

**THE BOYS' BRIGADE IN SINGAPORE**  
**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**31 AUGUST 2020**

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## **THE BOYS' BRIGADE IN SINGAPORE**

### **STATEMENT BY THE BRIGADE EXECUTIVE**

On behalf of the Brigade Executive, we do hereby state that in our opinion, the financial statements of The Boys' Brigade in Singapore as set out on pages 5 to 28 are properly drawn up in accordance with the Singapore Societies Act, Chapter 311, Charities Act, Chapter 37 and other relevant regulations and the Financial Reporting Standards in Singapore so as to present fairly, in all material respects, the financial position of the Society as at 31 August 2020 and the financial performance, changes in accumulated fund and other funds and cash flows of the Society for the financial year ended on that date.

On behalf of the Brigade Executive,



Poh Leong Berg  
President



Yap Chee Meng  
Treasurer

14 December 2020

**INDEPENDENT AUDITOR'S REPORT TO THE BRIGADE COUNCIL OF  
THE BOYS' BRIGADE IN SINGAPORE****Report on the Audit of the Financial Statements*****Opinion***

We have audited the accompanying financial statements of The Boys' Brigade in Singapore (the "Society") as set out on pages 5 to 28, which comprise the balance sheet as at 31 August 2020, and the statement of financial activities, statement of changes in accumulated fund and other funds and statement of cash flows for the financial 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 Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Society as at 31 August 2020 and the financial performance, changes in accumulated funds and other funds and cash flows of the Society for the financial year ended on that date.

***Basis for Opinion***

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

***Other Information***

The Brigade Executive of the Society is responsible for the other information. The other information comprises statement by the Brigade Executive set out on page 1 and the information included in the Annual Report for the financial year but does not include the financial statements and our auditor's report thereon.

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE BRIGADE COUNCIL OF THE BOYS' BRIGADE IN SINGAPORE (cont'd)**

### **Report on the Audit of the Financial Statements (cont'd)**

#### ***Responsibilities of the Brigade Executive and Those Charged with Governance for the Financial Statements***

The Brigade Executive is responsible for the preparation and fair presentation of these financial statements in accordance with the Societies Act, Charities Act and Regulations and FRSs, and for such internal control as the Brigade Executive determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for 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 of 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 the Brigade Executive.

**INDEPENDENT AUDITOR'S REPORT TO THE BRIGADE COUNCIL OF  
THE BOYS' BRIGADE IN SINGAPORE (cont'd)**

**Report on the Audit of the Financial Statements (cont'd)**

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

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

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

**Report on Other Legal and Regulatory Requirements**

In our opinion,

- (i) the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (ii) the fund raising appeal held during the financial year ended 31 August 2020 has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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

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



Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

14 December 2020

# THE BOYS' BRIGADE IN SINGAPORE

## STATEMENT OF FINANCIAL ACTIVITIES For the financial year ended 31 August 2020

	Note	2020 \$	2019 \$
<b>Income</b>			
Boys' Brigade Week - donations		382,074	1,526,236
Government grants		1,156,838	505,180
Donations		396,731	626,608
BB campus income		32,914	122,193
Event and program related fees		16,705	26,523
Sales from BB shop	4	176,945	213,386
Interest income		30,945	2,539
Other income		109,703	281,121
Rental income		69,320	154,874
		<b>2,372,175</b>	<b>3,458,660</b>
<b>Less expenditure</b>			
BB news		13,941	16,043
Cost of BB merchandise sold and BB shop expenses	4	203,879	235,814
Junior programme		2,048	37,481
Senior programme		212,334	410,303
Primers programme		6,628	48,146
Share-A-Gift programme		84,661	95,795
Community Service programme		—	11,935
Public wish fulfilment purchases		62,124	65,092
BB Alumni Grant		11,200	13,700
Officers training		29,362	116,478
Adventure activities		200	8,456
Common programme		17,991	45,143
Companies activities		389,921	889,071
Audit fees		29,324	27,098
BB campus expenses		42,309	60,002
BB Week expenses		13,716	17,916
Credit card charges		6,220	20,323
Depreciation of plant and equipment	6	33,488	22,211
Depreciation of right-of-use assets	7	366,582	—
Interest on lease liabilities	11	25,562	—
Gifts and wreath		9,400	1,738
Insurance		24,234	23,454
Medical fees		1,332	2,110
Office sundries and others		3,350	5,244
Repair and maintenance		7,840	28,697
Printing, postages and stationery		15,112	17,499
Professional fees		36,600	106,408
Promotion and marketing expenses		23,278	48,800
Salaries, bonus, CPF and SDF	5	1,031,032	1,131,308
Staff development		13,880	16,947
Telephone and website		5,633	4,581
Utilities		20,504	29,221
Rental of premises		—	380,023
Other expenses		5,926	16,239
		<b>2,749,611</b>	<b>3,953,276</b>
<b>Total deficit for the year</b>		<b>(377,436)</b>	<b>(494,616)</b>

