S\$	Sundry equipment S\$	Air conditioners S\$	Computers S\$	Motor vehicles S\$	HQ building work-in- progress S\$	Total S\$
<b>Cost</b>									
As at 1 January 2017		4,033,272	171,186	168,862	106,671	73,652	60,000	-	4,613,643
Additions		200,304	290	18,300	2,200	11,161	-	-	232,255
As at 31 December 2017		4,233,576	171,476	187,162	108,871	84,813	60,000	-	4,845,898
Additions		-	-	4,530	-	30,046	23,496	1,278,112	1,336,184
Disposals/write-offs		-	(171,476)	-	-	(71,316)	-	-	(242,792)
Adjustment		(13,104)	-	-	-	-	-	-	(13,104)
As at 31 December 2018		4,220,472	-	191,692	108,871	43,543	83,496	1,278,112	5,926,186
<b>Accumulated depreciation</b>									
As at 1 January 2017		3,194,319	162,339	131,493	86,857	72,520	60,000	-	3,707,528
Depreciation charge for the year		28,929	2,564	10,384	4,270	1,810	-	-	47,957
As at 31 December 2017		3,223,248	164,903	141,877	91,127	74,330	60,000	-	3,755,485
Depreciation charge for the year		28,930	2,606	11,150	4,270	14,577	4,699	-	66,232
Disposals/write-offs		-	(167,509)	-	-	(67,395)	-	-	(234,904)
As at 31 December 2018		3,252,178	-	153,027	95,397	21,512	64,699	-	3,586,813
<b>Carrying amount</b>									
As at 31 December 2018		968,294	-	38,665	13,474	22,031	18,797	1,278,112	2,339,373
As at 31 December 2017		1,010,328	6,573	45,285	17,744	10,483	-	-	1,090,413

The location and the corresponding lease expiry dates of the leasehold properties are as follows: -

- HQ building: 1 Bishan Street 12, Singapore 579808 (Expiry date: 28 May 2045)

- The title deeds to the HQ building are jointly held in trust on behalf of the Association by the Chief Commissioner and the Executive Director.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

#### 3. Property, plant and equipment (continued)

Sundry equipment comprises training equipment, sea activities equipment, training library, camp equipment, programme equipment and resource library.

Depreciation charge for the year comprises depreciation in respect of the HQ, Scout Shop and Sands Leadership Development Centre's property, plant and equipment as follows :-

	2018 S\$	2017 S\$
HQ	57,341	39,302
Scout Shop	-	270
Sands Leadership Development Centre	8,891	8,385
	<u>66,232</u>	<u>47,957</u>

#### 4. Prepayments

The prepaid lease rental relates to a 30-year lease of land for the Association's HQ building at 1 Bishan Street 12, Singapore 579808 commencing on 28 May 2015. It is fully funded through a grant as disclosed in note 11 to the financial statements.

	2018 S\$	2017 S\$
Prepaid lease rental :-		
- not later than one year	58,852	58,852
- later than one year and not later than five years	235,409	235,409
- later than five years	1,235,900	1,294,752
	<u>1,471,309</u>	<u>1,530,161</u>
	<u>1,530,161</u>	<u>1,589,013</u>

#### 5. Inventories

	2018 S\$	2017 S\$
Goods held for resale	240,896	279,189
Medals and plaques	26,969	23,747
	<u>267,865</u>	<u>302,936</u>

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

#### 6. Trade receivables

	2018 S\$	2017 S\$
Third parties	406,614	205,595
Less:		
Allowance for expected credit losses	<u>(7,169)</u>	<u>-</u>
	<u>399,445</u>	<u>205,595</u>

Trade receivables are denominated in Singapore dollars, non-interest bearing and are generally granted 30-day terms.

The movement in allowance for expected credit losses during the financial year is as follows :-

	2018 S\$	2017 S\$
At beginning of the year under FRS 39	-	-
Effect of adopting FRS 109	<u>-</u>	<u>-</u>
At beginning of the year under FRS 109	-	-
Allowance made	<u>7,169</u>	<u>-</u>
At end of the year	<u>7,169</u>	<u>-</u>

The expected credit loss in respect of the current year was made for a specific debtor that had defaulted on payments.

