

**FRIENDS OF THE MUSEUMS (SINGAPORE)**

*Society no: T04SS0218E*

*(Incorporated in Singapore)*

**FINANCIAL STATEMENTS**

*For the financial year ended 30 September 2019*

## **FRIENDS OF THE MUSEUMS (SINGAPORE)**

*(Incorporated in Singapore)*

COUNCIL MEMBERS	GARIMA LALWANI MELISSA YEOW DURGA ARIVAN DURRIYA DOHADWALA GISELLA HARROLD JYOTI RAMESH LAURA SOCHA HOLLY SMITH	- PRESIDENT - VICE PRESIDENT - HONORARY SECRETARY - HONORARY TREASURER - COUNCIL REPRESENTATIVE - COUNCIL REPRESENTATIVE - COUNCIL REPRESENTATIVE - COUNCIL REPRESENTATIVE
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LOCATION	61 STAMFORD ROAD #02-06 STAMFORD COURT SINGAPORE 178892
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AUDITORS	PLANPARTNERS PAC 138 CECIL STREET #18-00 CECIL COURT SINGAPORE 529538
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BANKER	CITIBANK SINGAPORE LTD
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## FRIENDS OF THE MUSEUMS (SINGAPORE)

### STATEMENT BY THE COUNCIL

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In the opinion of the Council, the accompanying financial statements which comprise the statement of financial position, the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flows are properly drawn up so as to exhibit a true and fair view of the state of affairs and of the results of Friends of the Museums (Singapore) for the financial year ended 30 September 2019.

On behalf of the Council Members,



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GARIMA LALWANI  
President



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DURRIYA DOHADWALA  
Honorary Treasurer

Singapore, **04 NOV 2019**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRIENDS OF THE MUSEUMS (SINGAPORE)**

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

#### *Opinion*

We have audited the financial statements of FRIENDS OF THE MUSEUMS (SINGAPORE) “(FOM)”, (the “Society”), which comprise the statement of financial position of the Society as at 30 September 2019, the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flows of the Society for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Constitution of the Society, the Societies Act (Chapter 311), and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Society as at 30 September 2019 and of the financial performance, changes in accumulated funds and cash flows of the Society for the year ended on that date.

#### *Basis for Opinion*

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

#### *Other Information*

Council Members are responsible for the other information. The other information comprises the Statement By The Council set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Public Accountants & Chartered Accountants  
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Directors  
Dean Tow (Managing)  
Lawrence Phong  
Patrick Lee

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
OF FRIENDS OF THE MUSEUMS (SINGAPORE)**  
(continued)

*Responsibilities of Council Members for the Financial Statements*

Council Members are responsible for the preparation of financial statements that give a true and fair view in accordance with the Constitution of the Society, the Societies Act (Chapter 311), and FRSSs, 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, Council Members are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council Members either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

The Council Members' responsibilities include overseeing the Society's financial reporting process.

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

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

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

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

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*Incorporating the following:*

Patrick Lee & Co., practicing since 1973  
PS Tay & Co., practicing since 1984  
K S Liaw & Co., practicing since 1976  
KPHO & Associates, practicing since 1987

PlanPartners PAC is a Public Accounting Corporation  
established under the Singapore Companies Act. Cap 50 with limited liability.  
Company & GST Registration No. 201117522Z

Public Accountants & Chartered Accountants  
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Fax: 65 6223 8718

Directors  
Dean Tow (Managing)  
Lawrence Phong  
Patrick Lee

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRIENDS OF THE MUSEUMS (SINGAPORE) (continued)

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

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

We communicate with the Council Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### *Report on Other Legal and Regulatory Requirements*

In our opinion, the accounting and other records required by the Constitution to be kept by the Society have been properly kept in accordance with the provisions of the Constitution.