The accompanying notes form an integral part of these financial statements.

# THE BOYS' BRIGADE IN SINGAPORE

## BALANCE SHEET

At 31 August 2020

	Note	2020 \$	2019 \$
<b>Non-current assets</b>			
Plant and equipment	6	33,891	48,715
Right-of-use assets	7	410,235	—
		<b>444,126</b>	<b>48,715</b>
<b>Current assets</b>			
Inventories		353,395	401,825
Trade receivables		10,890	32,373
Sundry receivables and prepayments	8	230,390	134,282
Cash and cash equivalents	9	4,574,080	4,957,206
		<b>5,168,755</b>	<b>5,525,686</b>
<b>Total assets</b>		<b>5,612,881</b>	<b>5,574,401</b>
<b>Non-current liabilities</b>			
Provision for reinstatement costs	10	7,800	30,650
Lease liabilities	11	233,292	—
		<b>241,092</b>	<b>30,650</b>
<b>Current liabilities</b>			
Sundry payables and accruals	12	243,453	246,173
Provision for reinstatement costs	10	22,850	—
Lease liabilities	11	185,344	—
		<b>451,647</b>	<b>246,173</b>
<b>Total liabilities</b>		<b>692,739</b>	<b>276,823</b>
<b>Net assets</b>		<b>4,920,142</b>	<b>5,297,578</b>
<b>Accumulated Fund (Unrestricted)</b>		<b>3,736,651</b>	<b>4,034,372</b>
<b>Other funds</b>			
BB/GB Campsite Fund (Unrestricted)	13	229,845	283,787
BB Share-A-Gift Fund (Restricted)	13	711,342	723,198
Community Services Fund (Restricted)	13	105,177	107,249
Jimmy Koh Memorial Fund (Restricted)	13	66,796	72,096
BB Alumni Grant (Restricted)	13	70,331	76,876
		<b>1,183,491</b>	<b>1,263,206</b>
		<b>4,920,142</b>	<b>5,297,578</b>

The accompanying notes form an integral part of these financial statements.

# THE BOYS' BRIGADE IN SINGAPORE

## STATEMENT OF CHANGES IN ACCUMULATED FUND AND OTHER FUNDS For the financial year ended 31 August 2020

	Accumulated Fund \$	BB/GB Campsite Fund \$	BB21 Share- A-Gift Fund \$	Community Services Fund \$	Jimmy Koh Memorial Fund \$	BB Alumni Grant \$	Total \$
Balance at 1.9.2018	4,673,793	288,909	636,959	84,384	72,396	35,753	5,792,194
Net surplus/(deficit) for the year	(773,368)	128,825	86,239	22,865	(300)	41,123	(494,616)
Inter-division elimination	83,947	(83,947)	—	—	—	—	—
	(689,421)	44,878	86,239	22,865	(300)	41,123	(494,616)
Distribution by BB Campsite	50,000	(50,000)	—	—	—	—	—
Balance at 31.8.2019	4,034,372	283,787	723,198	107,249	72,096	76,876	5,297,578
Net surplus/(deficit) for the year	(403,156)	33,473	1,164	(2,072)	(300)	(6,545)	(377,436)
Inter-division elimination	87,415	(87,415)	—	—	—	—	—
	(315,741)	(53,942)	1,164	(2,072)	(300)	(6,545)	(377,436)
Transfer of funds	18,020	—	(13,020)	—	(5,000)	—	—
Balance at 31.8.2020	3,736,651	229,845	711,342	105,177	66,796	70,331	4,920,142

The accompanying notes form an integral part of these financial statements.

