THE SINGAPORE SCOUT ASSOCIATION
Unique Entity No. S85CC0196D

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

The Singapore Scout Association

General Information

Scout Council

President – Tan Tee How
Vice President – Ngien Hoon Ping
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 2019

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 52 are properly drawn up so as to give a true and fair view of the financial position of the Association as at 31 December 2019 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

Tan Tee How

Tan Tee How
President

Antong Shahrudin Bin Rahmat
Chief Commissioner

Philip Ling Soon Hwa
Honorary Treasurer

30 May 2020

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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 2019, 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 2019 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.

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:-

Name of fund-raising project	Period of fund-raising
Job Week	13 March 2019 to 30 March 2019
Donation Draw	6 August 2019 to 26 October 2019

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

30 May 2020

The Singapore Scout Association

Statement of Financial Position
As at 31 December 2019

	Note	2019 S$	2018 S$
ASSETS AND LIABILITIES			
Non-Current Assets			
Property, plant and equipment	3	6,073,146	3,869,534
Other receivables	4	89,220	-
		6,162,366	3,869,534
Current Assets			
Inventories	5	297,779	267,865
Trade receivables	6	116,163	399,445
Other receivables	4	512,716	571,049
Cash and cash equivalents	7	6,819,985	7,108,185
		7,746,643	8,346,544
Total Assets		13,909,009	12,216,078
Current Liabilities			
Trade payables	8	351,428	94,079
Other payables	9	985,110	387,291
Deferred grant	10	58,852	58,852
Lease liabilities	11	356,880	-
		1,752,270	540,222
Non-Current Liability			
Deferred grant	10	1,412,456	1,471,309
Lease liabilities	11	356,880	-
		1,769,336	1,471,309
Total Liabilities		3,521,606	2,011,531
Net Current Assets		5,994,373	7,806,322
Net Assets		10,387,403	10,204,547

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 2019

	Note	2019 S$	2018 S$
FUNDS			
Unrestricted Funds			
General funds	12	4,312,825	4,379,040
Restricted Funds			
Building fund		3,453,555	3,061,866
Scout Foundation fund		229,024	252,524
Other specific funds	13	2,391,999	2,511,117
Total Funds		10,387,403	10,204,547

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 2019

	Note	General Funds (Note 12) S$	Restricted Funds: Building Fund S$	Restricted Funds: Scout Foundation Fund S$	Restricted Funds: Other Specific Funds (Note 13) S$	2019 Total Funds S$	2018 Total Funds S$
Incoming resources							
Incoming resources from generated funds							
Voluntary income	14	19,445	-	54,000	350	73,795	91,699
Activities for generating funds							
- Donation Draw	15	157,432	-	-	106,142	263,574	359,073
- Job Week	16	405,273	-	-	303,273	708,546	653,827
- Scout Guild events	17	67,625	-	-	-	67,625	116,307
Investment income		44,618	-	-	27,733	72,351	56,561
Incoming resources from charitable activities							
- Grants		899,287	-	-	-	899,287	748,055
- Membership fees		109,060	-	-	-	109,060	111,615
- Fees from participants		590,517	-	-	42,692	633,209	483,239
- Scout Shop	18	180,248	-	-	-	180,248	167,332
- Sands Leadership Development Centre	19	1,320,243	-	-	-	1,320,243	1,604,018
Other incoming resources		175,580	-	-	-	175,580	260,681
Total incoming resources		3,969,328	-	54,000	480,190	4,503,518	4,652,407
Resources expended							
Costs of generating funds							
Fundraising costs							
- Donation Draw	15	26,863	-	-	26,237	53,100	51,845
- Job Week	16	6,390	-	-	4,783	11,173	10,100
- Scout Guild events	17	45,946	-	-	-	45,946	31,062
Charitable activities							
- Scout Shop	18	90,478	-	-	-	90,478	105,167
- Scout Guild		-	-	-	-	-	273
- Scout Groups		1,329	-	-	452,281	453,610	511,843
- Area activities		312,468	-	-	-	312,468	227,886
- International scout events and programme expenses		450,845	-	620	-	451,465	448,317
- Sands Leadership Development Centre	19	1,239,649	-	-	-	1,239,649	1,344,973
- Employee benefits expense	20	1,088,400	-	76,880	-	1,165,280	1,164,540
Governance costs - audit fees		21,415	-	-	-	21,415	16,500
Other resources expended	21	865,960	-	-	227	866,187	725,273
Property, plant and equipment written-off		758,333	-	-	-	758,333	7,888
Total resources expended		4,908,076	-	77,500	483,528	5,469,104	4,645,667
Net (outgoing)/incoming resources before amortisation and transfer		(938,748)	-	(23,500)	(3,338)	(965,586)	6,740
Amortisation of building fund		26,602	(26,602)	-	-	-	-
Old Building Fund written off		845,931	(845,931)	-	-	-	-
Transfer of funds		-	115,780	-	(115,780)	-	-
Incoming resources for building fund		-	1,148,442	-	-	1,148,442	842,239
Net (outgoing)/incoming resources		(66,215)	391,689	(23,500)	(119,118)	182,856	848,979
Total funds brought forward		4,379,040	3,061,866	252,524	2,511,117	10,204,547	9,355,568
Total funds carried forward		4,312,825	3,453,555	229,024	2,391,999	10,387,403	10,204,547

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 2019

	Note	2019 S$	2018 S$
Cash flows from operating activities			
(Deficit)/Surplus for the year		(965,586)	6,740
Adjustments for:-			
Depreciation of property, plant and equipment		594,384	66,232
Impairment loss on trade receivables, net		8,719	7,169
Property, plant and equipment written-off		758,333	7,888
Interest income		(72,351)	(56,561)
		1,289,085	24,728
Operating surplus before working capital changes		323,499	31,468
(Increase)/ Decrease in inventories		(29,914)	35,071
Decrease/(Increase) in trade and other receivables		243,676	(109,576)
Increase/(Decrease) in trade and other payables		320,293	(304,219)
		534,055	(378,724)
Net cash generated from/(used in) operating activities		857,554	(347,256)
Cash flows from investing activities			
Interest received		72,351	56,561
Purchase of property, plant and equipment		(2,054,277)	(1,323,080)
Net cash used in investing activities		(1,981,926)	(1,266,519)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(312,270)	-
Funding for upgrading of building		1,148,442	842,239
Net cash generated from financing activities		836,172	842,239
Net decrease in cash and cash equivalents		(288,200)	(771,536)
Cash and cash equivalents at 1 January		7,108,185	7,879,721
Cash and cash equivalents at 31 December	7	6,819,985	7,108,185

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

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 26.