PlanPartners PAC  
Public Accountants and  
Chartered Accountants

Singapore, **04 NOV 2019**

**FRIENDS OF THE MUSEUMS (SINGAPORE)**

**STATEMENT OF FINANCIAL POSITION**

*As at 30 September 2019*

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	4	2,023	1,395
Intangible assets	5	20,330	40,660
<b>Total non-current assets</b>		<b>22,353</b>	<b>42,055</b>
<b>Current assets</b>			
Inventory	6	305	-
Trade receivables	7	19,170	3,109
Other receivables	8	109,754	87,837
Cash and cash equivalents	9	869,589	669,434
<b>Total current assets</b>		<b>998,818</b>	<b>760,380</b>
<b>Total assets</b>		<b>1,021,171</b>	<b>802,435</b>
<b>EQUITY AND LIABILITIES</b>			
<b>ACCUMULATED FUNDS AND RESERVES</b>			
Accumulated funds		558,513	534,267
<b>Total accumulated funds and reserves</b>		<b>558,513</b>	<b>534,267</b>
<b>Current liabilities</b>			
Other payables	10	456,858	259,932
Deferred income	11	5,800	8,236
<b>Total current liabilities/Total liabilities</b>		<b>462,658</b>	<b>268,168</b>
<b>Total equity and liabilities</b>		<b>1,021,171</b>	<b>802,435</b>



GARIMA LALWANI  
President

Singapore, **04 NOV 2019**



DURRIYA DOHADWALA  
Honorary Treasurer

**FRIENDS OF THE MUSEUMS (SINGAPORE)**

**STATEMENT OF INCOME AND EXPENDITURE**

*For financial year ended 30 September 2019*

	2019 \$	2018 \$
<b>INCOME</b>		
Docent training/Museum activities (Appendix A)	70,909	73,652
Membership fees	79,422	72,469
Programmes (Appendix A)	318,222	410,235
Other income (Appendix A)	19,955	20,719
Grants income	22,386	3,014
<b>TOTAL INCOME</b>	<b>510,894</b>	<b>580,089</b>
<b>EXPENDITURE</b>		
Docent training (Appendix B)	30,445	33,501
Programmes (Appendix B)	296,150	384,045
Other expenses (Appendix B)	160,053	135,475
<b>TOTAL EXPENDITURE</b>	<b>486,648</b>	<b>553,021</b>
<b>SURPLUS OF INCOME OVER EXPENDITURE FOR THE FINANCIAL YEAR</b>	<b>24,246</b>	<b>27,068</b>



GARIMA LALWANI  
President

Singapore, 04 NOV 2019



DURRIYA DOHADWALA  
Honorary Treasurer

**FRIENDS OF THE MUSEUMS (SINGAPORE)**

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS**

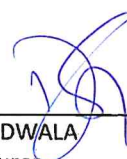
*For the financial year ended 30 September 2019*

	<u>Accumulated funds</u> \$
Balance as at 1 October 2017	507,199
Surplus of income over expenditure for the financial year	27,068
Balance as at 30 September 2018	<u>534,267</u>
Surplus of income over expenditure for the financial year	24,246
Balance as at 30 September 2019	<u><u>558,513</u></u>



GARIMA LALWANI  
President

Singapore, 04 NOV 2019



DURRIYA DOHADWALA  
Honorary Treasurer



# FRIENDS OF THE MUSEUMS (SINGAPORE)

## STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2019

	Note	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the financial year		24,246	27,068
<i>Adjustments for:</i>			
Amortisation	5	20,330	20,330
Depreciation of plant and equipment	4	1,719	1,919
Interest income		(3,986)	(3,645)
Government grant income		(22,386)	(3,014)
		19,923	42,658
<i>Movements in working capital:-</i>			
Inventory		(305)	-
Trade receivables		(16,061)	3,591
Other receivables		(20,053)	162,505
Other payables		195,062	(143,520)
Cash generated from operations		178,566	65,234
Interest received		3,986	3,645
Net cash flows generated from operating activities		182,552	68,879
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment	4	(2,346)	(1,377)
Increase in website development cost	5	-	(24,396)
Addition of fixed deposits		(427,482)	(273,780)
Withdrawal of fixed deposits		273,780	271,276
Government grant received		19,950	11,250
Net cash used in investing activities		(136,098)	(17,027)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net cash generated from/(used in) financing activities		-	-
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>			
		46,454	51,852
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		395,654	343,802
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	9	442,108	395,654



GARIMA LALWANI  
President



DURRIYA DOHADWALA  
Honorary Treasurer

Singapore, 04 NOV 2019

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 September 2019*

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

**1. Principal activities**

Friends of the Museums (Singapore) (the “Society”) is registered under the Societies Act, Cap. 311. It consists of volunteer support groups for the National Heritage Board for the purpose of assisting the work of the National Heritage Board and its programs by providing members with opportunities for service through training, study and self-enrichment.