# THE BOYS' BRIGADE IN SINGAPORE

## STATEMENT OF CASH FLOWS

For the financial year ended 31 August 2020

	2020 \$	2019 \$
<b>Cash flows from operating activities</b>		
Net deficit for the year	(377,436)	(494,616)
Adjustment for non cash items:		
Depreciation of plant and equipment	33,488	22,211
Depreciation of right-of-use assets	366,582	—
Interest on lease liabilities	25,562	—
Interest income	(30,945)	(2,539)
Operating surplus/(deficit) before working capital changes	17,251	(474,944)
Inventories	48,430	(113,503)
Receivables	(72,015)	34,544
Payables	(2,720)	51,085
<b>Net cash used in operating activities</b>	<b>(9,054)</b>	<b>(502,818)</b>
<b>Cash flows from investing activities</b>		
Interest received	28,335	2,539
Purchase of plant and equipment	(18,664)	(53,355)
<b>Net cash from/(used in) investing activities</b>	<b>9,671</b>	<b>(50,816)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(25,562)	—
Repayment of lease liabilities	(358,181)	—
<b>Net cash used in financing activities</b>	<b>(383,743)</b>	<b>—</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(383,126)</b>	<b>(553,634)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>4,957,206</b>	<b>5,510,840</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>4,574,080</b>	<b>4,957,206</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits	2,872,446	1,060,762
Cash and bank balances	1,701,634	3,896,444
	<b>4,574,080</b>	<b>4,957,206</b>

The accompanying notes form an integral part of these financial statements.

# THE BOYS' BRIGADE IN SINGAPORE

## NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 August 2020

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

### 1. General information

The Boys' Brigade in Singapore (the "Society") is a charity registered under the Charities Act, Chapter 37, and the Societies Act, Chapter 311. The Society is also an approved Institution of a Public Character ("IPC") under the Income Tax Act, Chapter 134.

The principal activities of the Society is to organise uniformed youth work for educational institutions. The Society's principal place of activities is at BB Campus, 105 Ganges Avenue, Singapore 169695.

### 2. Significant accounting policies

#### a) Basis of preparation

The financial statements, expressed in Singapore dollar ("S\$"), which is the functional currency of the Society, have been prepared in accordance with the Societies Act, Chapter 311, the Charities Act, Chapter 37 and other relevant regulations, and Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on the Brigade Executive's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

#### *Use of estimates and judgements*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no significant judgments made in applying accounting policies and no estimation uncertainty that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and lease liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

## 2. Significant accounting policies (cont'd)

### a) Basis of preparation (cont'd)

#### *New and revised standards*

In the current financial year, the Society has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial results or position of the Society except as disclosed below:

#### **FRS 116 Leases**

##### *When the Society is the lessee*

FRS 116 replaces the existing FRS 17: Leases for financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheet to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability.

The Society has adopted and applied FRS 116 at the date of initial application on 1 September 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated losses at 1 September 2019. Accordingly, the comparative information presented for 2019 is not restated - i.e. it is presented as previously reported under FRS 17 and related interpretations. Additionally, the disclosure requirements in FRS 116 have not been generally applied to comparative information.

On adoption of FRS 116, the Society recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under FRS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Society's incremental borrowing rate as at 1 September 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 September 2019 was 4.25% per annum.

	2020 \$
Operating lease commitments of office premises and office equipment disclosed as at 31 August 2019 (Note 15)	511,656
Less:	
Discounted using the lessee's incremental borrowing rate	(14,800)
Add:	
Adjustments as a result of a lease extension (office premises)	279,961
Lease liabilities recognised as at 1 September 2019 (Note 11)	<u>776,817</u>

The associated right-of-use assets were measured at the amount equal to the lease liability (adjusted for any prepaid or accrued lease payment) on adoption. Arising from the adoption of FRS 116, rights-of-use asset and lease liability of \$803,966 and \$776,817 respectively were recognised on the balance sheet on 1 September 2019.

In applying FRS 116 for the first time, the Society has used of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 August 2020 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Society.