#### 7. Other receivables

	2018 S\$	2017 S\$
Grant and donation receivables	386,126	313,709
Other receivables	38,231	171,199
Prepayments	54,882	25,332
Deposits	<u>91,810</u>	<u>93,400</u>
	<u>571,049</u>	<u>603,640</u>

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

#### 8. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and fixed deposits that are denominated in Singapore dollars as follows :-

	2018 S\$	2017 S\$
Fixed deposits	4,827,385	5,378,324
Cash and bank balances	2,280,800	2,501,397
	<u>7,108,185</u>	<u>7,879,721</u>

The fixed deposits bear interest at interest rates ranging from 0.2% to 1.95% (2017 – 1.15% to 2.00%) per annum and mature within 10 days to 11 months (2017 – 5 days to 12 months) from the end of the financial year.

#### 9. Trade payables

Trade payables are denominated in Singapore dollars, non-interest bearing and are normally settled on 30 to 90 days terms.

#### 10. Other payables

	2018 S\$	2017 S\$
Other payables	17,727	219,531
Accrued expenses	201,630	222,014
Grants received in advance	87,775	87,775
Fees received in advance	80,159	9,503
	<u>387,291</u>	<u>538,823</u>

#### 11. Deferred grant

The deferred grant comprises funding for the Association's lease of land for its building as disclosed in note 4 to the financial statements.

	2018 S\$	2017 S\$
Deferred grant :-		
- not later than one year	58,852	58,852
- later than one year and not later than five years	235,409	235,409
- later than five years	1,235,900	1,294,752
	<u>1,471,309</u>	<u>1,530,161</u>
	<u>1,530,161</u>	<u>1,589,013</u>



The Singapore Scout Association

Notes to the financial statements – 31 December 2018

12. General funds

	Headquarter S\$	North Area S\$	South Area S\$	East Area S\$	West Area S\$	Scout Shop S\$	Scout Guild S\$	Sands Leadership Development Centre S\$	New Unit Development Funds S\$	Total S\$
<b>Incoming resources</b>										
<u>Incoming resources from generated funds</u>										
Voluntary income	1,280	234	-	-	-	-	-	-	-	1,514
Activities for generating funds										
- Donation Draw	216,041	5,377	4,825	4,317	4,083	-	-	-	-	234,643
- Job Week	277,877	12,290	14,724	11,830	10,192	-	-	-	-	326,913
- Scout Guild events	-	-	-	-	-	-	116,307	-	-	116,307
Investment income	40,743	105	105	105	105	8,324	323	-	-	49,810
<u>Incoming resources from charitable activities</u>										
- Grants	746,105	-	-	-	-	-	-	-	-	746,105
- Membership fees	111,615	-	-	-	-	-	-	-	-	111,615
- Fees from participants	205,081	86,890	26,830	32,756	96,019	-	-	1,286,177	-	1,733,753
- Scout Shop	-	-	-	-	-	167,332	-	-	-	167,332
- Use of camp	-	-	-	-	-	-	-	313,581	-	313,581
Other incoming resources	253,118	1,750	2,310	1,500	1,459	544	-	4,260	-	264,941
<b>Total incoming resources</b>	<b>1,851,860</b>	<b>106,646</b>	<b>48,794</b>	<b>50,508</b>	<b>111,858</b>	<b>176,200</b>	<b>116,630</b>	<b>1,604,018</b>	<b>-</b>	<b>4,066,514</b>