Its registered address and place of business are at 61 Stamford Road, #02-06 Stamford Court, Singapore 178892.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Society have been drawn up in accordance with Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (\$), which is the Society’s functional currency.

**2.2 Adoption of new and revised standards**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial statements or position of the Society. Two significant new standards effective for annual financial periods beginning 1 January 2018 are as follows:

**FRS 109 Financial Instruments**

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Society applied FRS 109 retrospectively, with an initial application date of 1 October 2018. The Society has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39. The impact arising from FRS 109, adoption if any, was included in the opening retained earnings and other components of equity at the date of initial application. There is no restatement in the opening accumulated funds from the adoption of FRS 109 as the Society does not have other financial instruments except for trade receivables and payables which are carried at amortised cost. No reclassification or re-measurement resulted from the adoption of the standard.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

2. Summary of significant accounting policies (continued)

2.2 Adoption of new and revised standards (continued)

FRS 115 Revenue from Contracts with Customers

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

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

The Society adopted FRS 115 using modified retrospective method of adoption with date of initial application of 1 October 2018. The cumulative effect of initially applying FRS 115, if any, is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under FRS 18 and related interpretations.

There is no impact resulted from the adoption of FRS 115 as:

- a) The Society only have one performance obligation per contract with member, which is to provide tour services, docent training or activities organized for the members. Each performance obligation is distinct and separately fulfilled.
- b) All services are based on a fixed, agreed fees and there are no variable consideration.
- c) Revenue is recognised at a point in time when the control of the services is transferred to customer.
- d) Membership fees received are recognised over the term of membership.

2.3 Standard issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. The Society does not plan to early adopt these standards.

Description	Effective for annual periods beginning on or after
FRS 116 Leases	1 January 2019
INT FRS 123 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to FRS 109 Prepayment Features with Negative Compensation	1 January 2019
Annual Improvements to FRSs (March 2018)	1 January 2019

The Council expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

Except for FRS 116, the Council expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

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2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Society will apply the standard from its mandatory adoption date of 1 January 2019. The Society intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

2.4 Foreign currency transactions and balances

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

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

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Society. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

Office equipment and furniture	3 years
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The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

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

2.6 Intangible assets

Expenditure on website development cost is capitalized and amortised using the straight-line method over its estimated useful life of 3 years.

2.7 Impairment of non-financial assets

The Society assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Society makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Financial instruments

These accounting policies are applied on and after the initial application date of FRS 109, 1 October 2018:

a) *Financial assets*

*Initial recognition and measurement*

Financial assets are recognised when, and only when the Society becomes party to the contractual provisions of the instruments.

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

*Subsequent measurement*

*Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Society's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

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2. Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

a) *Financial assets* (continued)

*Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

b) *Financial liabilities*

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

These accounting policies are applied before the initial application date of FRS 109, 1 October 2018:

a) *Financial assets*

*Initial recognition and measurement*

Financial assets are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

*Subsequent measurement*

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

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2. Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

a) *Financial assets* (continued)

*De-recognition*

A financial asset is derecognised when the contractual right to receive cash flows from the assets has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

b) *Financial liabilities*

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial liabilities at initial recognition.

A financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognized, and through the amortisation process.

Such financial liabilities comprise other payables.