## 2. Significant accounting policies (cont'd)

### b) Income recognition

Income are recognised on the following basis:

Donations	- when received.
Interest income	- on a time proportion basis.
Event and programme related fees	- in the period when the events and programme are conducted.
Sales of BB merchandise	- when the Society has transferred control which is upon delivery of the merchandise to the customer.
BB campus income	- when services are rendered.
Dividend income	- when the right to receive payment is established.
Rental income from campsite and canoes	- over the period of use.

### c) Employee benefits

#### *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for employees' unutilised annual leave as at the balance sheet date.

#### *Defined contribution plans*

The Society contributes to the Central Provident Fund (CPF), a defined contribution plan regulated and managed by the Singapore Government. The Society's contributions to CPF are charged to profit or loss in the period in which the contributions relate.

### d) Government grants

Government grants are recognised at their fair value where 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 balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

### e) Taxation

The Society is registered as a charity under the Charities Act and is exempted from income tax under the provisions of the Income Tax Act Cap. 134.

## 2. Significant accounting policies (cont'd)

### f) Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment loss. Depreciation is calculated on a straight-line basis to allocate the depreciable amount of plant and equipment over their expected useful lives. The estimated useful lives are as follow:

	Number of years
Computers	1
Air-conditioners	2
Office equipment	2
Campsite equipment and canoes	2
Furniture and fittings	2
Renovation	3

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit or loss.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

### g) Joint operation - BB/GB Campsite

The BB/GB Campsite which is a joint operation is administered jointly on an equal sharing basis by the Society and the Girls' Brigade Singapore.

The principal activities of BB/GB Campsite consist of the maintenance and letting of camp amenities and related facilities. Its principal place of operations is located at 1200 Sembawang Road, Singapore 758526.

A joint operation is an arrangement in which the Society has joint control and which provides the Society with rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Society recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Society accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenue and expenses.

When the Society transacts with the joint operation (such as a sale or contribution of assets), the Society is considered to be conducting the transaction with the joint operation, and gains and losses resulting from the transactions are recognised in the Society's financial statements only to the extent of the other joint operator's interests in the joint operation.

## 2. Significant accounting policies (cont'd)

### h) Financial assets

#### *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade date - the date on which the Society 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 Society has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

#### *Classification and measurement*

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Society classifies its financial assets based on the Society's model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Society's only financial assets are classified at amortised cost which comprise trade and sundry receivables (excluding prepayments) and cash and cash equivalents.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

#### *Impairment*

The Society recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. 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 impairment methodology applied depends on whether there has been a significant increase in credit risk. 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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Society recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Offset*

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Society has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 2. Significant accounting policies (cont'd)

### i) Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income or as a revaluation increase. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

### j) Inventories

Inventories, which comprise BB merchandise and uniforms for sale, are stated at the lower of cost and net realisable value. Cost is determined on a weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of selling expenses.

### k) Financial liabilities

Financial liabilities include lease liabilities and trade and sundry payables. Financial liabilities are recognised on the balance sheet when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

### l) Provisions

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Society expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Society recognises the estimated costs of dismantlement, removal or restoration items of plant and equipment arising from the acquisition or use of assets (Note 10). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

### m) Leases

*The accounting policy for operating leases before 1 September 2019 is as follows:*

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

## 2. Significant accounting policies (cont'd)

### m) Leases (cont'd)

*The accounting policy for leases from 1 September 2019 onwards is as follows:*

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

The Society applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Society recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### *Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Society uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease 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 Society and payments of penalties for terminating the lease, if the lease term reflects the Society 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.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Society remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever 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.

#### *Right-of-use assets*

The Society recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Society incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

## 2. Significant accounting policies (cont'd)

### m) Leases (cont'd)

*The accounting policy for leases from 1 September 2019 onwards is as follows (cont'd):*

#### *Right-of-use assets (cont'd)*

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Society 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 depreciation starts at the commencement date of the lease.

The right-of use assets are presented as a separate line in the balance sheet comprising different categories of assets which are depreciated over the lease period of 2 to 5 years using the straight-line method.

The Society applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(i).

### n) Funds

Accumulated Fund refers to the accumulated fund of The Boys' Brigade Headquarters. Other Funds are disclosed in Note 13.