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

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

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 2019. Except for the adoption of FRS 116 - Leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the Association.

FRS 116 – Leases

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

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

The Association has lease contract for its campsite. Before the adoption of FRS 116, the Association classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.13.

Upon adoption of FRS 116, the Association applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2.13. The standard provides specific transition requirements and practical expedients, which have been applied by the Association.

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

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

FRS 116 – Leases (continued)

(a) Leases previously accounted for as operating leases

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

The Association also applied the available practical expedients wherein it:

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

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. **Summary of significant accounting policies** (continued)

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.

<u>At initial recognition</u>

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.

<u>At subsequent measurement</u>

(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.

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

2.3 **Financial assets** (continued)

(a) Classification and measurement (continued)

At subsequent measurement (continued)

(i) Debt instruments (continued)

- 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".

(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).

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

2.3 **Financial assets** (continued)

(b) Impairment (continued)

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.

<u>Simplified approach</u>

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.

<u>General approach</u>

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.

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

2.3 **Financial assets** (continued)

(b) Impairment (continued)

General approach (continued)

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.

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.

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

2.3 **Financial assets** (continued)

(b) Impairment (continued)

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.

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.

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 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.

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

<u>At initial recognition</u>

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.

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.

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.

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 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.

(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.

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.

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**

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

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.

(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.

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).

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.

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

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. **Summary of significant accounting policies** (continued)

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.

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 2018	-	1,765,570	4,233,576	171,476	187,162	108,871	84,813	60,000	-	6,611,468
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	-	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)
Reclassification	-	-	-	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
Accumulated depreciation										
As at 1 January 2018	-	176,557	3,223,248	164,903	141,877	91,127	74,330	60,000	-	3,932,042
Depreciation charge for the year	-	58,852	28,930	2,606	11,150	4,270	14,577	4,699	-	125,084
Disposals/write-offs	-	-	-	(167,509)	-	-	(67,395)	-	-	(234,904)
As at 31 December 2018	-	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
Carrying amount										
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
As at 31 December 2018	-	1,530,161	968,294	-	38,665	13,474	22,031	18,797	1,278,112	3,869,534

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 24(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 :-

	2019	**2018**
	S$	**S$**
Cash	2,054,277	1,323,080
Lease liabilities	1,502,052	-
	3,556,329	1,323,080

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

	2019	**2018**
	S$	**S$**
HQ	573,914	116,193
Sands Leadership Development Centre	20,470	8,891
	594,384	125,084

4. Other receivables

	2019 S$	2018 S$
Non-current assets		
Deposits	89,220	-
Current assets		
Grant and donation receivables	379,277	386,126
Other receivables	74,575	38,231
Prepayments	54,264	54,882
Deposits	4,600	91,810
	512,716	571,049
	601,936	571,049

5. Inventories

	2019 S$	2018 S$
Goods held for resale	269,229	240,896
Medals and plaques	28,550	26,969
	297,779	267,865

6. Trade receivables

	2019 S$	2018 S$
Third parties	132,051	406,614
Less:		
Allowance for expected credit losses	(15,888)	(7,169)
	116,163	399,445

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

6. **Trade receivables** (continued)

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

	2019 S$	2018 S$
At beginning of the year	7,169	-
Allowance made	15,888	7,169
Reversal of allowance made	(7,169)	-
At end of the year	15,888	7,169

The expected credit losses were made for specific debtors that had defaulted on payments.

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 :-

	2019 S$	2018 S$
Fixed deposits	4,469,488	4,827,385
Cash and bank balances	2,350,497	2,280,800
	6,819,985	7,108,185

The fixed deposits bear interest at interest rates ranging from 1.2% to 2.00% (2018 – 0.2% to 1.95%) per annum and mature within 21 days to 12 months (2018 – 10 days to 11 months) from the end of the financial year.

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

	2019 S$	2018 S$
Other payables	8,125	17,727
Accrued expenses	400,989	201,630
Provision of reinstatement cost	476,022	-
Deferred income	17,463	-
Grants received in advance	80,960	87,775
Fees received in advance	1,551	80,159
	985,110	387,291

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.

	2019 S$	2018 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	1,177,047	1,235,900
	1,412,456	1,471,309
	1,471,308	1,530,161

11. Lease liabilities

	2019 S$	2018 S$
Current:		
- not later than one year	356,880	-
Non-current:		
- later than one year and not later than five years	356,880	-
	713,760	-

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

	2019 S$	2018 S$
Addition	1,026,030	-
Lease payments – principal portion paid	(312,270)	-
	713,760	-

12. General funds

	Headquarter	North Area	South Area	East Area	West Area	Scout Shop	Scout Guild	Sands Leadership Development Centre	New Unit Development Funds	Total
	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
Incoming resources										
Incoming resources from generated funds										
Voluntary income	19,445	-	-	-	-	-	-	18,000	-	37,445
Activities for generating funds										
- Donation Draw	141,574	4,823	4,034	4,070	2,931	-	-	-	-	157,432
- Job Week	359,782	11,537	8,995	14,108	10,851	-	-	-	-	405,273
- Scout Guild events	-	-	-	-	-	-	67,625	-	-	67,625
Investment income	22,290	1,071	1,071	1,070	1,070	15,850	2,196	-	-	44,618
Incoming resources from charitable activities										
- Grants	899,287	-	-	-	-	-	-	13,609	-	912,896
- Membership fees	109,060	-	-	-	-	-	-	-	-	109,060
- Fees from participants	312,714	52,834	25,084	39,822	160,063	-	-	1,127,482	-	1,717,999
- Scout Shop	-	-	-	-	-	180,248	-	-	-	180,248
- Use of camp	-	-	-	-	-	-	-	158,898	-	158,898
Other incoming resources	175,580	-	-	-	-	-	-	2,254	-	177,834
Total incoming resources	2,039,732	70,265	39,184	59,070	174,915	196,098	69,821	1,320,243	-	3,969,328