The Singapore Scout Association

Notes to the financial statements – 31 December 2018

12. General funds (continued)

	Headquarter S\$	North Area S\$	South Area S\$	East Area S\$	West Area S\$	Scout Shop S\$	Scout Guild S\$	Sands Leadership Development Centre S\$	New Unit Development Funds S\$	Total S\$
<b>Resources expended</b>										
<u>Costs of generating funds</u>										
Fundraising costs										
- Donation Draw	46,184	213	192	171	162	-	-	-	-	46,922
- Job Week	4,293	190	227	183	157	-	-	-	-	5,050
- Scout Guild events	-	-	-	-	-	-	31,062	-	-	31,062
<u>Charitable activities</u>										
- Scout Shop	-	-	-	-	-	105,167	-	-	-	105,167
- Scout Guild	-	-	-	-	-	-	273	-	-	273
- Area activities	-	74,869	29,032	38,715	85,270	-	-	-	-	227,886
- International scout events and programme expenses	372,511	-	-	-	-	-	-	-	-	372,511
- Sands Leadership Development Centre	-	-	-	-	-	-	-	845,609	-	845,609
- Employee benefits expense	946,728	15,238	19,038	19,036	15,241	-	-	484,957	-	1,500,238
Governance costs - audit fees	16,500	-	-	-	-	-	-	-	-	16,500
Other resources expended	792,322	242	2,389	3,802	759	-	22	18,328	-	817,864
<b>Total resources expended</b>	<b>2,178,538</b>	<b>90,752</b>	<b>50,878</b>	<b>61,907</b>	<b>101,589</b>	<b>105,167</b>	<b>31,357</b>	<b>1,348,894</b>	<b>-</b>	<b>3,969,082</b>
<b>Net (outgoing)/incoming resources before transfer</b>	<b>(326,678)</b>	<b>15,894</b>	<b>(2,084)</b>	<b>(11,399)</b>	<b>10,269</b>	<b>71,033</b>	<b>85,273</b>	<b>255,124</b>	<b>-</b>	<b>97,432</b>
Amortisation of building fund	26,602	-	-	-	-	-	-	-	-	26,602
Transfer of funds	(147,601)	-	-	-	-	-	-	-	-	(147,601)
<b>Net (outgoing)/incoming resources</b>	<b>(447,677)</b>	<b>15,894</b>	<b>(2,084)</b>	<b>(11,399)</b>	<b>10,269</b>	<b>71,033</b>	<b>85,273</b>	<b>255,124</b>	<b>-</b>	<b>(23,567)</b>
<b>Total funds brought forward</b>	<b>1,002,295</b>	<b>164,733</b>	<b>153,761</b>	<b>143,775</b>	<b>113,659</b>	<b>1,908,394</b>	<b>472,285</b>	<b>140,344</b>	<b>303,361</b>	<b>4,402,607</b>
<b>Total funds carried forward</b>	<b>554,618</b>	<b>180,627</b>	<b>151,677</b>	<b>132,376</b>	<b>123,928</b>	<b>1,979,427</b>	<b>557,558</b>	<b>395,468</b>	<b>303,361</b>	<b>4,379,040</b>

The Singapore Scout Association

Notes to the financial statements – 31 December 2018

13. Other specific funds

	Scout Groups S\$	Benjamin Henry Sheares S\$	Scout Discovery Centre S\$	Scout Campsite Development S\$	Total S\$
<b>Incoming resources</b>					
<u>Incoming resources from generated funds</u>					
Voluntary income	18,933	-	-	-	18,933
Activities for generating funds					
- Donation Draw	124,430	-	-	-	124,430
- Job Week	326,914	-	-	-	326,914
Investment income	6,494	257	-	-	6,751
<u>Incoming resources from charitable activities</u>					
- Fees from participants	35,663	-	-	-	35,663
- Grant	1,950	-	-	-	1,950
<b>Total incoming resources</b>	<b>514,384</b>	<b>257</b>	<b>-</b>	<b>-</b>	<b>514,641</b>
<b>Resources expended</b>					
<u>Costs of generating funds</u>					
Fundraising costs					
- Donation Draw	4,923	-	-	-	4,923
- Job Week	5,050	-	-	-	5,050
<u>Charitable activities</u>					
- Scout Groups	511,843	-	-	-	511,843
Other resources expended	576	-	-	-	576
<b>Total resources expended</b>	<b>522,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>522,392</b>
<b>Net (outgoing)/incoming resources before transfer</b>	<b>(8,008)</b>	<b>257</b>	<b>-</b>	<b>-</b>	<b>(7,751)</b>
Transfer of funds	-	-	-	51,041	51,041
<b>Net (outgoing)/incoming resources</b>	<b>(8,008)</b>	<b>257</b>	<b>-</b>	<b>51,041</b>	<b>43,290</b>
<b>Total funds brought forward</b>	<b>2,357,502</b>	<b>142,464</b>	<b>18,902</b>	<b>(51,041)</b>	<b>2,467,827</b>
<b>Total funds carried forward</b>	<b>2,349,494</b>	<b>142,721</b>	<b>18,902</b>	<b>-</b>	<b>2,511,117</b>

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 13. Other specific funds (continued)

##### Scout Groups Fund

The Scout Groups Fund is a designated fund of the Association that supports scouting activities of the scout groups registered with the Association. The Fund is set up using donations received that are designated for use by specific scout groups, the share of Donation Draw and Job Week proceeds that each scout group receives and other fund raising activities by the scout groups. As at 31 December 2018, there are 236 (2017 – 247) scout groups registered with the Association.