Unless specifically indicated, fund balances are not represented by any specific accounts, but are represented by all assets of the Society.

## 3. Tax-deductible donations

The Society enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deductions for the donations made to the Society. The current IPC status granted to the Society is for the period from 30 August 2019 to 29 August 2022. Tax-deductible donations totalling \$552,166 (2019: \$1,547,418) were received during the financial year.

## 4. Net loss from BB Shop

	2020 \$	2019 \$
Sales of BB merchandise	176,945	213,386
Costs of merchandise	(138,349)	(182,008)
Staff and related costs (Note 5)	(47,481)	(31,561)
Repair and maintenance	(13,359)	(12,000)
Others	(4,690)	(10,245)
	(203,879)	(235,814)
Net loss	(26,934)	(22,428)

## 5. Salaries, bonus, CPF and SDF

	2020 \$	2019 \$
Salaries and related costs:		
- Key management personnel	229,500	255,900
- Staff	710,965	755,167
CPF:		
- Key management personnel	28,815	33,446
- Staff	109,433	119,223
	<b>1,078,713</b>	<b>1,163,736</b>

Represented by staff costs charged to:

	Note	2020 \$	2019 \$
Accumulated Fund		958,319	1,051,140
BB Share-A-Gift Fund	13(ii)	64,287	69,968
Community Services Fund	13(iii)	8,426	10,200
		<b>1,031,032</b>	<b>1,131,308</b>
BB Shop	4	47,481	31,561
Programme activities		200	867
		<b>1,078,713</b>	<b>1,163,736</b>

The remuneration of key management personnel of the Society shown in salary bands are as follows:

	Number of executives	
	2020	2019
<i>Salaries and benefits bands for key management personnel of the Brigade Office</i>		
Between \$100,001 - \$150,000	<b>2</b>	<b>2</b>

The members of the Brigade Executive are volunteers and they do not receive remuneration for their services. No Brigade Executive members are employees of the Society.

## 6. Plant and equipment

	Society \$	BB/GB Campsite \$	Total 2020 \$	2019 \$
Cost	254,834	212,402	467,236	475,721
Accumulated depreciation	(240,447)	(192,898)	(433,345)	(427,006)
	<b>14,387</b>	<b>19,504</b>	<b>33,891</b>	<b>48,715</b>

**6. Plant and equipment (cont'd)**

	<b>Office equipment \$</b>	<b>Computer \$</b>	<b>Air- conditioner \$</b>	<b>Renovation \$</b>	<b>Total \$</b>
<b>Society</b>					
<b>2020</b>					
<b>Cost</b>					
Balance at 1.9.2019	32,901	71,756	39,382	112,370	256,409
Reclassification on initial application of FRS 116 (Note 7)	—	—	—	(19,349)	(19,349)
Balance at 1.9.2019, restated	32,901	71,756	39,382	93,021	237,060
Additions	1,750	16,024	—	—	17,774
Balance at 31.8.2020	<b>34,651</b>	<b>87,780</b>	<b>39,382</b>	<b>93,021</b>	<b>254,834</b>
<b>Accumulated depreciation</b>					
Balance at 1.9.2019	31,798	68,709	39,382	111,290	251,179
Reclassification on initial application of FRS 116 (Note 7)	—	—	—	(19,349)	(19,349)
Balance at 1.9.2019, restated	31,798	68,709	39,382	91,941	231,830
Depreciation charge	1,013	6,883	—	721	8,617
Balance at 31.8.2020	<b>32,811</b>	<b>75,592</b>	<b>39,382</b>	<b>92,662</b>	<b>240,447</b>
<b>Net carrying value</b>					
As at 31.8.2020	<b>1,840</b>	<b>12,188</b>	<b>—</b>	<b>359</b>	<b>14,387</b>
<b>2019</b>					
<b>Cost</b>					
Balance at 1.9.2018	32,231	70,782	39,382	112,370	254,765
Additions	1,070	3,522	—	—	4,592
Written off	(400)	(2,548)	—	—	(2,948)
Balance at 31.8.2019	32,901	71,756	39,382	112,370	256,409
<b>Accumulated depreciation</b>					
Balance at 1.9.2018	31,231	70,782	39,382	99,199	240,594
Depreciation charge	967	475	—	12,091	13,533
Written off	(400)	(2,548)	—	—	(2,948)
Balance at 31.8.2019	31,798	68,709	39,382	111,290	251,179
<b>Net carrying value</b>					
As at 31.8.2019	<b>1,103</b>	<b>3,047</b>	<b>—</b>	<b>1,080</b>	<b>5,230</b>