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										
Costs of generating funds										
Fundraising costs										
- Donation Draw	22,943	1,192	997	1,006	725	-	-	-	-	26,863
- Job Week	5,674	182	141	222	171	-	-	-	-	6,390
- Scout Guild events	-	-	-	-	-	-	45,946	-	-	45,946
Charitable activities										
- Scout Shop	-	-	-	-	-	90,478	-	-	-	90,478
- Scout Groups	1,329	-	-	-	-	-	-	-	-	1,329
- Area activities	-	75,053	26,961	36,251	174,203	-	-	-	-	312,468
- International scout events and programme expenses	450,845	-	-	-	-	-	-	4,524	-	455,369
- Sands Leadership Development Centre	-	-	-	-	-	-	-	528,717	-	528,717
- Employee benefits expense	1,028,397	12,552	17,451	17,448	12,552	-	-	417,825	-	1,506,225
Governance costs - audit fees	21,415	-	-	-	-	-	-	-	-	21,415
Other resources expended	864,869	154	153	438	265	-	54	288,583	-	1,154,543
Property, plant and equipment written-off	758,333	-	-	-	-	-	-	-	-	758,333
Total resources expended	3,153,832	89,133	45,703	55,365	187,916	90,478	46,000	1,239,649	-	4,908,076
Net (outgoing)/incoming resources before transfer	(1,114,100)	(18,868)	(6,519)	3,705	(13,001)	105,620	23,821	80,594	-	(938,748)
Amortisation of building fund	26,602	-	-	-	-	-	-	-	-	26,602
Old Building Fund written off	845,931	-	-	-	-	-	-	-	-	845,931
Net incoming/(outgoing) resources	(241,567)	(18,868)	(6,519)	3,705	(13,001)	105,620	23,821	80,594	-	(66,215)
Total funds brought forward	554,618	180,627	151,677	132,376	123,928	1,979,427	557,558	395,468	303,361	4,379,040
Total funds carried forward	313,051	161,759	145,158	136,081	110,927	2,085,047	581,379	476,062	303,361	4,312,825

13. Other specific funds

	Scout Groups S$	Benjamin Henry Sheares S$	Scout Discovery Centre S$	Total S$
Incoming resources				
Incoming resources from generated funds				
Voluntary income	350	-	-	350
Activities for generating funds				
- Donation Draw	106,142	-	-	106,142
- Job Week	303,273	-	-	303,273
Investment income	25,099	2,634	-	27,733
Incoming resources from charitable activities				
- Fees from participants	42,692	-	-	42,692
Total incoming resources	477,556	2,634	-	480,190
Resources expended				
Costs of generating funds				
Fundraising costs				
- Donation Draw	26,237	-	-	26,237
- Job Week	4,783	-	-	4,783
Charitable activities				
- Scout Groups	452,281	-	-	452,281
Other resources expended	217	10	-	227
Total resources expended	483,518	10	-	483,528
Net (outgoing)/incoming resources before transfer	(5,962)	2,624	-	(3,338)
Transfer of funds	(115,780)	-	-	(115,780)
Net (outgoing)/incoming resources	(121,742)	2,624	-	(119,118)
Total funds brought forward	2,349,494	142,721	18,902	2,511,117
Total funds carried forward	2,227,752	145,345	18,902	2,391,999

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 2019, there are 239 (2018 – 236) 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**

	2019	**2018**
	S$	**S$**
General funds		
Donations (tax exempt)	13,000	1,234
Donations (non-tax exempt)	6,445	280
	19,445	1,514
Scout Foundation fund		
Donations (tax exempt)	54,000	56,000
Donations (non-tax exempt)	-	15,252
	54,000	71,252
Other specific funds		
Donations (tax exempt)	350	10,703
Donations (non-tax exempt)	-	8,230
	350	18,933
	73,795	91,699

15. Donation Draw

	2019 S$	2018 S$
Income		
Sale of tickets	214,816	251,525
Donations (tax exempt)	48,558	7,400
Donations (non-tax exempt)	200	100,148
	263,574	359,073
Less: Expenses		
Administration and advertising expenses	5,137	3,775
Printing, stationery and miscellaneous	5,963	6,070
Prizes	40,700	38,900
Unclaimed prizes donated to Community Chest	1,300	3,100
	53,100	51,845
Net Income	210,474	307,228
Net income allocated as follows:		
Area (Note 12)		
North Area	3,631	5,164
South Area	3,037	4,633
East Area	3,064	4,146
West Area	2,206	3,921
Total Area	11,938	17,864
Scout groups (Note 13)	79,905	119,507
Headquarter (Note 12)	118,631	169,857
Net Income	210,474	307,228

16. Job Week

	2019 S$	2018 S$
Income		
Collections	606,546	600,750
Donations (tax exempt)	2,000	3,000
Donations (non-tax exempt)	100,000	50,077
	708,546	653,827
Less: Expenses		
Administration expenses	2,697	2,102
Incentive awards	3,360	3,192
Printing of cards	2,990	4,300
Photography, stationery and miscellaneous	2,126	506
	11,173	10,100
Net Income	697,373	643,727
Net income allocated as follows:		
Area (Note 12)		
North Area	11,355	12,100
South Area	8,854	14,497
East Area	13,886	11,647
West Area	10,680	10,035
Total Area	44,775	48,279
Scout groups (Note 13)	298,490	321,864
Headquarter (Note 12)	354,108	273,584
Net Income	697,373	643,727

17. Scout Guild events

	2019 S$	2018 S$
Charity Golf		
Income		
Donations (non-tax exempt)	-	77,500
Sponsorship donations (tax exempt)	65,550	37,956
Fees collected	2,075	851
	67,625	116,307
Less: Expenses		
Green fees and dinner	44,634	28,801
Miscellaneous expenses	1,312	1,961
Souvenir programme	-	300
	45,946	31,062
Net Income	21,679	85,245

18. Scout Shop

	2019 S$	2018 S$
Income		
Sales, net of discount allowed	395,607	392,461
Cost of goods sold	(215,359)	(225,129)
Gross profit	180,248	167,332
Other operating income		
Interest income	15,443	8,324
Other incoming resources	407	544
Total income	196,098	176,200
Less: Expenses		
Employee benefits expense	77,483	87,338
Other operating expenses	12,995	17,829
	90,478	105,167
Net Income	105,620	71,033

18. **Scout Shop** (continued)

Included in the cost of goods sold of the Scout Shop is a write-down of inventories for the year amounting to S$7,973 (2018 – reversal of write-down of inventories of S$540). The reversal of write-down of inventories in the prior year was made when the related inventories were sold above their carrying amounts.

19. Sands Leadership Development Centre

	2019 S$	2018 S$
Income		
Fees from participants	1,127,482	1,286,177
Voluntary income	18,000	-
Grant	13,609	-
Use of camp	158,898	313,581
Other incoming resources	2,254	4,260
	1,320,243	1,604,018
Less: Expenses		
Direct expenses	533,241	626,170
Employee benefits expense	417,825	484,957
Other operating expenses	288,583	233,846
	1,239,649	1,344,973
Net Income	80,594	259,045

Included in other operating expenses of the Sands Leadership Development Centre is depreciation of property, plant and equipment for the year amounting to S$20,470 (2018 - S$8,891).

