

THE SINGAPORE SCOUT ASSOCIATION
Unique Entity No. S85CC0196D

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

The Singapore Scout Association

General Information

Scout Council

President – Chia Lee Meng Raymond
Vice President – Ngien Hoon Ping
Vice President – Chua Tin Sien Philip
Vice President – Dr William Wan Kok Tang
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

Index

	Page
Statement by Scout Council	1
Independent Auditor's Report	2 - 5
Statement of Financial Position	6 - 7
Statement of Financial Activities	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 51

The Singapore Scout Association

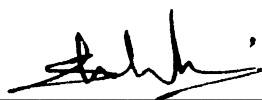
Statement by Scout Council for the year ended 31 December 2020

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 51 are properly drawn up so as to give a true and fair view of the financial position of the Association as at 31 December 2020 and of the financial performance and cash flows of the Association for the financial year ended on that date.

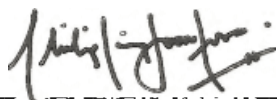
On behalf of the Scout Council



Chia Lee Meng Raymond
President



Antong Shahrudin Bin Rahmat
Chief Commissioner



Philip Ling Soon Hwa
Honorary Treasurer

29 May 2021

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 2020, 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 2020 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, has 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 appeal:-

<u>Name of fund-raising project</u>	<u>Period of fund-raising</u>
HQ Upgrading Fundraising Dinner 2020	9 January 2020
Scouting It Forward	5 September 2020 to 26 December 2020 (Further extended to 31 March 2021)

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

29 May 2021

The Singapore Scout Association

**Statement of Financial Position
As at 31 December 2020**

	Note	2020 S\$	2019 S\$
ASSETS AND LIABILITIES			
Non-Current Assets			
Property, plant and equipment	3	5,763,064	6,073,146
Other receivables	4	-	89,220
		<u>5,763,064</u>	<u>6,162,366</u>
Current Assets			
Inventories	5	280,832	297,779
Trade receivables	6	45,932	116,163
Other receivables	4	950,342	512,716
Cash and cash equivalents	7	6,302,413	6,819,985
		<u>7,579,519</u>	<u>7,746,643</u>
Total Assets		<u>13,342,583</u>	<u>13,909,009</u>
Current Liabilities			
Trade payables	8	175,598	351,428
Other payables	9	931,818	985,110
Deferred grant	10	58,852	58,852
Lease liabilities	11	356,880	356,880
		<u>1,523,148</u>	<u>1,752,270</u>
Non-Current Liability			
Deferred grant	10	1,353,604	1,412,456
Lease liabilities	11	-	356,880
		<u>1,353,604</u>	<u>1,769,336</u>
Total Liabilities		<u>2,876,752</u>	<u>3,521,606</u>
Net Current Assets		<u>6,056,371</u>	<u>5,994,373</u>
Net Assets		<u>10,465,831</u>	<u>10,387,403</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 Position (continued)
As at 31 December 2020

	Note	2020 S\$	2019 S\$
FUNDS			
Unrestricted Funds			
General funds	12	3,827,578	4,312,825
Restricted Funds			
Building fund		4,011,639	3,453,555
Scout Foundation fund		339,512	229,024
Other specific funds	13	<u>2,287,102</u>	<u>2,391,999</u>
Total Funds		<u><u>10,465,831</u></u>	<u><u>10,387,403</u></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 2020