**6. Plant and equipment (cont'd)**

	<b>Office equipment \$</b>	<b>Campsite equipment and canoes \$</b>	<b>Furniture and fittings \$</b>	<b>Renovation \$</b>	<b>Total \$</b>
<b>BB/GB Campsite 2020 Cost</b>					
Balance at 1.9.2019	1,007	58,431	17,874	142,000	219,312
Reclassification on initial application of FRS 116 (Note 7)	—	—	—	(7,800)	(7,800)
Balance at 1.9.2019, restated	1,007	58,431	17,874	134,200	211,512
Additions	—	890	—	—	890
Balance at 31.8.2020	<b>1,007</b>	<b>59,321</b>	<b>17,874</b>	<b>134,200</b>	<b>212,402</b>
<b>Accumulated depreciation</b>					
Balance at 1.9.2019	1,007	57,724	17,874	99,222	175,827
Reclassification on initial application of FRS 116 (Note 7)	—	—	—	(7,800)	(7,800)
Balance at 1.9.2019, restated	1,007	57,724	17,874	91,422	168,027
Depreciation charge (Note 13(i))	—	930	—	23,941	24,871
Balance at 31.8.2020	<b>1,007</b>	<b>58,654</b>	<b>17,874</b>	<b>115,363</b>	<b>192,898</b>
<b>Net carrying value As at 31.8.2020</b>	<b>—</b>	<b>667</b>	<b>—</b>	<b>18,837</b>	<b>19,504</b>
<b>2019 Cost</b>					
Balance at 1.9.2018	1,007	57,551	17,874	94,117	170,549
Additions	—	880	—	47,883	48,763
Balance at 31.8.2019	1,007	58,431	17,874	142,000	219,312
<b>Accumulated depreciation</b>					
Balance at 1.9.2018	1,007	56,751	17,874	91,517	167,149
Depreciation charge (Note 13(i))	—	973	—	7,705	8,678
Balance at 31.8.2019	1,007	57,724	17,874	99,222	175,827
<b>Net carrying value As at 31.8.2019</b>	<b>—</b>	<b>707</b>	<b>—</b>	<b>42,778</b>	<b>43,485</b>

## 7. Right-of-use assets

	Office premises \$	Restoration cost \$	BB/GB campsite \$	Total \$
<b>2019</b>				
<b>Cost</b>				
At 1 September 2019	—	—	—	—
Recognition of right-of-use assets on initial application of FRS 116	360,757	19,349	423,860	803,966
At 1 September 2019, restated	360,757	19,349	423,860	803,966
At 31 August 2020	<b>360,757</b>	<b>19,349</b>	<b>423,860</b>	<b>803,966</b>
<b>Accumulated depreciation</b>				
At 1 September 2019	—	—	—	—
Reclassification on initial application of FRS 116 (Note 6)	—	19,349	7,800	27,149
At 1 September 2019, restated	—	19,349	7,800	27,149
Depreciation charge	270,568	—	96,014	366,582
At 31 August 2020	<b>270,568</b>	<b>19,349</b>	<b>103,814</b>	<b>393,731</b>
<b>Net carrying value</b>				
At 31 August 2020	<b>90,189</b>	<b>—</b>	<b>320,046</b>	<b>410,235</b>

## 8. Sundry receivables and prepayments

	2020 \$	2019 \$
Advances	2,000	3,000
Sundry deposits	106,642	93,204
Prepayments	45,847	30,078
Sundry receivables	34,589	8,000
Grant receivable	41,312	—
	<b>230,390</b>	<b>134,282</b>

Grant receivable pertains to Jobs Support Scheme (“JSS”) grant receivable. JSS was announced at Budget 2020, and further enhanced at Resilience, Solidarity and Fortitude Budgets. Under the JSS, the Government will co-fund between 25% to 75% of the first \$4,600 of gross monthly wages paid to each local employee in a ten-month period from April 2020 through cash subsidies.