*De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged, 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.9 Impairment of financial assets

These accounting policies are applied on and after the initial application date of FRS 109, 1 October 2018:

The Society recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

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2. Summary of significant accounting policies (continued)

2.9 Impairment of financial assets (continued)

For trade receivables, the Society applies a simplified approach in calculating ECLs. Therefore, the Society does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Society has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Society considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Society may also consider a financial asset to be in default when internal or external information indicates that the Society is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Society. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

These accounting policies are applied before the initial application date of FRS 109, 1 October 2018:

The Society assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Society first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Society determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Society considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

2.10 Cash and cash equivalents

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

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

**2.11 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

**2.12 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

**2.13 Provisions**

**General**

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.14 Employee benefits**

**a) Defined contribution plans**

The Society makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**b) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**2.15 Revenue recognition**

These accounting policies are applied on and after the initial application date of FRS 115, 1 October 2018:

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

**(a) Membership fees**

Revenue is recognised when benefits were transferred to the customer over time and all criteria for acceptance have been satisfied. Revenue is recognised over based on passage of time.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

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2. Summary of significant accounting policies (continued)

2.15 Revenue recognition (continued)

(a) Membership fees (continued)

The amount of revenue recognised is based on the type of membership, which consist of individual, senior, joint and family membership. Based on the Society's experience with similar type of contracts, no variable consideration is included in the transaction.

(a) Docent training, programmes and tours

Revenue is recognised when the benefits are transferred to the customer and all criteria for acceptance have been satisfied. Revenue is recognised at the point in time when the programmes and tour events are held.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

These accounting policies are applied before the initial application date of FRS 115, 1 October 2018:

Revenue comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Society's activities. Revenue are presented net of goods and services tax, returns, rebates and discounts.

The Society recognises revenue when the amount of revenue and related cost can be reliably measured, significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement with the goods or services, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Society's activities are met as follows:

(i) Revenue from members, docent training and programme fees are recognized on accrual basis.

(ii) Revenue from rendering of services that are short duration is recognized when the services are completed.

(iii) Interest income is accrued on a time proportionate basis by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

2.16 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 September 2019*

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

**2.16 Taxes (continued)**

**b) Deferred tax (continued)**

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

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**3. Significant accounting judgements and estimates**

The preparation of the Society's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**Judgments made in applying accounting policies**

*Determination of functional currency*

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

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

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

Key sources of estimation uncertainty (*continued*)

*Useful lives of plant and equipment*

The useful life of an item of plant and equipment is estimated at the time the assets is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the assets experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. As at the financial year end, the carrying amount of the Society's plant and equipment is \$2,023(2018: \$1,395).

*Provision for expected credit losses of trade receivables*

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Society's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Society's trade receivables is disclosed in Note 13.

The carrying amount of the Society's trade receivables as at 30 September 2019 was \$19,170 (2018: \$3,109).

*Income taxes*

The Society is subject to income taxes in Singapore. Significant judgement is involved in determining the Society-wide provision for income taxes. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Society recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income taxes and deferred tax provisions in the period in which such determination is made.

*Provisions and contingent liabilities*

Estimates of the Society's obligations arising from contracts exist as at balance sheet date may be affected by future events, which cannot be predicted with any certainty. The assumptions and estimates are made based on the Council's knowledge and experience and may vary from actual experience so that the actual liability may vary considerably from the best estimates.

# FRIENDS OF THE MUSEUMS (SINGAPORE)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

### 4. Plant and equipment

	Office equipment and furniture \$	Total \$
<u>Cost</u>		
As at 1.10.2017	25,210	25,210
Additions	1,377	1,377
Written off	(3,977)	(3,977)
As at 30.9.2018	22,610	22,610
Additions	2,346	2,346
Written off	(4,682)	(4,682)
As at 30.9.2019	20,274	20,274
<u>Accumulated depreciation</u>		
As at 1.10.2017	23,273	23,273
Depreciation for the financial year	1,919	1,919
Written off	(3,977)	(3,977)
As at 30.9.2018	21,215	21,215
Depreciation for the financial year	1,719	1,719
Written off	(4,683)	(4,683)
As at 30.9.2019	18,251	18,251
<u>Carrying value</u>		
As at 30.9.2019	2,023	2,023
As at 30.9.2018	1,395	1,395