		←	Restricted Funds	→		
	Note	Building Fund S\$	Scout Foundation Fund S\$	Other Specific Funds (Note 13) S\$	2020 Total Funds S\$	2019 Total Funds S\$
		General Funds (Note 12) S\$				
Incoming resources						
<u>Incoming resources from generated funds</u>						
Voluntary income	14	57,801	-	151,000	2,307	211,108
Activities for generating funds						
- Donation Draw	15	-	-	-	-	263,574
- Job Week	16	-	-	-	-	708,546
- Scout Guild events	17	-	-	-	-	67,625
Investment income		40,004	-	-	20,028	60,032
<u>Incoming resources from charitable activities</u>						
- Grants		620,743	-	-	-	620,743
- Membership fees		104,040	-	-	-	104,040
- Fees from participants		65,233	-	-	38,025	103,258
- Scout Shop	18	111,245	-	-	-	111,245
- Sands Leadership Development Centre	19	559,910	-	-	-	559,910
Other incoming resources	20	625,720	-	-	-	625,720
Total incoming resources		<u>2,184,696</u>	<u>-</u>	<u>151,000</u>	<u>60,360</u>	<u>2,396,056</u>
Resources expended						
<u>Costs of generating funds</u>						
Fundraising costs						
- Donation Draw	15	-	-	-	-	53,100
- Job Week	16	-	-	-	-	11,173
- Scout Guild events	17	-	-	-	-	45,946
<u>Charitable activities</u>						
- Scout Shop	18	80,074	-	-	-	80,074
- Scout Groups		40	-	-	165,172	165,212
- Area activities		21,373	-	-	-	21,373
- International scout events and programme expenses		81,330	-	-	-	81,330
- Sands Leadership Development Centre	19	722,007	-	-	-	722,007
- Employee benefits expense	21	911,714	-	40,512	-	952,226
Governance costs - audit fees		19,166	-	-	-	19,166
Other resources expended	22	834,239	-	-	85	834,324
Property, plant and equipment written-off		-	-	-	-	758,333
Total resources expended		<u>2,669,943</u>	<u>-</u>	<u>40,512</u>	<u>165,257</u>	<u>2,875,712</u>
Net (outgoing)/incoming resources before amortisation and transfer		(485,247)	-	110,488	(104,897)	(479,656)
Incoming resources for building fund	23	-	558,084	-	-	558,084
Net (outgoing)/incoming resources		(485,247)	558,084	110,488	(104,897)	78,428
Total funds brought forward		<u>4,312,825</u>	<u>3,453,555</u>	<u>229,024</u>	<u>2,391,999</u>	<u>10,387,403</u>
Total funds carried forward		<u>3,827,578</u>	<u>4,011,639</u>	<u>339,512</u>	<u>2,287,102</u>	<u>10,465,831</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 2020

	Note	2020 S\$	2019 S\$
Cash flows from operating activities			
Deficit for the year		<u>(479,656)</u>	<u>(965,586)</u>
Adjustments for:-			
Depreciation of property, plant and equipment		591,602	594,384
Bad debt written off		350	-
Allowance for expected credit losses			
- trade receivables		25,474	8,719
- other receivables		33,600	-
Property, plant and equipment written-off		-	758,333
Reversal of expected credit losses		(8,856)	-
Interest income		(60,032)	(72,351)
Rent concession		<u>(118,960)</u>	<u>-</u>
		<u>463,178</u>	<u>1,289,085</u>
Operating (deficit)/surplus before working capital changes		(16,478)	323,499
Decrease/(Increase) in inventories		16,947	(29,914)
(Increase)/Decrease in trade and other receivables		(328,743)	243,676
(Decrease)/Increase in trade and other payables		<u>(108,143)</u>	<u>320,293</u>
Net cash (used in)/generated from operating activities		<u>(436,417)</u>	<u>857,554</u>
Cash flows from investing activities			
Interest received		60,032	72,351
Proceeds from disposal of property, plant and equipment		3,100	-
Purchase of property, plant and equipment		<u>(464,451)</u>	<u>(2,054,277)</u>
Net cash used in investing activities		<u>(401,319)</u>	<u>(1,981,926)</u>
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(237,920)	(312,270)
Incoming resources for building fund		<u>558,084</u>	<u>1,148,442</u>
Net cash generated from financing activities		<u>320,164</u>	<u>836,172</u>
Net decrease in cash and cash equivalents		(517,572)	(288,200)
Cash and cash equivalents at 1 January		<u>6,819,985</u>	<u>7,108,185</u>
Cash and cash equivalents at 31 December	7	<u><u>6,302,413</u></u>	<u><u>6,819,985</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 2020

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 2022 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 28.

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

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

2. Summary of significant accounting policies (continued)

2.2 Adoption of new and amended 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 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Association.

Early adoption of amendment to FRS 116 Leases: Covid-19-Related Rent Concessions

The Association has early adopted the amendment to FRS 116 which introduced an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

The Association has applied this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of S\$118,960 (Note 20) was recognised as negative variable lease payments (i.e. under other incoming resources) in the statement of financial activities during the year.