The Society is entitled to the JSS grants in accordance to FRS 20 Accounting for Government Grants and Disclosure of Government Assistance. As a result, the Society recognised the JSS grant receivable of \$41,312, a corresponding deferred JSS grant of \$85,960 (Note 12) and grant income of \$182,221 included in government grants in statement of financial activities.

**9. Cash and cash equivalents**

	2020 \$	2019 \$
Fixed deposits	2,872,446	1,060,762
Cash and bank balances	1,701,634	3,896,444
	<b>4,574,080</b>	<b>4,957,206</b>

Fixed deposits earned interest at rates ranging from 0.30% to 2.00% (2019: 0.05% to 2.00%) per annum at the balance sheet date and mature within 9 months (2019: 24 months) from the balance sheet date.

Included in cash and cash equivalents are amounts belonging to restricted funds as follows:

	2020 \$	2019 \$
Cash and bank balances	953,646	979,419

**10. Provision for reinstatement costs**

	2020 \$	2019 \$
<i>Non-current</i>		
Provision for reinstatement costs for the Society and BB/GB Campsite	–	30,650
Provision for reinstatement costs for BB/GB Campsite	7,800	–
<i>Current</i>		
Provision for reinstatement costs for the Society	22,850	–

The provision for reinstatement costs represents the present value of Brigade Executive's best estimate of the future outflow of economic benefits that will be required to restore the leasehold premises that the Society and BB/GB Campsite occupy to its original state before it was leased by the Society and BB/GB Campsite. The estimate has been made on the basis of quotes obtained from external contractors. The unwinding effects are not material.

The unexpired term of the leases from the balance sheet date are as follows:

	2020	Months 2019
The Boys' Brigade in Singapore	4	16
BB Sembawang Campsite	40	16

# 11. Lease liabilities

	2020 \$
Lease liabilities are presented as follows:	
Current	185,344
Non-current	233,292
	<u>418,636</u>
Effective interest rates per annum	<u>4.25%</u>

The Society and BB/GB Campsite leases its premise from third parties. The lease has a tenure of two and five years respectively. The lease of premises for both the Society and BB/GB Campsite expires in December 2020 and the Campsite has exercised its option to renew the lease for a further 3 years. However, the Society has the intention to vacate its leased premise on the expiry of the leased period and to lease another premise and did not exercise the renewal option. The Society and the BB/GB Campsite separately received a full TOL grant from the Ministry of Education on the lease payments.

Reconciliation of movements of lease liabilities to cash flows arising from financing activities:

	2020 \$
At 1 September 2019	—
Recognition of lease liability on initial application of FRS 116	776,817
At 1 September 2019, restated	<u>776,817</u>
Changes from financing cash flows:	
- interest paid	(25,562)
- repayments	(358,181)
Non-cash changes:	
- interest expense	25,562
<b>Balance at 31 August 2020</b>	<u><b>418,636</b></u>

As at 31 August 2020, the Society does not have any commitments for short-term leases.

Total cash flows for leases of the Society amounted to \$383,743.

# 12. Sundry payables and accruals

	2020 \$	2019 \$
Accrued operating expenses	135,043	194,424
Advance and deposits	12,528	51,749
Amount due to BB/GB Campsite	9,922	—
Deferred grant (Note 8)	85,960	—
	<u>243,453</u>	<u>246,173</u>