### 5. Intangible assets

	Website \$	Total \$
<u>Cost</u>		
As at 1.10.2017	36,594	36,594
Additions	24,396	24,396
As at 30.9.2018	60,990	60,990
Additions	-	-
As at 30.9.2019	60,990	60,990
<u>Accumulated depreciation</u>		
As at 1.10.2017	-	-
Amortisation for the financial year	20,330	20,330
As at 30.9.2018	20,330	20,330
Additions	20,330	20,330
As at 30.9.2019	40,660	40,660
<u>Carrying value</u>		
As at 30.9.2019	20,330	20,330
As at 30.9.2018	40,660	40,660

# FRIENDS OF THE MUSEUMS (SINGAPORE)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

### 6. Inventories

	2019 \$	2018 \$
<i>Statement of Financial Position:</i>		
<i>Inventories, at lower of cost and net realisable value</i>		
Finished goods - merchandise	305	-

### 7. Trade receivables

	2019 \$	2018 \$
Trade receivables		
- Non-related parties	19,170	3,424
Less: Allowance for expected credit loss	-	(315)
Total trade receivables	19,170	3,109
 Movement in allowance accounts:		
As at beginning of the year	315	-
Addition	-	315
Written off	(315)	-
As at end of the year	-	315

Trade receivables are non-interest bearing and are generally on 30 days' terms, and denominated in Singapore Dollars.

### 8. Other receivables

	2019 \$	2018 \$
Other receivables		
- Deposits	1,500	1,500
- Other receivables	738	1,231
- Prepayment	107,516	85,106
Total other receivables	109,754	87,837

### 9. Cash and cash equivalents

	2019 \$	2018 \$
Bank balances	433,412	239,485
Cash balances	8,696	4,387
Fixed deposits	427,481	425,562
Cash and cash equivalents in the statement of financial positions	869,589	669,434
Fixed deposits – maturity after 3 months	(427,481)	(273,780)
Cash and cash equivalents in the statement of cash flows	442,108	395,654

- (i) Fixed deposit earns interest at 1.00% (2018: 0.76% to 1.02%) per annum.
- (ii) Fixed deposits mature on 17 February 2020.



# FRIENDS OF THE MUSEUMS (SINGAPORE)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

### 10. Other payables

	2019 \$	2018 \$
Other payables		
- Fees received in advance	451,166	254,146
- Other accruals for operating expenses	5,692	5,786
Total other payables	<u>456,858</u>	<u>259,932</u>

### 11. Deferred income – Government grant

Government grant refers to funding received under National Heritage Board for the Society's publications activities. There are no unfulfilled conditions or contingencies attached to the grant.

Government grant is recognised as income in proportion to the cost incurred for the project during the financial year. Details and movements in the deferred income – government grant are as follows:

	2019 \$	2018 \$
Total grant received	8,700	11,250
Amount recognised in income	(2,900)	(3,014)
Balance at end of year	<u>5,800</u>	<u>8,236</u>
Balance at beginning of year	8,236	-
Grant received during the year	19,950	11,250
Recognised as income during the year	(22,386)	(3,014)
Balance at end of year	<u>5,800</u>	<u>8,236</u>

### 12. Taxation

	2019 \$	2018 \$
Current financial year income tax	-	-

The provision for taxation is computed on income received from other sources which are generated from non-voting members. The tax payable is determined at the lower of the amount determined under effective Society tax rate (after tax rebates) or under the progressive rates for bodies of person as follows:

	2019 \$	2018 \$
Other source of income	<u>26,372</u>	<u>6,659</u>
Income tax expense at the statutory tax rate	4,483	1,132
Utilisation of donations carried forward	(4,483)	(1,132)
Total income tax expense	<u>-</u>	<u>-</u>

As at the financial year end, the Society has unutilized donations carried forward applicable for offset against future tax surplus:

	2019 \$	2018 \$
Unutilised donation b/f	176,355	158,505
Utilisation of carry forward donation	(26,372)	(6,659)
Under provision in prior financial year	-	24,509
Unutilised donation c/f	<u>149,983</u>	<u>176,355</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

13. Financial risk management

*Financial risk factors*

The Society's activities expose it to currency risk, interest rate risk and credit risk. The Society's overall risk management strategy seeks to minimize potential adverse effects from the unpredictability of financial markets on the financial performance of the Society.