2.3 Financial assets

(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 2020

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 2020

2. Summary of significant accounting policies (continued)

2.3 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent 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; and
- contract assets (as defined in FRS 115).

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 2020

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 2020

2. Summary of significant accounting policies (continued)

2.3 Financial assets (continued)

(b) Impairment (continued)

General approach (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 2020

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 2020

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:

Campsite	Lease term of 3 years
HQ land	Leasehold period of 30 years
HQ building	Leasehold period of 30 years
Furniture and fittings	5 years
Sundry equipment	5 years
Air-conditioners	5 years
Computers	3 years
Motor vehicles	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 2020

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 Association's financial liabilities include trade and other payables.

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

2. Summary of significant accounting policies (continued)

2.7 Financial liabilities (continued)

(a) Classification and measurement (continued)

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 2020

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 2020

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

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 other payables.

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

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

(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 Singapore Scout Association

Notes to the financial statements – 31 December 2020

2. Summary of significant accounting policies (continued)

2.11 Income (continued)

(ii) Sale of goods (continued)

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 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.

(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.

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

2. Summary of significant accounting policies (continued)

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.

2.13 Leases

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

The Association has applied the amendment to FRS 116 Leases: Covid-19-Related Rent Concessions. The Association applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Association applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Association chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Association assesses whether there is a lease modification.

(a) As lessee

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

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

2. Summary of significant accounting policies (continued)

2.13 Leases (continued)

(a) As lessee (continued)

Right-of-use assets

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

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

The Association's right-of-use assets are presented within property, plant and equipment (Note 3).

Lease liabilities

At the commencement date of the lease, the Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Association and payments of penalties for terminating the lease, if the lease term reflects the Association exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The Association's lease liabilities are disclosed separately (Note 11).

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

2. Summary of significant accounting policies (continued)

2.13 Leases (continued)

(a) As lessee (continued)

Short-term leases and leases of low-value assets

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

(b) As lessor

Leases in which the Association do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Association's properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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 2020

3. Property, plant and equipment

	Campsite S\$	HQ land S\$	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\$
Cost										
As at 1 January 2019	-	1,765,570	4,220,472	-	191,692	108,871	43,543	83,496	1,278,112	7,691,756
Additions	1,502,052	-	-	-	33,443	630	9,879	-	2,010,325	3,556,329
Disposals/write-offs	-	-	(4,033,272)	-	(118,286)	(97,371)	(3,443)	-	(15)	(4,252,387)
Adjustment	-	-	-	23,000	-	-	-	-	(23,000)	-
As at 31 December 2019	1,502,052	1,765,570	187,200	23,000	106,849	12,130	49,979	83,496	3,265,422	6,995,698
Additions	-	-	-	13,660	716	-	3,549	-	446,526	464,451
Disposals/write-offs	-	-	-	-	-	-	(6,000)	-	-	(6,000)
Revision of reinstatement cost	(179,831)	-	-	-	-	-	-	-	-	(179,831)
Reclassification	-	-	-	60,822	16,844	204,936	-	-	(282,602)	-
As at 31 December 2020	1,322,221	1,765,570	187,200	97,482	124,409	217,066	47,528	83,496	3,429,346	7,274,318
Accumulated depreciation										
As at 1 January 2019	-	235,409	3,252,178	-	153,027	95,397	21,512	64,699	-	3,822,222
Depreciation charge for the year	457,146	58,853	28,929	4,600	20,356	7,339	12,853	4,308	-	594,384
Disposals/write-offs	-	-	(3,281,107)	-	(116,225)	(94,690)	(2,032)	-	-	(3,494,054)
As at 31 December 2019	457,146	294,262	-	4,600	57,158	8,046	32,333	69,007	-	922,552
Depreciation charge for the year	432,537	58,852	-	19,496	21,105	43,413	11,500	4,699	-	591,602
Disposals/write-offs	-	-	-	-	-	-	(2,900)	-	-	(2,900)
As at 31 December 2020	889,683	353,114	-	24,096	78,263	51,459	40,933	73,706	-	1,511,254
Carrying amount										
As at 31 December 2020	432,538	1,412,456	187,200	73,386	46,146	165,607	6,595	9,790	3,429,346	5,763,064
As at 31 December 2019	1,044,906	1,471,308	187,200	18,400	49,691	4,084	17,646	14,489	3,265,422	6,073,146

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

3. Property, plant and equipment (continued)

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

- HQ land and 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 former Chief Commissioner and the former Executive Director.