##### Dr. Benjamin Henry Sheares Scholarship Fund

The Dr. Benjamin Henry Sheares Scholarship Fund was set up for the purpose of using the income from the fund to provide educational scholarships for needy scouts.

##### Scout Discovery Centre

The Scout Discovery Centre fund is used for the maintenance and upkeep of the centre and for the requisition of relevant scouting artifacts as part of the upgrading process.

##### Scout Campsite Development Fund

The Scout Campsite Development Fund is used for camp maintenance and facilities/infrastructure upgrade.

#### 14. Voluntary income

	2018 S\$	2017 S\$
<u>General funds</u>		
Donations (tax exempt)	1,234	4,650
Donations (non-tax exempt)	280	30
	<u>1,514</u>	<u>4,680</u>
<u>Scout Foundation fund</u>		
Donations (tax exempt)	56,000	32,173
Donations (non-tax exempt)	15,252	75
	<u>71,252</u>	<u>32,248</u>
<u>Other specific funds</u>		
Donations (tax exempt)	10,703	16,750
Donations (non-tax exempt)	8,230	3,000
	<u>18,933</u>	<u>19,750</u>
	<u>91,699</u>	<u>56,678</u>

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

#### 15. Donation Draw

	2018 S\$	2017 S\$
<b>Income</b>		
Sale of tickets	251,525	268,430
Donations (tax exempt)	7,400	10,801
Donations (non-tax exempt)	100,148	-
	<u>359,073</u>	<u>279,231</u>
<b>Less: Expenses</b>		
Administration and advertising expenses	3,775	3,191
Printing, stationery and miscellaneous	6,070	8,720
Prizes	38,900	48,500
Unclaimed prizes donated to Community Chest	3,100	3,300
	<u>51,845</u>	<u>63,711</u>
<b>Net Income</b>	<u><u>307,228</u></u>	<u><u>215,520</u></u>
<b>Net income allocated as follows:</b>		
<u>Area (Note 12)</u>		
North Area	5,164	4,282
South Area	4,633	4,532
East Area	4,146	3,335
West Area	3,921	3,100
Total Area	<u>17,864</u>	<u>15,249</u>
Scout groups (Note 13)	119,507	101,935
Headquarter (Note 12)	<u>169,857</u>	<u>98,336</u>
<b>Net Income</b>	<u><u>307,228</u></u>	<u><u>215,520</u></u>

**The Singapore Scout Association**

**Notes to the financial statements – 31 December 2018**

16. **Job Week**

	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Income</b>		
Collections	600,750	638,644
Donations (tax exempt)	3,000	2,000
Donations (non-tax exempt)	50,077	50,133
	<u>653,827</u>	<u>690,777</u>
<b>Less: Expenses</b>		
Administration expenses	2,102	1,722
Incentive awards	3,192	4,500
Printing of cards	4,300	2,750
Photography, stationery and miscellaneous	506	480
	<u>10,100</u>	<u>9,452</u>
<b>Net Income</b>	<u><u>643,727</u></u>	<u><u>681,325</u></u>
<b>Net income allocated as follows:</b>		
<u>Area (Note 12)</u>		
North Area	12,100	11,454
South Area	14,497	16,655
East Area	11,647	11,812
West Area	10,035	11,179
Total Area	<u>48,279</u>	<u>51,100</u>
Scout groups (Note 13)	321,864	340,662
Headquarter	<u>273,584</u>	<u>289,563</u>
<b>Net Income</b>	<u><u>643,727</u></u>	<u><u>681,325</u></u>