The Council manages and monitors such exposures to ensure appropriate risk management measures are implemented on timely and effective manners. However, these are not documented in formal written documents. The following guidelines are followed:

- (i) Minimise interest rate, currency, credit and market risks for all kinds of transactions.
- (ii) All financial risk management activities are carried out and monitored by the Council.
- (iii) All financial risk management activities are carried out following market practices.

There has been no significant change to the manner in which it manages and measures these risks.

*Currency risk*

The Society has no significant exposure to currency risk as all its activities are conducted in Singapore dollars.

*Interest rate risk*

The interest rate risk exposure is mainly from changes in floating interest rates. The following table analyses the financial assets breakdown of the significant financial instruments by type of interest rate:

	2019 \$	2018 \$
<u>Financial assets</u>		
Floating rates	1.00%	0.05% to 1.02%

The interest rate risk on financial assets is not significant.

The Society manages the interest rate risk by monitoring the movements in interest rates regularly.

*Credit risk*

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

The Society has adopted a policy of only dealing with creditworthy counterparties. The Society performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. The Society considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Society has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received.

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



**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 September 2019*

**13. Financial risk management (continued)**

*Credit risk (continued)*

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

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

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

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or another financial reorganisation

There is a disappearance of an active market for that financial asset because of financial difficulty

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

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

As at the financial year end, the Society's financial assets consist mainly trade receivables and other receivables, of which other receivables is determined as low risk of default.

*Trade receivables*

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

Based on the nature of the Society's activities, trade receivables mainly relates to membership fees and activities' fees due from members.

Membership fees are paid in advance and therefore of low credit risk. Fees for activities such as tours and organized activities are usually paid prior to the events. For tours organized, members are given a credit period of up to 6 months to make the payment in 3 instalments. However, full payment must be made prior to the tour. The Society does not have any long-overdue trade receivables. As such, the Society has assessed the impairment of trade receivables based on the provision matrix and determine that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

13. Financial risk management (continued)

*Credit risk (continued)*

*Trade receivables (continued)*

*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 Society's performance to developments affecting a particular industry.

*Exposure to credit risk*

The Society has no significant concentration of credit risk. The Society has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Comparative information under FRS 39

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Society. Based on historical default rates, the Society believe that no impairment allowance is necessary in respect of trade and other receivables not past due.

The age analysis of trade receivables neither past due nor impaired and past due but not impaired is as follows:

	2018 \$
Not past due	<u>3,109</u>

*Other receivables*

Other receivables consists of deposits, prepayments and other receivables and are of low default risk. The Society 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 Society measured the impairment loss allowance using 12-month ECL and determine that the ECL is insignificant.

*Liquidity risk*

Liquidity risk is the risk that the Society will encounter difficulty in meeting financial obligations due to shortage of funds. The Society's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Society's objective is to maintain a level of cash and cash equivalents deemed adequate by Council members to finance the Society's operations and mitigate the effects of fluctuations in cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

## 13. Financial risk management (continued)

*Liquidity risk (continued)*

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

	<u>2019</u>	
	One year or less	Total
	\$	\$
<b>Financial assets:</b>		
Trade receivables (Note 7)	19,170	19,170
Other receivables (less prepayment) (Note 8)	2,238	2,238
Cash and cash equivalents (Note 9)	869,589	869,589
Total undiscounted financial assets	<u>890,997</u>	<u>890,997</u>
<b>Financial liabilities:</b>		
Other payables (Note 10)	456,858	456,858
Total undiscounted financial liabilities	<u>456,858</u>	<u>456,858</u>
Total net undiscounted financial assets	<u>434,139</u>	<u>434,139</u>
	<u>2018</u>	
	One year or less	Total
	\$	\$
<b>Financial assets:</b>		
Trade receivables (Note 7)	3,109	3,109
Other receivables (less prepayment) (Note 8)	2,731	2,731
Cash and cash equivalents (Note 9)	669,434	669,434
Total undiscounted financial assets	<u>675,274</u>	<u>675,274</u>
<b>Financial liabilities:</b>		
Other payables (Note 10)	259,932	259,932
Total undiscounted financial liabilities	<u>259,932</u>	<u>259,932</u>
Total net undiscounted financial assets	<u>415,342</u>	<u>415,342</u>