20. Employee benefits expense

	2019 S$	2018 S$
Staff salaries	1,008,283	1,015,310
CPF contributions and skills development levies	147,588	141,473
Staff training	1,000	2,717
Staff welfare	8,409	5,040
	1,165,280	1,164,540

21. Other resources expended

	2019 S$	2018 S$
General Funds		
GST expenses	33,765	57,034
Leadership kickoff	1,500	-
AGM expenses	2,050	150
Adult resources expenses	31,850	13,600
APR committee meeting	2,665	-
Bank charges	4,809	1,803
Cleaning expenses	376	-
Depreciation of property, plant and equipment	573,914	116,193
Entertainment and refreshments	1,830	6,235
General expenses	4,973	8,408
Human resource and finance support charge	200	-
Impairment loss on trade receivables, net	8,719	7,169
Insurance	34,849	22,998
Landscaping	2,400	-
Lease expenses for campsite	45,663	348,840
Rental of office equipment	8,750	8,252
Medical	-	4,141
Membership expenses	14,726	20,001
Printing, stationery and postage	11,882	5,964
Professional fees	4,106	14,330
Public relations	15,308	8,990
Recruitment materials	3,229	-
Repairs and maintenance	7,054	15,678
Software maintenance	9,852	26,468
Staff retreat	-	9,945
Telephone and internet	6,266	5,673
Temporary staff	2,275	-
Travelling and transport	-	191
Upkeep of motor vehicles	4,506	-
Water and electricity	28,443	16,230
Other resources expended	-	1,470
	865,960	719,763

21. **Other resources expended** (continued)

	2019 S$	2018 S$
Scout Foundation Fund		
Scout Foundation Fund expenses	-	4,934
Other Specific Funds		
Scout Campsite Development expenses		
- Others	227	-
	227	-
Scout Group expenses	-	576
	227	576
	866,187	725,273

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

	2019 S$	2018 S$
Staff salaries and bonus	137,927	169,513
CPF contributions	13,929	20,615
	151,856	190,128

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

	2019	2018
S$50,000 - S$100,000	-	-
S$101,000 - S$150,000	1	1

There are no other related party transactions.

24. Leases

The Association has lease contract for its campsite. 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 S$	**HQ land S$**	**Total S$**
At 1 January 2019	-	1,530,161	1,530,161
Addition	1,502,052	-	1,502,052
Depreciation	(457,146)	(58,853)	(515,999)
At 31 December 2019	1,044,906	1,471,308	2,516,214

(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

	2019 S$
Depreciation of right-of-use assets	515,999
Lease expense not capitalised in lease liabilities:	
- Expense relating to short-term leases (included in other resources expended)	45,663
Total amount recognised in profit or loss	561,662

(d) Total cash outflows

The Association had total cash outflows for leases of S$357,933 in 2019. It is fully funded through a grant.

(e) Extension options

The Association has no lease contract that includes extension options.

25. Overseas expenditure and capital outlay

	2019 S$	2018 S$
Overseas expenditure exempted from detailed reporting :-		
- overseas retreats / seminars / courses	783	11,581
- overseas travel / accommodation	14,375	49,087
	15,158	60,668

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

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.

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 2019, there is no indication of impairment and the carrying value of the Association's property, plant and equipment was S$6,073,146.

(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 2019 was S$297,779 (2018: S$267,865).

(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.

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 2019 was S$116,163 (2018: S$399,445).

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:-

	2019 S$	2018 S$
Financial assets		
Trade and other receivables	663,835	915,612
Cash and cash equivalents	6,819,985	7,108,185
	7,483,820	8,023,797
Financial liabilities		
Trade and other payables	1,319,075	481,370
Lease liabilities	713,760	-
	2,032,835	481,370

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.

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:

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:-

	Note	Category	12-month or lifetime ECL	Gross carrying amount S$	ECL allowance S$	Net carrying amount S$
As at 31 December 2019						
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
				206,626	(15,888)	190,738

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$
As at 31 December 2018						
Trade receivables	6	Note 1	Lifetime ECL (simplified)	406,614	(7,169)	399,445
Other receivables	4	1	12-month ECL	38,231	-	38,231
				444,845	(7,169)	437,676

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.

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.

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 21 days to 12 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.

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. **Significant event subsequent to the end of the financial year**

Coronavirus outbreak

Since early January 2020, the Coronavirus ("Covid-19") outbreak has spread across China and other countries, causing disruption to business and economic activity, and bringing significant economic uncertainties in Singapore in which the Association operates.

As at 31 December 2019, the Association has considered its debtors' ability to meet their obligations, and the indicators and conditions as at that date in assessing and estimating the expected credit losses ("ECL") that may arise as a result of the outbreak. The management does not foresee that the outbreak is likely to have any significant impact on its receivables.

28. **Significant event subsequent to the end of the financial year** (continued)

As the situation is still evolving and the outcome of current events is uncertain, the Association will continue to monitor the situation and evaluate the impact of the Covid-19 outbreak on the key indicators and conditions that will be used to estimate the ECL in the financial year ending 2020, and the likely impact on its operations and financial performance.

29. **Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's presentation as follows:

	2018 as reclassified S$	**2018 as previously stated S$**
Statement of Financial Position		
Non-Current Assets		
Property, plant and equipment	3,869,534	2,339,373
Prepayments	-	1,471,309
Current Assets		
Prepayments	-	58,852

30. **Authorisation of financial statements**

The financial statements of the Association for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Scout Council on 30 May 2020.

THE SINGAPORE SCOUT ASSOCIATION
1 BISHAN STREET 12
SINGAPORE 579808

CA.sg PAC
33A Chander Road
Singapore 219539

Date: 30 May 2020

Dear Sir,

We have reviewed and approved the following adjustment and would appreciate it if you could incorporate it into the financial statements for the year ended 31 December 2019.

	Proposed Adjustments	**Statement of Financial Activities**		**Statement of Financial Position**	
		DR S$	**CR S$**	**DR S$**	**CR S$**
1.	Work-in-progress			206,411.42	
	Accrual				206,411.42
	(Being the HQ building construction cost not taken into the account, now adjusted)				
		-	-	206,411.42	206,411.42

Yours faithfully,

Lim Swee Heng, Gary
Executive Director

Choo Kam Peng, Jenny
Accounts & Human Resource Director

THE SINGAPORE SCOUT ASSOCIATION
1 BISHAN STREET 12
SINGAPORE 579808

CA.sg PAC
33A Chander Road
Singapore 219539

Date: 30 May 2020

Dear Sir,

We have reviewed and approved the following adjustments and would appreciate it if you could incorporate them into the financial statements for the year ended 31 December 2019.