**The Singapore Scout Association**

**Notes to the financial statements – 31 December 2018**

**17. Scout Guild events**

	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Charity Golf</b>		
<b>Income</b>		
Donations (non-tax exempt)	77,500	19,250
Sponsorship donations (tax exempt)	37,956	91,760
Fees collected	851	980
	<u>116,307</u>	<u>111,990</u>
<b>Less: Expenses</b>		
Green fees and dinner	28,801	28,420
Miscellaneous expenses	1,961	1,664
Souvenir programme	300	380
	<u>31,062</u>	<u>30,464</u>
<b>Net Income</b>	<u><u>85,245</u></u>	<u><u>81,526</u></u>

**18. Scout Shop**

	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Income</b>		
Sales, net of discount allowed	392,461	412,481
Cost of goods sold	(225,129)	(242,446)
<b>Gross profit</b>	167,332	170,035
<b>Other operating income</b>		
Interest income	8,324	13,601
Other incoming resources	544	926
<b>Total income</b>	<u>176,200</u>	<u>184,562</u>
<b>Less: Expenses</b>		
Selling and distribution expenses	-	1,675
Employee benefits expense	87,338	85,219
Other operating expenses	17,829	22,895
	<u>105,167</u>	<u>109,789</u>
<b>Net Income</b>	<u><u>71,033</u></u>	<u><u>74,773</u></u>

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

#### 18. Scout Shop (continued)

Included in the cost of goods sold of the Scout Shop is a reversal of write-down of inventories for the year amounting to S\$540 (2017 - S\$90). The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

Included in the other operating expenses of the Scout Shop is depreciation of property, plant and equipment for the year amounting to NIL (2017 - S\$270).

#### 19. Sands Leadership Development Centre

	2018 S\$	2017 S\$
<b>Income</b>		
Fees from participants	1,286,177	1,098,765
Grant	-	4,316
Use of camp	313,581	446,595
Other incoming resources	4,260	41,022
	<u>1,604,018</u>	<u>1,590,698</u>
<b>Less: Expenses</b>		
Direct expenses	845,609	648,026
Employee benefits expense	484,957	418,825
Other operating expenses	18,328	271,136
	<u>1,348,894</u>	<u>1,337,987</u>
<b>Net Income</b>	<u>255,124</u>	<u>252,711</u>

Included in other operating expenses of the Sands Leadership Development Centre is depreciation of property, plant and equipment for the year amounting to S\$8,891 (2017 - S\$8,385).

#### 20. Employee benefits expense

	2018 S\$	2017 S\$
Staff salaries	1,015,310	1,186,494
CPF contributions and skills development levies	141,473	148,333
Staff training	2,717	2,804
Staff welfare	5,040	3,303
	<u>1,164,540</u>	<u>1,340,934</u>



**The Singapore Scout Association**

**Notes to the financial statements – 31 December 2018**

21. Other resources expended	2018 S\$	2017 S\$
<u>General Funds</u>		
Good Deed campaign	-	65,646
GST in respect of prior years	-	286,792
GST expenses	57,034	-
AGM expenses	150	1,206
Adult resources expenses	13,600	28,063
Bank charges	1,803	1,669
Depreciation of property, plant and equipment	57,341	47,570
Entertainment and refreshments	6,235	4,505
General expenses	8,408	5,589
Impairment loss on trade receivables	7,169	-
Infrastructure	348,840	352,505
Insurance	22,998	25,156
Lease of HQ land	58,852	58,852
Rental of office equipment	8,252	8,707
Medical	4,141	4,964
Membership expenses	20,001	17,065
Printing, stationery and postage	5,964	5,705
Professional fees	14,330	8,060
Property, plant and equipment written-off	3,967	-
Public relations	8,990	13,294
Repairs and maintenance	15,678	33,445
Software maintenance	26,468	15,814
Staff retreat	9,945	5,920
Temporary staff	-	7,701
Telephone and internet	5,673	7,794
Training and courses	75,806	40,676
Travelling and transport	191	1,448
Water and electricity	16,230	26,122
Other resources expended	1,470	2,617
	<u>799,536</u>	<u>1,076,885</u>
<u>Scout Foundation Fund</u>		
Scout Foundation Fund expenses	4,934	55,139
<u>Other Specific Funds</u>		
Scout Campsite Development expenses		
- Addition and alteration works	-	34,989
- Others	-	2,050
	-	<u>37,039</u>
Scout Group expenses	576	-
	<u>576</u>	<u>37,039</u>
	<u>805,046</u>	<u>1,169,063</u>

**The Singapore Scout Association**

**Notes to the financial statements – 31 December 2018**

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**22. Taxation**

The Association is registered as a charity under the Charities Act and is exempted from tax.