Right-of-use assets comprising the campsite and HQ land under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 26(a).

HQ land 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 10 to the financial statements.

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

Additions to property, plant and equipment are acquired by way of :-

	2020 S\$	2019 S\$
Cash	464,451	2,054,277
Lease liabilities	-	1,502,052
	<u>464,451</u>	<u>3,556,329</u>

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

	2020 S\$	2019 S\$
HQ	573,963	573,914
Sands Leadership Development Centre	17,639	20,470
	<u>591,602</u>	<u>594,384</u>

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

4. Other receivables

	2020	2019
	S\$	S\$
<u>Non-current assets</u>		
Deposits	-	89,220
<u>Current assets</u>		
Grant and donation receivables	644,396	379,277
Other receivables	185,081	74,575
Prepayments	58,485	54,264
Deposits	95,980	4,600
	983,942	512,716
Less:		
Allowance for expected credit losses	(33,600)	-
	950,342	512,716
	950,342	601,936

Other receivables are denominated in Singapore dollars. The movement in allowance for expected credit losses during the financial year is as follows :-

	2020	2019
	S\$	S\$
At beginning of the year	-	-
Allowance made	33,600	-
At end of the year	33,600	-

5. Inventories

	2020	2019
	S\$	S\$
Goods held for resale	252,282	269,229
Medals and plaques	28,550	28,550
	280,832	297,779

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

6. Trade receivables

	2020	2019
	S\$	S\$
Third parties	77,820	132,051
Less:		
Allowance for expected credit losses	<u>(31,888)</u>	<u>(15,888)</u>
	<u>45,932</u>	<u>116,163</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 :-

	2020	2019
	S\$	S\$
At beginning of the year	15,888	7,169
Allowance made	25,474	15,888
Reversal of allowance made	(8,856)	(7,169)
Write-off	<u>(618)</u>	<u>-</u>
At end of the year	<u>31,888</u>	<u>15,888</u>

7. 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 :-

	2020	2019
	S\$	S\$
Fixed deposits	4,312,142	4,469,488
Cash and bank balances	<u>1,990,271</u>	<u>2,350,497</u>
	<u>6,302,413</u>	<u>6,819,985</u>

The fixed deposits bear interest at interest rates ranging from 0.25% to 1.45% (2019 – 1.2% to 2.00%) per annum and mature within 21 days to 12 months (2019 – 21 days to 12 months) from the end of the financial year.

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

8. Trade payables

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

9. Other payables

	2020	2019
	S\$	S\$
Other payables	-	8,125
Accrued expenses	346,928	400,989
Provision for reinstatement cost	296,191	476,022
Deferred income	29,034	17,463
Grants received in advance	183,030	80,960
Fees received in advance	3,392	1,551
Deferred grant	73,243	-
	<u>931,818</u>	<u>985,110</u>

Other payables are denominated in Singapore dollars.

10. Deferred grant

The deferred grant comprises funding for the Association's lease of land for its building as disclosed in note 3 to the financial statements.

	2020	2019
	S\$	S\$
Deferred grant :-		
- not later than one year	<u>58,852</u>	<u>58,852</u>
- later than one year and not later than five years	235,409	235,409
- later than five years	<u>1,118,195</u>	<u>1,177,047</u>
	<u>1,353,604</u>	<u>1,412,456</u>
	<u>1,412,456</u>	<u>1,471,308</u>

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

11. Lease liabilities

	2020	2019
	S\$	S\$
Current:		
- not later than one year	<u>356,880</u>	<u>356,880</u>
Non-current:		
- later than one year and not later than five years	<u>-</u>	<u>356,880</u>
	<u><u>356,880</u></u>	<u><u>713,760</u></u>

The lease liabilities are denominated in Singapore dollars. The movements of lease liabilities are as follows:

	2020	2019
	S\$	S\$
At beginning of the year	713,760	-
Addition	-	1,026,030
Lease payments – principal portion paid	(237,920)	(312,270)
Rent concession	<u>(118,960)</u>	<u>-</u>
At end of the year	<u><u>356,880</u></u>	<u><u>713,760</u></u>