	Client's Late Adjustment	**Statement of Financial Activities**		**Statement of Financial Position**	
		DR S$	**CR S$**	**DR S$**	**CR S$**
1.	Other receivables			13,151.53	
	Other incoming resources		13,151.53		
	(Being adjustment for wage credit scheme for FY2019 not taken up)				
2.	Grant receivables			177,820.00	
	Grants		177,820.00		
	(Being adjustment for capitation grant for FY2019 not taken up)				
3.	Other payables - Daily Act of Kindness			9,602.32	
	Income - A Good Deed A Day		9,602.32		
	(Being recognition of income received in advance)				
4.	Grant received in advance			6,815.00	
	Grants		6,815.00		
	(Being utilisation of grant received in advance during the financial year)				
5.	Trade payables			558.17	
	Other incoming resources		558.17		
	(Being write-off of long outstanding liabilities)				
6.	Scout group	214.00			
	Area activities	10,338.03			
	Accrual				10,552.03
	(Being adjustment for late submission of expenses not taken up)				
7.	Scout group	4,994.93			
	Accrual				4,994.93
	(Being adjustment for current year's expenses not taken up)				
8.	Inventories			4,488.75	
	Cost of sales		4,488.75		
	(Being purchases not taken up as inventories)				
9.	Training income	26,856.68			
	Trade receivables - Grant receivables				26,856.68
	(Being adjustment for training grant wrongly taken up)				

Client's Late Adjustment

		Statement of Financial Activities DR S$	Statement of Financial Activities CR S$	Statement of Financial Position DR S$	Statement of Financial Position CR S$
10.	Impairment loss	15,887.51			
	Trade receivables - Allowance for expected credit loss				15,887.51
	(Being impairment loss on trade receivables)				
11.	Cost of sales	7,973.06			
	Inventories				7,973.06
	(Being impairment of obsolete and slow moving inventories)				
12.	Building fund			872,533.49	
	Amortisation of building fund		26,601.60		
	Building fund written off		845,931.89		
	(Being amortisation and write-off of old building fund)				
13.	Accumulated depreciation - HQ building			3,281,109.07	
	Accumulated depreciation - Air-conditioners			94,689.99	
	Accumulated depreciation - Sundry equipment			116,224.89	
	Accumulated depreciation - Computer			2,030.07	
	Property, plant and equipment written off	758,332.74			
	Cost - HQ building				4,033,272.35
	Cost - WIP				15.00
	Cost - Air-conditioners				97,370.76
	Cost - Sundry equipment				118,285.65
	Cost - Computer				3,443.00
	(Being write-off of property, plant and equipment)				
14.	Cost - Right-of-use asset - camp site			1,502,052.00	
	Depreciation - ROU asset	457,146.26			
	Acc. Depr - Right-of-use asset - camp site				457,146.26
	Lease liability - camp site				713,760.00
	Rental expense		312,270.00		
	Provision for reinstatement cost				476,022.00
	(Being adjustment on lease of camp site under FRS116)				
15.	Cost - Right-of-use asset - HQ land			1,765,570.00	
	Depreciation - ROU asset	58,852.32			
	Acc. Depr - Right-of-use asset - HQ land				294,261.31
	Prepaid lease rental				1,471,308.69
	Lease of HQ building		58,852.32		
	(Being adjustment on lease of HQ land under FRS116)				
		1,340,595.53	1,456,091.58	7,846,645.28	7,731,149.23

Yours faithfully,

Lim Swee Heng, Gary
Executive Director

Choo Kam Peng, Jenny
Accounts & Human Resource Director

THE SINGAPORE SCOUT ASSOCIATION
1 BISHAN STREET 12
SINGAPORE 579808

CA.sg PAC
33A Chander Road
Singapore 219539

Date: 30 May 2020

Dear Sir,

We have reviewed and approved the following adjustments and would appreciate it if you could incorporate them into the financial statements for the year ended 31 December 2019.

	Proposed Reclassifications	**Statement of Financial Activities**		**Statement of Financial Position**	
		DR S$	**CR S$**	**DR S$**	**CR S$**
1.	Creditors control - Internal billing			352,018.97	
	Debtors control - Internal billing				352,018.97
	(Being contra of inter-department billing between account receivables and account payables)				
2.	Deposit (Non-current)			89,220.00	
	Deposit (Current)				89,220.00
	(Being reclassification of non-current portion of rental deposit)				
3.	Other payable - Grant received in advance (Current)			1,412,456.36	
	Other payable - Grant received in advance (Non-current)				1,412,456.36
	(Being reclassification of non-current portion of grant received in advance)				
4.	Other receivables			47,963.95	
	Grant receivables			228,313.71	
	Trade receivables				276,277.66
	(Being reclassification of non-trade receivables balances)				
		-	-	2,129,972.99	2,129,972.99

Yours faithfully,

Lim Swee Heng, Gary
Executive Director

Choo Kam Peng, Jenny
Accounts & Human Resource Director

THE SINGAPORE SCOUT ASSOCIATION
AUDIT FOR THE YEAR ENDED 31 DECEMBER 2019
SUMMARY OF UNADJUSTED ERRORS

	Summary of Unadjusted Errors	Statement of Financial Activities		Statement of Financial Position	
		DR S$	CR S$	DR S$	CR S$
1.	GST control account			2,081.80	
	Admin expenses - camp rental		2,081.80		
	(Being reversal of GST expenses wrongly taken up in the account)				
2.	Inventories			1,858.10	
	Cost of sales		1,858.10		
	(Being extrapolation of differences in valuation of trading goods)				
3.	Utilities	2,591.67			
	Telephone & internet expenses		2,591.67		
	(Being utility expense wrongly classified, now adjusted)				
4.	Grants	11,387.66			
	Retained earnings				11,387.66
	(Being reversal of prior year's income wrongly taken up in current year)				
5.	Lease rental - singtel	1,073.96			
	Retained earnings				1,073.96
	(Being reversal of prior year's income wrongly taken up in current year)				
6.	Lease rental - starhub	4,669.02			
	Retained earnings				4,669.02
	(Being reversal of prior year's income wrongly taken up in current year)				
7.	Lease rental - Starhub	1,928.57			
	Income received in advance				1,928.57
	(Being overrecognition of lease income for the year, now adjusted)				
8.	Lease rental - M1	4,186.45			
	Retained earnings				4,186.45
	(Being reversal of prior year's income wrongly taken up in current year)				
9.	Inventories			5,981.62	
	Cost of sales		5,981.62		
	(Being extrapolation of differences in quantity of trading goods)				
10.	MSDS Hosting & Maintenance	4,904.50			
	Maintenance - office equipment		4,904.50		
	(Being expenses for software wrongly classified, now adjusted)				
11.	Maintenance - office equipment (TBC by client which account is correct)	1,250.00			
	Programs/event expenses		1,250.00		
	(Being expenses for LMS wrongly classified, now adjusted)				