**23. Related party transactions**

Key management compensation

	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
Staff salaries, bonus and profit-sharing	169,513	287,158
CPF contributions	<u>20,615</u>	<u>25,642</u>
	<u><u>190,128</u></u>	<u><u>312,800</u></u>

The number of the Association's key management personnel which falls within the following remuneration bands is as follows:

	<b>2018</b>	<b>2017</b>
S\$50,000 - S\$100,000	-	2
S\$101,000 - S\$150,000	<u>1</u>	<u>1</u>

There are no other related party transactions.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 24. Lease commitment

At the date of the statement of financial position, the Association has commitment for future minimum lease payments in respect of its Sarimbun Camp as follows :-

	2018 S\$	2017 S\$
Commitments due :-		
- not later than one year	355,867	363,500
- later than one year and not later than five years	713,760	45,438
	<u>1,069,627</u>	<u>408,938</u>

#### 25. Overseas expenditure and capital outlay

	2018 S\$	2017 S\$
Overseas expenditure exempted from detailed reporting :-		
- overseas retreats / seminars / courses	11,581	27,698
- overseas travel / accommodation	49,087	46,584
	<u>60,668</u>	<u>74,282</u>

#### 26. Significant accounting estimates, assumptions and judgements

The preparation of financial statements, in conformity with FRSs, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

##### 26.1 Critical judgements in applying the Association's accounting policies

Management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### 26.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :-

**26. Significant accounting estimates and judgements (continued)**

**26.2 Key sources of estimation uncertainty (continued)**

**(i) Useful lives of property, plant and equipment**

The cost of property, plant and equipment for the Association's activities is depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 3 to 30 years. These are common life expectancies applied in the industry. Changes in the expected levels of usage could impact the economic useful lives and the residual value of these assets and accordingly, future depreciation charges could be revised. The carrying values of the Association's property, plant and equipment are as disclosed in note 3.

**(ii) Impairment of non-financial assets**

The Association assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

As at 31 December 2018, there is no indication of impairment and the carrying value of the Association's property, plant and equipment was S\$2,339,373.

**(iii) Inventory valuation**

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Association's inventories as at 31 December 2018 was S\$267,865 (2017: S\$302,936).

**(iv) Calculation of expected credit losses ("ECL")**

When measuring ECL, the Association uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

## The Singapore Scout Association

### Notes to the financial statements – 31 December 2018

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#### 26. Significant accounting estimates and judgements (continued)

##### 26.2 Key sources of estimation uncertainty (continued)

###### (iv) Calculation of expected credit losses (“ECL”) (continued)

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 Association’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 Association’s trade receivables is disclosed in note 27.2(i).

The Association has assessed that the impact of forecast economic conditions for the determination of ECL is not significant. The carrying amount of the Association’s trade receivables as at 31 December 2018 was S\$399,445 (2017: S\$205,595).

#### 27. Financial instruments

##### 27.1 Categories of financial instruments

The following sets out the financial instruments of the Association as at the date of the statement of financial position:-

	2018 S\$	2017 S\$
<b>Financial assets</b>		
Trade and other receivables	915,612	783,903
Cash and cash equivalents	<u>7,108,185</u>	<u>7,879,721</u>
	<u>8,023,797</u>	<u>8,663,624</u>
<b>Financial liabilities</b>		
Trade and other payables	<u>481,370</u>	<u>726,737</u>

##### 27.2 Risk management policies

The main risks arising from the Association’s financial instruments are credit risk, liquidity risk and price risk, primarily changes in interest rates. However, the Association’s activities expose it to minimal financial risks and the management monitors and controls its main risks in the following manner:-

**27. Financial instruments (continued)**

**27.2 Risk management policies (continued)**

**(i) Credit risk**

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

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

The Association 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 Association 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 30 days, or there is significant difficulty of the counterparty.

To minimise credit risk, the Association has developed and maintained the Association's credit risk gradings to categorise exposures according to their degree of risk of default. The Association considers available reasonable and supportive forward-looking information which includes the following indicators:-

- 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

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 180 days past due in making contractual payment.