## 14. Fair value of financial instruments

The fair value of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

- Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Society access at the measurement date are determined with reference to quoted market prices (unadjusted).
- Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/ liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/ liabilities in non-active markets.
- Level 3 – in the absences of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

The Society does not hold financial assets nor liabilities carried at fair value or at valuation. Accordingly, the disclosure requirements of the fair value hierarchy (Level 1, 2 and 3) under FRS 107 *Financial instruments*: Disclosures does not apply.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 September 2019*

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**14. Fair value of financial instruments (continued)**

*Financial instruments whose carrying amount approximate fair value*

The Council has determined that the carrying amounts of cash and cash equivalents, current trade and other receivables/payables, based on their notional amounts, reasonably approximate their fair values because they are mostly short-term in nature or are repriced frequently.

*Methods and assumptions used to determine fair values*

The following methods and assumptions are used by management to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value are as follows:-

*Trade receivables*

The carrying amounts of these balances approximate their fair values because these are subject to normal trade credit terms.

*Cash and cash equivalents, other receivables, other payables and accruals*

The carrying amounts of these amounts approximate their fair values due to their short-term nature.

**15. Authorisation of financial statements**

The Council of Friends of the Museums (Singapore) authorized these financial statements for issue on 4 November 2019.

**FRIENDS OF THE MUSEUMS (SINGAPORE)****DETAILED INCOME AND EXPENDITURE***For the financial year ended 30 September 2019**Appendix A*

	2019	2018
	\$	\$
<b>INCOME</b>		
<u>Docent training/Museum activities:</u>		
Corporate tours and workshops	26,674	25,452
English speaking docent training	40,780	45,320
FOM workshop fees	1,080	-
Japanese speaking docent training	2,375	2,880
	<u>70,909</u>	<u>73,652</u>
 <u>Programmes:</u>		
Asian Film Groups Income	1,710	490
Curio income	11,228	7,640
Explore Singapore	9,728	11,535
Study groups	1,550	1,100
Study tours	291,686	387,820
Textile Enthusiasts Income	2,320	1,650
	<u>318,222</u>	<u>410,235</u>
 <u>Others:</u>		
Advertising income	15,350	15,680
Interest income	3,986	3,645
Branded merchandise	584	350
Donation and other income	35	1,044
	<u>19,955</u>	<u>20,719</u>

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*The above statement does not form part of the audited financial statements*

**FRIENDS OF THE MUSEUMS (SINGAPORE)****DETAILED INCOME AND EXPENDITURE***For the financial year ended 30 September 2019**Appendix B*

	2019	2018
	\$	\$
<b>EXPENDITURE</b>		
<u>Museum Activities:</u>		
English speaking docents	28,480	31,425
Japanese speaking docents	1,965	2,076
	<b>30,445</b>	<b>33,501</b>
 <u>Programmes:</u>		
Asian Film Groups	-	8
Curio	8,144	6,029
Explore Singapore	3,843	4,452
Lecture series	2,166	2,086
Study groups	275	114
Study tours	281,341	371,056
Textile Enthusiasts Group	381	300
	<b>296,150</b>	<b>384,045</b>
 <u>Others:</u>		
Administrative expenses	9,824	362
Amortisation	20,330	20,330
Audit fees	2,750	2,557
Depreciation of plant and equipment	1,719	1,919
Insurance	4,952	4,952
IT expenses	10,607	4,478
Magazine expenses	46,470	37,528
Marketing expenses	4,156	2,783
Membership expenses	3,029	2,113
Miscellaneous expenses	5	109
NHB funds	10,000	10,000
Office expenses	5,708	5,509
Payroll expenses	20,354	23,065
Secretarial and legal expenses	3,605	3,450
Volunteer appreciation	16,544	16,320
	<b>160,053</b>	<b>135,475</b>

*The above statement does not form part of the audited financial statements*