Summary of Unadjusted Errors		Statement of Financial Activities DR S$	Statement of Financial Activities CR S$	Statement of Financial Position DR S$	Statement of Financial Position CR S$
12.	Impairment loss	7,621.76			
	Trade receivable - Allowance for expected credit loss				7,621.76
	(Being impairment loss on trade receivable)				
		39,613.59	18,667.69	9,921.52	30,867.42

Yours faithfully,

Lim Swee Heng, Gary
Executive Director

Choo Kam Peng, Jenny
Accounts & Human Resource Director

30 May 2020

CA.SG PAC
(UEN : 201403139W)
33A Chander Road, Singapore 219539
Tel: +65 6220 2008 Fax: +65 6297 9309
Website: www.ca.sg
Email: info@ca-sg.com
信•新
特许会计师事务所

Our Ref : AUD/JL/CEL/AS/XY

The Scout Council
The Singapore Scout Association
Ee Peng Liang Building
1 Bishan Street 12
Singapore 579808

Date : 2 January 2020

Dear Sirs,

AUDIT OF THE FINANCIAL STATEMENTS OF THE SINGAPORE SCOUT ASSOCIATION

You have requested that we audit the financial statements of **The Singapore Scout Association** (the "association"), and the notes to the financial statements, including a summary of significant accounting policies. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit 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 of assurance, but is not a guarantee that an audit conducted in accordance with Singapore Standards on Auditing ("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.

1 . Our Responsibilities

We will conduct our audit in accordance with SSAs. Those standards require that we comply with ethical requirements. As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

1. **Our Responsibilities** (continued)

- 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

- 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with SSAs.

Reporting

The intended users of the report are the members, and the report will, accordingly, be addressed to the members. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

As independent auditor, we will report to you whether, in our opinion, the financial statements of the association are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the association as at the end of the relevant financial period, and of the statement of comprehensive income, statement of changes in funds and statement of cash flows of the association for the relevant financial period.

1. **Our Responsibilities** (continued)

In arriving at our opinion, we are required to consider the following matters and to report on any in respect of which we are not satisfied :

- Whether the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

- Whether the other information in the committee's report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

- Whether the accounting and other records required by the Act to be kept by the association have been properly kept in accordance with the provisions of the Act.

Pursuant to professional standards, in the unusual event that we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report. The form and content of our report may also need to be amended in the light of our audit findings.

Once we have issued our report, we have no further direct responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting that may affect the accounts.

2. **Your Responsibilities**

Our audit will be conducted on the basis that the committee/management acknowledge and understand that they have responsibility :

- for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Societies Act, Chapter 311 (the "Act") and Singapore Financial Reporting Standards; 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.

The committee /management will also provide us with :

- Access to all information of which the committee/management are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters, including all information and documentation to carry out client due diligence procedures as set out in the Ethics Pronouncement 200 (EP 200) - "Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) – Requirements and Guidelines for Professional Accountants in Singapore";

- Additional information that we may request from the management for the purpose of the audit; and

2. Your Responsibilities (continued)

- Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. In particular, you will arrange for us to have reasonable access to key operations executives and management of the association. Should we consider it necessary to meet with third parties, such as the association's advisers or bankers, you will use all reasonable endeavour to facilitate the happening of such meetings.

The absence of any of this information may affect our audit opinion, and any delay in providing this information may affect our ability to comply with any timetable agreed with the management. It is also understood that the management will provide us with analyses and reconciliations of various items in the financial statements, should these be required in support of the returns or computations for submissions to the relevant authorities.

We look forward to full cooperation from your staff during our audit.

We are entitled to rely on information provided by the management, its officers and employees or its bankers, lawyers and advisers, after making such enquiry as in our judgement we think necessary or without making any enquiry if in our opinion none is warranted under the circumstances. In the absence of concerns or suspicion about the particular matters which are the subject of the accounting procedures, it is accepted as a condition of this engagement that we are entitled to assume that the information provided to us has been carefully and honestly prepared and is complete and accurate for the purpose for which it has been provided. In such circumstances, we will not be required to conduct any form of additional enquiry or checking as to the correctness or completeness of that information.

The information used by directors in preparing the financial statements will invariably include facts or judgements that are not themselves recorded in the accounting records. We shall request appropriate committee to sign a formal representation letter to us to confirm such facts or judgements and that all relevant documents have been made available to us. The representation letter would also include, inter alia, affirmation that the effects of any unrecorded misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole. Because of the importance of such representations to an effective audit, the association hereby releases and will indemnify, defend and hold harmless CA.sg PAC and its personnel from any claims, liabilities, costs and expenses resulting from misrepresentations by management.

3. Confidentiality

Our Directors and staff are under an obligation not to disclose to third parties confidential information relating to our clients.

Where we correspond by means of the internet or other electronic media at your request, whilst we will take reasonable steps to safeguard the security and confidentiality of the information transmitted, you acknowledge that we cannot guarantee its security and confidentiality.

With the exception of our audit report and other reports which we expressly agree may be provided to third parties, the reports, letters, information and advice we provide to the association during this engagement are given in confidence and are provided on the condition that the association undertakes not to disclose these or any other confidential information made available to the association by us during the course of our work to any third party (being a party other than those to whom any report, letter, information or advice is addressed) without our prior written consent.

3. Confidentiality (continued)

Where it is envisaged that reports, letters, information or advice given by us to the association will be provided to or used by a third party, we reserve the right to stipulate terms regarding such provision or to require the third party to enter into a direct relationship with us before any report, letter, advice or information is provided to the party. Unless otherwise agreed in writing, we recognise no responsibility whatsoever other than that owed to the association as at the date on which our report or other advice is given to it.

All information provided to us and/or made available to us as a result of our engagement will be kept confidential and will only be used by us for the purpose of this assignment, except information that (i) was in our possession prior to its disclosure; (ii) is publicly disclosed other than by us in violation of this assignment; (iii) management of the association agrees may be disclosed; or (iv) is required to be disclosed under compulsion of law, by order of any court or government or regulatory authority or body. Our obligations under the preceding sentence shall survive notwithstanding the termination, expiration or completion of this engagement or our appointment hereunder.