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

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\$
Incoming resources										
<u>Incoming resources from generated funds</u>										
Voluntary income	57,801	-	-	-	-	-	-	-	-	57,801
Investment income	16,553	1,054	1,054	1,053	1,053	17,075	2,162	-	-	40,004
<u>Incoming resources from charitable activities</u>										
- Grants	620,743	-	-	-	-	-	-	22,865	-	643,608
- Membership fees	104,040	-	-	-	-	-	-	-	-	104,040
- Fees from participants	55,079	8,794	-	1,360	-	-	-	277,610	-	342,843
- Scout Shop	-	-	-	-	-	111,245	-	-	-	111,245
- Use of camp	-	-	-	-	-	-	-	204,346	-	204,346
Other incoming resources	618,326	1,652	-	-	4,651	1,147	(56)	55,089	-	680,809
Total incoming resources	1,472,542	11,500	1,054	2,413	5,704	129,467	2,106	559,910	-	2,184,696

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

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\$
Resources expended										
<u>Charitable activities</u>										
- Scout Shop	-	-	-	-	-	80,074	-	-	-	80,074
- Scout Groups	40	-	-	-	-	-	-	-	-	40
- Area activities	-	12,337	3,355	5,559	122	-	-	-	-	21,373
- International scout events and programme expenses	81,330	-	-	-	-	-	-	3,670	-	85,000
- Sands Leadership Development Centre	-	-	-	-	-	-	-	122,045	-	122,045
- Employee benefits expense	853,907	12,453	16,448	16,450	12,456	-	-	373,260	-	1,284,974
Governance costs - audit fees	19,166	-	-	-	-	-	-	-	-	19,166
Other resources expended	833,210	528	20	137	320	-	24	223,032	-	1,057,271
Total resources expended	<u>1,787,653</u>	<u>25,318</u>	<u>19,823</u>	<u>22,146</u>	<u>12,898</u>	<u>80,074</u>	<u>24</u>	<u>722,007</u>	<u>-</u>	<u>2,669,943</u>
Net (outgoing)/incoming resources	(315,111)	(13,818)	(18,769)	(19,733)	(7,194)	49,393	2,082	(162,097)	-	(485,247)
Total funds brought forward	<u>313,051</u>	<u>161,759</u>	<u>145,158</u>	<u>136,081</u>	<u>110,927</u>	<u>2,085,047</u>	<u>581,379</u>	<u>476,062</u>	<u>303,361</u>	<u>4,312,825</u>
Total funds carried forward	<u>(2,060)</u>	<u>147,941</u>	<u>126,389</u>	<u>116,348</u>	<u>103,733</u>	<u>2,134,440</u>	<u>583,461</u>	<u>313,965</u>	<u>303,361</u>	<u>3,827,578</u>

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

13. Other specific funds

	Scout Groups S\$	Benjamin Henry Sheares S\$	Scout Discovery Centre S\$	Total S\$
Incoming resources				
<u>Incoming resources from generated funds</u>				
Voluntary income	2,307	-	-	2,307
Investment income	17,436	2,592	-	20,028
<u>Incoming resources from charitable activities</u>				
- Fees from participants	38,025	-	-	38,025
Total incoming resources	<u>57,768</u>	<u>2,592</u>	<u>-</u>	<u>60,360</u>
Resources expended				
<u>Charitable activities</u>				
- Scout Groups	165,172	-	-	165,172
Other resources expended	85	-	-	85
Total resources expended	<u>165,257</u>	<u>-</u>	<u>-</u>	<u>165,257</u>
Net (outgoing)/incoming resources	(107,489)	2,592	-	(104,897)
Total funds brought forward	<u>2,227,752</u>	<u>145,345</u>	<u>18,902</u>	<u>2,391,999</u>
Total funds carried forward	<u><u>2,120,263</u></u>	<u><u>147,937</u></u>	<u><u>18,902</u></u>	<u><u>2,287,102</u></u>

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

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 2020, there are 249 (2019 – 239) 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.