The Association 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; and
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The Association categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 180 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 Singapore Scout Association**

**Notes to the financial statements – 31 December 2018**

**27. Financial instruments (continued)**

**27.2 Risk management policies (continued)**

**(i) Credit risk (continued)**

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

<b>Category</b>	<b>Definition of category</b>	<b>Basis for recognising expected credit loss (ECL)</b>
1	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
2	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
3	Amount is > 180 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit impaired
4	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

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

	<b>Note</b>	<b>Category</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying amount S\$</b>	<b>ECL allowance S\$</b>	<b>Net carrying amount S\$</b>
<b>As at 31 December 2018</b>						
Trade receivables	6	Note 1	Lifetime ECL (simplified)	406,614	(7,169)	399,445
Other receivables	7	1	12-month ECL	38,231	-	38,231
				<u>444,845</u>	<u>(7,169)</u>	<u>437,676</u>

**The Singapore Scout Association**

**Notes to the financial statements – 31 December 2018**

**27. Financial instruments (continued)**

**27.2 Risk management policies (continued)**

**(i) Credit risk (continued)**

	Note	Category	12-month or lifetime ECL	Gross carrying amount S\$	ECL allowance S\$	Net carrying amount S\$
<b>As at 1 January 2018</b>						
Trade receivables	6	Note 1	Lifetime ECL (simplified)	205,595	-	205,595
Other receivables	7	1	12-month ECL	171,199	-	171,199
				<u>376,794</u>	-	<u>376,794</u>

**Trade receivables (Note 1)**

For trade receivables, the Association has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Association 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.

The Association performed an assessment of its trade customers based on historical credit loss experience and concluded that there has been no significant increase in the credit risk since the initial recognition of the trade receivables other than the expected credit loss in respect of the current year which was made for a specific debtor that had defaulted on payments as disclosed in note 6 to the financial statements.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Association's performance to developments affecting a particular industry. The Association is not exposed to excessive risk concentration.



**27. Financial instruments (continued)**

**27.2 Risk management policies (continued)**

**(i) Credit risk (continued)**

Exposure to credit risk

The Association has no significant concentration of credit risk.

**Other receivables**

The Association assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Association measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

**(ii) Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

In the management of liquidity risk, the Association monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Association's activities and mitigate the effects of fluctuation in cash flows. The Scout Council exercises prudent liquidity and cash flow risk management policies and aims at maintaining a high level of liquidity and cash flows at all times.

**(iii) Interest rate risk**

Interest rate risk relates primarily to the risk that the value of financial instruments will fluctuate as a result of changes to market interest rates. Surplus cash and cash equivalents are placed with established financial institutions at favorable interest rates and terms and conditions available to the Association. The Association's income and operating cash flows are substantially independent of changes in market interest rates. The Association's policy is to have no gearing.

Sensitivity analysis

Management has assessed that the exposure to changes in interest rates is minimal and hence the resulting impact on profit and loss or equity of the company is insignificant.

## **The Singapore Scout Association**

### **Notes to the financial statements – 31 December 2018**

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#### **27. Financial instruments (continued)**

##### **27.2 Risk management policies (continued)**

###### **(iv) Other price risk**

The management also adopts a prudent approach towards maintenance of the Association's reserves and investments as follows:-

###### Reserves

The Association regards its unrestricted general funds as its reserve. The Association aims to maintain sufficient reserve to ensure long-term financial sustainability and continuity for the purpose of operating effective programmes. The maximum reserve shall be five years of annual operating expenditure.

###### Investments

The Association currently places its available funds in fixed deposits on tenors that range from 10 days to 11 months. The Association may consider other forms of investments after they have been approved by the Scout Council.

##### **27.3 Fair values**

###### Trade receivables and trade payables

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

**The Singapore Scout Association**

**Notes to the financial statements – 31 December 2018**

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**27. Financial instruments (continued)**

**27.3 Fair values (continued)**

Other receivables, cash and cash equivalents and other payables

The management is of the view that the fair values of other financial assets and liabilities with a maturity period of less than one year approximate their carrying amounts as disclosed in the statement of financial position and in the notes to the financial statements due to the short period to maturity.

**28. Authorisation of financial statements**

The financial statements of the Association for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Scout Council on 1 June 2019.