The working papers prepared in conjunction with our work are the property of CA.sg PAC and constitute confidential and proprietary information.

We are obliged under the Accountants Act to make all files available for inspection in the course of a routine practice review. As part of our quality control and review process, we may also make files available for inspection by relevant professional parties.

4. Other Services

We shall be pleased to provide, if requested, other services as you may require from time to time. The scope of work and terms of engagement for such services will be covered under a separate engagement letter.

5. Fees and Billing

Our fees, which may be billed as work progresses, are based on the time required by the individuals assigned to the engagement plus direct out-of-pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required. Any fee budget agreed with the management is necessarily based on the assumption that the information required for our work is made available in accordance with agreed timetables, and that key executives and personnel are available during the course of our work. If delays or other unanticipated problems which are beyond our control occur, they may result in additional fees for which invoices will be raised on the above basis. We will advise the management of delays as they occur and will estimate their effect.

We seek your understanding to review the fees based on the volume of transactions upon completion of the applicable financial year. Fees in respect of other services are dependent upon the level of expertise involved and time required. This will, of course be communicated to you, with a view to obtaining your agreement. The fee does not include government service tax at 7% of our fees which we have to account separately to the tax authorities and out-of-pocket expenses such as printing, transport, fax and filing charges, etc., which will be charged separately and which we will endeavour to maintain at a minimum.

6. Termination

Either party may terminate our appointment as auditors as mutually agreed. In particular, the auditors are entitled to tender notice of resignation to the association at any point in time without having to assign any reason or ground whatsoever for the resignation. If the association terminates our appointment in circumstances where there has been no breach by us, we shall be entitled to render an invoice to the association for the work carried out by us up to the date of termination, which shall be payable on presentation.

7. Validity

This letter reflects the entire agreement between the association and CA.sg PAC relating to the services referred to herein and supersedes any previous proposals, correspondence and understanding, whether written or oral. This letter will be effective for future periods unless it is terminated, amended or suspended.

We shall be grateful if you would acknowledge and agree to the terms of this letter by signing and returning to us the enclosed copy of this letter. If the contents are not in accordance with your understanding of our agreement, we shall be pleased to receive your further observations and to give you any further information you require.

Yours faithfully,

For and on behalf of
The Singapore Scout Association

Tan Tee How

Mr Tan Tee How
President

Mr Philip Ling Soon Hwa
Honorary Treasurer

Ranvir Kumar Singh

Mr Ranvir Kumar Singh
Honorary Secretary

THE SINGAPORE SCOUT ASSOCIATION
1 BISHAN STREET 12
SINGAPORE 579808

CA.sg PAC
33A Chander Road
Singapore 219539

Date: 30 May 2020

Dear Sirs,

LETTER OF REPRESENTATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

This representation letter is provided in connection with your audit of the financial statements of The Singapore Scout Association ("Association") for the year ended 31 December 2019 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Singapore Financial Reporting Standards.

GENERAL

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves :

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 2 January 2020, for the preparation of the financial statements in accordance with Singapore Financial Reporting Standards; in particular the financial statements are fairly presented in accordance therewith.

   Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

2. We have made available to you :-

   (a) All financial records and related data.

   (b) Minutes of the meetings of Scout Council and Commissioner Council, or summaries actions of recent meetings for which minutes have not yet been prepared.

   (c) Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.

(d) Additional information that you have requested from us for the purpose of the audit.

(e) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

3. All transactions have been recorded in the accounting records and are reflected in the financial statements.

4. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements. There are no :

   (a) Violations of laws and regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

   (b) Other material liabilities and gain or loss contingencies as required to be accrued or disclosed by the Singapore Financial Reporting Standards.

5. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error.

6. We have disclosed to you :

   (a) The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

   (b) All information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves :
      - Management;
      - Employees who have significant roles in internal control; or
      - Others where the fraud could have a material effect on the financial statements.

   (c) All information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

7. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

A S S E T S

General

8. The assets shown in the Association's books and financial statements at 31 December 2019 were owned by the Association and were free from any charge.

Property, plant and equipment

9. The net book amounts at which the property, plant and equipment are stated in the statement of financial position are arrived at :-

   (a) after taking into account all capital expenditure on additions thereto, but no expenditure properly chargeable to revenue;

   (b) after eliminating the cost and accumulated depreciation relating to assets sold or scrapped; and

   (c) after providing for depreciation, obsolescence and impairment on bases and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the Association’s activities.

10. At the date of the statement of financial position, there were no outstanding commitments for the purchase of property, plant and equipment.

Investments

11. There were no other investments as at 31 December 2019.

Inventories

12. The Association’s inventories appearing in the statement of financial position comprise the whole of the Association’s inventories. Stocks held on behalf of other parties have been excluded.

13. Quantity - inventories are in accordance with physical count balances as at 31 December 2019.

14. Valuation - the inventories have been valued at the lower of cost and estimated net realisable value and on a first-in first-out basis.

    In estimating net realisable value, due allowance was made for costs of realisation and slow-moving, obsolete, defective, unsaleable or unusable items.

15. All inventories included in the valuation are the unencumbered property of the Association and have been paid for or the liability thereof has been taken up in the books.

Trade receivables

16. In the opinion of the management, trade receivables as at 31 December 2019 are realisable at the value stated.

17. The amounts receivable as shown above are not subject to deduction for discount or other allowance other than as has been provided for.

18. The trade debts do not include any amounts in respect of goods sold or services rendered to members or customers after 31 December 2019.

19. We further certify that all these debts represent bona fide claims against trade debtors for sales and other transactions effected in the ordinary course of activities. To the best of our knowledge, adequate care has been exercised to ensure that credit has been extended only to bona fide customers and that, as a result, all the debtors included in the lists making up the above-stated amounts are companies, firms, or persons to whom credit has been extended with our full knowledge and approval.

Other current assets

20. On realisation in the ordinary course of the Association's activities, the other current assets are expected, in the opinion of the management, to produce at least the amounts at which they are stated. No allowance is, in the opinion of the management, required against any of these amounts.

L I A B I L I T I E S

General

21. All liabilities have been taken up in the books of account, including the liability for all purchases to which title had passed prior to the stated date.

Taxation

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

Contingent liabilities

23. There are no contingent liabilities outstanding against the Association at 31 December 2019. There are also no contingent liabilities which have arisen since the end of the financial year.

24. No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the management will or may affect the ability of the Association to meet its obligations as and when they fall due.

Commitments

25. There were no purchase commitments in excess of normal requirements or at prices in excess of the prevailing market prices, or agreements to repurchase items previously sold.