14. Voluntary income

	2020 S\$	2019 S\$
<u>General funds</u>		
Donations (tax exempt)	36,682	13,000
Donations (non-tax exempt)	21,119	6,445
	<u>57,801</u>	<u>19,445</u>
<u>Scout Foundation fund</u>		
Donations (tax exempt)	<u>151,000</u>	<u>54,000</u>
<u>Other specific funds</u>		
Donations (tax exempt)	1,750	350
Donations (non-tax exempt)	557	-
	<u>2,307</u>	<u>350</u>
	<u>211,108</u>	<u>73,795</u>

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

15. Donation Draw

	2020 S\$	2019 S\$
Income		
Sale of tickets	-	214,816
Donations (tax exempt)	-	48,558
Donations (non-tax exempt)	-	200
	<u>-</u>	<u>263,574</u>
Less: Expenses		
Administration and advertising expenses	-	5,137
Printing, stationery and miscellaneous	-	5,963
Prizes	-	40,700
Unclaimed prizes donated to Community Chest	-	1,300
	<u>-</u>	<u>53,100</u>
Net Income	<u>-</u>	<u>210,474</u>
Net income allocated as follows:		
<u>Area</u>		
North Area	-	3,631
South Area	-	3,037
East Area	-	3,064
West Area	-	2,206
Total Area	-	11,938
Scout groups	-	79,905
Headquarter	-	118,631
Net Income	<u>-</u>	<u>210,474</u>

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

16. Job Week

	2020 S\$	2019 S\$
Income		
Collections	-	606,546
Donations (tax exempt)	-	2,000
Donations (non-tax exempt)	-	100,000
	<u>-</u>	<u>708,546</u>
Less: Expenses		
Administration expenses	-	2,697
Incentive awards	-	3,360
Printing of cards	-	2,990
Photography, stationery and miscellaneous	-	2,126
	<u>-</u>	<u>11,173</u>
Net Income	<u>-</u>	<u>697,373</u>
Net income allocated as follows:		
<u>Area</u>		
North Area	-	11,355
South Area	-	8,854
East Area	-	13,886
West Area	-	10,680
Total Area	-	44,775
Scout groups	-	298,490
Headquarter	-	354,108
Net Income	<u>-</u>	<u>697,373</u>

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

17. Scout Guild events

	2020 S\$	2019 S\$
Charity Golf Income		
Sponsorship donations (tax exempt)	-	65,550
Fees collected	-	2,075
	<u>-</u>	<u>67,625</u>
Less: Expenses		
Green fees and dinner	-	44,634
Miscellaneous expenses	-	1,312
	<u>-</u>	<u>45,946</u>
Net Income	<u>-</u>	<u>21,679</u>

18. Scout Shop

	2020 S\$	2019 S\$
Income		
Sales, net of discount allowed	232,513	395,607
Cost of goods sold	(121,268)	(215,359)
Gross profit	<u>111,245</u>	<u>180,248</u>
Other operating income		
Interest income	17,075	15,443
Other incoming resources	1,147	407
Total income	<u>129,467</u>	<u>196,098</u>
Less: Expenses		
Employee benefits expense	72,801	77,483
Other operating expenses	7,273	12,995
	<u>80,074</u>	<u>90,478</u>
Net Income	<u>49,393</u>	<u>105,620</u>

Included in the cost of goods sold and other operating expenses of the Scout Shop is a write-down of inventories for the year amounting to NIL (2019 - S\$7,973) and bad debts written-off amounting to S\$40 (2019 - NIL).

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

19. **Sands Leadership Development Centre**

	2020	2019
	S\$	S\$
Income		
Fees from participants	277,610	1,127,482
Voluntary income	-	18,000
Grant	22,865	13,609
Use of camp	204,346	158,898
Other incoming resources	55,089	2,254
	<u>559,910</u>	<u>1,320,243</u>
Less: Expenses		
Direct expenses	125,715	533,241
Employee benefits expense	373,260	417,825
Other operating expenses	223,032	288,583
	<u>722,007</u>	<u>1,239,649</u>
Net (Loss)/Income	<u>(162,097)</u>	<u>80,594</u>

Included in other operating expenses of the Sands Leadership Development Centre is depreciation of property, plant and equipment and impairment for expected credit losses on trade receivables for the year amounting to S\$17,639 (2019 - S\$20,470) and S\$25,474 (2019 – NIL) respectively.