26. There were no commitments for the sale of the Association's products or services at forward prices below the prevailing selling prices.

27. There were no other commitments or obligations which might adversely affect the Association.

STATEMENT OF COMPREHENSIVE INCOME

28. The results for the year were not materially affected by :-

    (a) transaction of a sort not usually undertaken by the Association;

    (b) circumstances of an exceptional or non-recurrent nature;

    (c) charges or credits relating to prior years;

    (d) any change in basis of accounting.

UNCORRECTED MISSTATEMENTS

29. We believe the effects of those uncorrected financial statements misstatements aggregated by you during the audit are immaterial, both individually and in aggregate, to the financial statements taken as a whole. A summary of such items is attached to this letter of representation.

EVENTS SUBSEQUENT TO THE DATE OF THE STATEMENT OF FINANCIAL POSITION

30. All events subsequent to the date of the financial statements and for which Singapore Financial Reporting Standards require adjustment or disclosure have been adjusted or disclosed.

31. There have been no material changes since the date of the statement of financial position in respect of the items in paragraphs 23 to 28.

32. Other than as disclosed in the notes to the financial statements, there have been no events subsequent to period end which require adjustments of or disclosure in the financial statements or notes thereto.

In relation to the emergence of the Coronavirus (“Covid-19”) outbreak, we confirm that,

(a) we have assessed the potential impact of Covid-19 on the Association’s operations and its financial statements, and we considered the Covid-19 outbreak and its impacts do not affect the recognition and measurement of assets of liabilities as at 31 December 2019 as they are non-adjusting events;

(b) we have assessed the effects of the Covid-19 outbreak and the precautionary measures taken by governments in various countries on the going concern of the Association and concluded that the use of going concern assumption in the preparation of the financial statements remain appropriate;

(c) we are unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 31 December 2020 to be disclosed in the financial statements for the current financial year;

(d) we will continuously monitor the impact of Covid-19 on the Association’s operations and its financial performance;

(e) we will take appropriate and timely measures to minimise the impact of the outbreak to the Association’s operations; and

(f) we have made appropriate disclosures in the financial statements.

MINUTES

33. Minutes of meetings of Scout Council and Commissioner Council as exhibited to you are complete and authentic records of all such meetings held during the period from 1 January 2019 up to-date.

BANKING ACCOUNTS WITH FINANCIAL INSTITUTIONS

34. We confirm that we do not maintain any other accounts with any other financial institutions except as stated below :-

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

RISK MANAGEMENT POLICIES

35. 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 :-

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.

RISK MANAGEMENT POLICIES (continued)

Credit Risk (continued)

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 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

Liquidity Risk

Liquidity risk is the risk that the Association 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.

RISK MANAGEMENT POLICIES (continued)

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.

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

Yours faithfully,

Lim Swee Heng, Gary
Executive Director

Philip Ling Soon Hwa
Honorary Treasurer

CA.SG PAC
(UEN : 201403139W)
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Tel: +65 6220 2008 Fax: +65 6297 9309
Website: www.ca.sg
Email: info@ca-sg.com

信•新
特许会计师事务所

Our Ref: AUD/JL/CEL/AS/XY

The Scout Council
The Singapore Scout Association
1 Bishan Street 12
Singapore 579808

Date: 30 May 2020

Dear Sirs,

FINAL AUDIT MEMORANDUM
AUDIT FOR THE YEAR ENDED 31 DECEMBER 2019

In the course of our recent audit on the financial statements of the Association for the year ended 31 December 2019, we have reviewed the Association's accounting procedures and principal internal controls which the Association has established. We noted certain weaknesses and procedures which must be brought to your attention and rectified along the lines suggested in this report so as to improve the system of internal controls.

We would like to bring to your attention that the examination which we carried out for the purpose of our audit was not primarily directed towards the discovery of weaknesses, other than those which would influence us in forming our opinion, or the detection of fraud, and should not therefore be relied upon to show no other weakness exists. Accordingly, the comments attached refer only to those matters which have come to our attention during the course of our normal audit work and do not attempt to indicate all possible improvements which a special review might develop. We set out our observations and recommendations in the memorandum of matters as attached.

We take this opportunity to thank the council and staff for the kind co-operation and assistance extended to us during the course of our audit. Kindly keep us informed of the steps that you intend to take in respect of our recommendations. If you have any queries regarding the matters discussed in this report, please do not hesitate to contact us.

Yours faithfully,

CA.sg

CA.sg PAC
Public Accountants and
Chartered Accountants
Singapore

1. **Improvement in financial closing**

Observation

During the course of our audit, we note that there are significant number of account balances requiring reclassification and misstatements to be passed into the summary list of unadjusted errors. Such errors in classification and accounts may misstate the accounts and impede the inter-period comparability of financial information for users to make economic decisions.

Recommendation

We recommend that steps must be taken in ensuring improvement in financial closing. Accounts should be tidied up before our audit. For example, we suggest all expenses to be clearly tagged to events and a control list for categorization of event expenses – which event is considered national, international or simply a programme and event expense.

Management's comments

2. **Unrecorded liabilities**

Observation

During the course of the audit, we noted that there were repair and maintenance expenses of S$12,333.33 relating to the prior years but recorded in the current year.

In addition, the following claims for invoices pertaining to 2017 and 2018 were proposed as an client late adjustment to be taken up in the current year 2019 on due claim basis due to the late submission of claims by the claimants and late receipt of vendor documents :-

	S$
2017 invoices	477.22
2018 invoices	10,074.81
Total	10,552.03

Delays in submission of claims and supporting documents will result in misstatements of the expenses in the relevant financial period.

Recommendation

We recommend that the management review the current procedures and put in place strict policies to ensure all claims and expenses are submitted and recognised promptly at the point when they occur.

Management's comments

3. Discrepancies in stock listing to physical stock count

Observation

Scout Shop

During the course of our audit, we noted that the quantity of inventories in the stock listing have not been adjusted to reflect the correct quantity as per the physical count. We understand that the inventories adjustments were made in January 2020 and backdated is not allowed in the stock system. This resulted in an understatement of inventories amounting to S$7,839.72. No adjustment has been proposed as the amount was not material.

Recommendation

We recommend that the staff in-charge be cautious when keying in details of inventories into the system and a review should be performed by the supervisor in-charge. Stock counts should also be conducted periodically to ensure physical balances agree to stock records. Differences, if any, should be investigated and reconciled immediately. We stress the need to ensure that the inventory system is reliable and management must be well-verse with the system's functions.

Management's comments