20. **Other incoming resources**

	2020	2019
	S\$	S\$
Job support scheme	335,451	-
Wages credit scheme	18,320	13,152
Special employment credit	6,048	4,561
Rental income	132,018	147,298
Waiver of campsite rental	118,960	-
Reversal of expected credit losses	8,856	-
Write off of long outstanding liabilities	1,652	10,160
Miscellaneous income	4,415	409
	<u>625,720</u>	<u>175,580</u>

Waiver of campsite rental is a COVID-19 related rent concession received from the lessor to which the Association applied the practical expedient as disclosed in Note 2.2.

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

21. Employee benefits expense

	2020 S\$	2019 S\$
Staff salaries	825,566	1,008,283
CPF contributions and skills development levies	124,678	147,588
Staff training	672	1,000
Staff welfare	1,310	8,409
	<u>952,226</u>	<u>1,165,280</u>

22. Other resources expended

	2020 S\$	2019 S\$
<u>General Funds</u>		
GST expenses	71,963	33,765
Leadership kickoff	935	1,500
AGM expenses	-	2,050
Adult resources expenses	-	31,850
APR committee meeting	-	2,665
Bad debt	310	-
Bank charges	1,588	4,809
Cleaning expenses	-	376
Depreciation of property, plant and equipment	573,963	573,914
Entertainment and refreshments	120	1,830
General expenses	4,920	4,973
Human resource and finance support charge	-	200
Allowance for expected credit losses		
- trade receivables	-	8,719
- other receivables	33,600	-
Insurance	38,166	34,849
Landscaping	-	2,400
Lease expenses for campsite	-	45,663
Rental of office equipment	8,843	8,750
Medical	3,084	-
Membership expenses	14,638	14,726
Printing, stationery and postage	6,869	11,882
Professional fees	-	4,106
Public relations	11,573	15,308
Recruitment materials	-	3,229
Repairs and maintenance	13,846	7,054
Software maintenance	22,728	9,852
Other resources expended carried forward	<u>807,146</u>	<u>824,470</u>

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

22. Other resources expended (continued)

	2020	2019
	S\$	S\$
<u>General Funds</u>		
Other resources expended brought forward	807,146	824,470
Telephone and internet	5,209	6,266
Temporary staff	-	2,275
Training and courses	300	-
Upkeep of motor vehicles	4,089	4,506
Water and electricity	17,495	28,443
	<u>834,239</u>	<u>865,960</u>
<u>Other Specific Funds</u>		
Scout Group expenses	85	227
	<u>834,324</u>	<u>866,187</u>

23. Incoming resources for building fund

	2020	2019
	S\$	S\$
Income		
Grant	400,000	-
Donations (tax exempt)	175,561	1,148,442
	<u>575,561</u>	<u>1,148,442</u>
Less: Expenses		
Dinner	6,112	-
Miscellaneous expenses	11,365	-
	<u>17,477</u>	<u>-</u>
Net Incoming Resources	<u><u>558,084</u></u>	<u><u>1,148,442</u></u>

24. Taxation

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

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

25. Related party transactions

Key management compensation

	2020	2019
	S\$	S\$
Staff salaries and bonus	127,330	137,927
CPF contributions	15,027	13,929
	<u>142,357</u>	<u>151,856</u>

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

	2020	2019
S\$50,000 - S\$100,000	-	-
S\$101,000 - S\$150,000	<u>1</u>	<u>1</u>

There are no other related party transactions.

26. Leases

The Association has lease contracts for its campsite and HQ land. The Association's obligations under this lease are secured by the lessor's title to the leased assets. The Association is restricted from assigning and subleasing the leased assets.

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment

	Campsite	HQ land	Total
	S\$	S\$	S\$
At 1 January 2020	-	1,530,161	1,530,161
Addition	1,502,052	-	1,502,052
Depreciation	(457,146)	(58,853)	(515,999)
At 31 December 2020	1,044,906	1,471,308	2,516,214
Revision of reinstatement cost	(179,831)	-	(179,831)
Depreciation	(432,537)	(58,852)	(491,389)
At 31 December 2020	<u>432,538</u>	<u>1,412,456</u>	<u>1,844,994</u>

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

26. Leases (continued)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 11.

(c) Amounts recognised in profit or loss

	2020	2019
	S\$	S\$
Depreciation of right-of-use assets	491,389	515,999
Lease expense not capitalised in lease liabilities:		
- Expense relating to short-term leases (included in other resources expended)	-	45,663
- Expense relating to leases of low-value assets (included in other resources expended)	8,843	8,750
Total amount recognised in profit or loss	<u>500,232</u>	<u>570,412</u>

(d) Total cash outflows

The Association had total cash outflows for leases of S\$246,763 (2019: S\$366,683). Included in the total cash outflows for leases is a cash outflow for lease of campsite amounting to S\$237,920 (2019: S\$357,933) which is fully funded through a grant.

(e) Extension options

The Association has no lease contract that includes extension options.

27. Overseas expenditure and capital outlay

	2020	2019
	S\$	S\$
Overseas expenditure exempted from detailed reporting :-		
- overseas retreats / seminars / courses	-	783
- overseas travel / accommodation	-	14,375
	<u>-</u>	<u>15,158</u>

28. 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.

28.1 Critical judgements in applying the Association's accounting policies

The following are the judgements made by management in the process of applying the Association's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Leases – estimating the incremental borrowing rate

FRS 116 requires the right-of-use assets for the leases to be recognised based on the carrying amount using the entity's incremental borrowing rate, and the corresponding lease liabilities to be recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Association would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Association 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Association will obtain funding in the form of grants to fund the lease liabilities. Accordingly, the Association estimates that there is no incremental cost to fund the lease and the carrying amounts of the right-of-use assets and lease liabilities approximate their present values.

28.2 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 :-

(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.

28. Significant accounting estimates and judgements (continued)

28.2 Key sources of estimation uncertainty (continued)

(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 2020, there is no indication of impairment and the carrying value of the Association's property, plant and equipment was S\$5,763,064.

(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 2020 was S\$280,832 (2019: S\$297,779).

(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 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 29.2(i).

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

28. Significant accounting estimates and judgements (continued)

28.2 Key sources of estimation uncertainty (continued)

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

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 2020 was S\$45,932 (2019: S\$116,163).

29. Financial instruments

29.1 Categories of financial instruments

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

	2020 S\$	2019 S\$
Financial assets		
Trade and other receivables	937,789	663,835
Cash and cash equivalents	<u>6,302,413</u>	<u>6,819,985</u>
	<u><u>7,240,202</u></u>	<u><u>7,483,820</u></u>
Financial liabilities		
Trade and other payables	822,109	1,238,115
Lease liabilities	<u>356,880</u>	<u>713,760</u>
	<u><u>1,178,989</u></u>	<u><u>1,951,875</u></u>

29.2 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:-

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

29. Financial instruments (continued)

29.2 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 2020

29. Financial instruments (continued)

29.2 Risk management policies (continued)

(i) Credit risk (continued)

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

Category	Definition of category	Basis for recognising expected credit loss (ECL)
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:-

As at 31 December 2020	Note	Category	12-month or lifetime ECL	Gross carrying amount S\$	ECL allowance S\$	Net carrying amount S\$
Trade receivables	6	Note 1	Lifetime ECL (simplified)	77,820	(31,888)	45,932
Other receivables	4	1	12-month ECL	185,081	(33,600)	151,481
				<u>262,901</u>	<u>(65,488)</u>	<u>197,413</u>

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

29. Financial instruments (continued)

29.2 Risk management policies (continued)

(i) Credit risk (continued)

As at 31 December 2019	Note	Category	12-month or lifetime ECL	Gross carrying amount S\$	ECL allowance S\$	Net carrying amount S\$
Trade receivables	6	Note 1	Lifetime ECL (simplified)	132,051	(15,888)	116,163
Other receivables	4	1	12-month ECL	74,575	-	74,575
				<u>206,626</u>	<u>(15,888)</u>	<u>190,738</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 losses in respect of the current year which were made for specific debtors 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.

29. Financial instruments (continued)

29.2 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 funds of the Association is insignificant.

The Singapore Scout Association

Notes to the financial statements – 31 December 2020

29. Financial instruments (continued)

29.2 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 21 days to 12 months. The Association may consider other forms of investments after they have been approved by the Scout Council.

29.3 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.

Other receivables, other payables and cash and cash equivalents

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.

30. Authorisation of financial statements

The financial statements of the Association for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Scout Council on 29 May 2021.