## 13. Other funds

	BB/GB Campsite Fund (i) \$	BB Share- A-Gift Fund (ii) \$	Community Services Fund (iii) \$	Jimmy Koh Memorial Fund (iv) \$	BB Alumni Fund (v) \$	Total \$
<b>2020</b>						
Cash donations	—	203,479	5,000	—	4,700	213,179
Grants	117,114	—	—	—	—	117,114
Rental income	69,320	—	—	—	—	69,320
Interest income	3,563	—	—	—	—	3,563
Other income	4,687	10,834	1,354	—	—	16,875
<b>Total income</b>	<b>194,684</b>	<b>214,313</b>	<b>6,354</b>	<b>—</b>	<b>4,700</b>	<b>420,051</b>
<b>Less: expenditure</b>						
Staff costs (Note 5)	—	64,287	8,426	—	—	72,713
Depreciation (Note 6,7)	120,885	—	—	—	—	120,885
Interest expense	15,630	—	—	—	—	15,630
Land rent	4,686	—	—	—	—	4,686
Office supplies	293	374	—	—	—	667
Programme related expenses	—	84,661	—	—	—	84,661
Public wish fulfilment purchases	—	62,124	—	—	—	62,124
Others	19,717	1,703	—	300	11,245	32,965
<b>Total expenditure</b>	<b>161,211</b>	<b>213,149</b>	<b>8,426</b>	<b>300</b>	<b>11,245</b>	<b>394,331</b>
<b>Net surplus/(deficit) for the year</b>	<b>33,473</b>	<b>1,164</b>	<b>(2,072)</b>	<b>(300)</b>	<b>(6,545)</b>	<b>25,720</b>
<b>Inter-division elimination</b>	<b>(87,415)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(87,415)</b>
	<b>(53,942)</b>	<b>1,164</b>	<b>(2,072)</b>	<b>(300)</b>	<b>(6,545)</b>	<b>(61,695)</b>
Transfer of funds	—	(13,020)	—	(5,000)	—	(18,020)
Balance at 1 September 2019	283,787	723,198	107,249	72,096	76,876	1,263,206
<b>Balance at 31 August 2020</b>	<b>229,845</b>	<b>711,342</b>	<b>105,177</b>	<b>66,796</b>	<b>70,331</b>	<b>1,183,491</b>

**13. Other funds (cont'd)**

	BB/GB Campsite Fund (i) \$	BB Share- A-Gift Fund (ii) \$	Community Services Fund (iii) \$	Jimmy Koh Memorial Fund (iv) \$	BB Alumni Fund (v) \$	Total \$
2019						
Cash donations	—	335,997	45,000	—	33,200	414,197
Grants	105,115	—	—	—	—	105,115
Rental income	154,874	—	—	—	—	154,874
Other income	23,968	—	—	—	21,623	45,591
<b>Total income</b>	<b>283,957</b>	<b>335,997</b>	<b>45,000</b>	<b>—</b>	<b>54,823</b>	<b>719,777</b>
Less: expenditure						
Staff costs (Note 5)	—	69,968	10,200	—	—	80,168
Depreciation (Note 6)	8,678	—	—	—	—	8,678
Land rent	112,816	—	—	—	—	112,816
Office supplies	180	837	—	—	—	1,017
Programme related expenses	—	95,795	11,935	—	—	107,730
Public wish fulfilment purchases	—	65,092	—	—	—	65,092
Others	33,458	18,066	—	300	13,700	65,524
<b>Total expenditure</b>	<b>155,132</b>	<b>249,758</b>	<b>22,135</b>	<b>300</b>	<b>13,700</b>	<b>441,025</b>
Net surplus/(deficit) for the year	128,825	86,239	22,865	(300)	41,123	278,752
Inter-division elimination	(83,947)	—	—	—	—	(83,947)
	44,878	86,239	22,865	(300)	41,123	194,805
Distribution by BB Campsite	(50,000)	—	—	—	—	(50,000)
Balance at 1 September 2018	288,909	636,959	84,384	72,396	35,753	1,118,401
Balance at 31 August 2019	283,787	723,198	107,249	72,096	76,876	1,263,206

- (i) The fund represents the Society's interest in the BB/GB Campsite.
- (ii) This fund is used for the BB Share-A-Gift project to help the poor and needy.
- (iii) This fund is for community outreach and service purposes.
- (iv) The Fund was set up in memorial of late Mr. Jimmy Koh who was a former Boys' Brigade member to fund officers' training, starting of new Companies and book prizes for the boys.
- (v) The Fund is set up to help the poor and needy boys of the Society.

#### 14. Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Society and related parties during the financial year/period on terms agreed by the parties concerned:

	2020 \$	2019 \$
<i>BB Sembawang Campsite</i>		
Management fee	90,000	90,000
Activities and programmes related expenses	2,585	6,053
Distribution of accumulated fund	—	50,000
<i>Other related parties</i>		
Printing and stationery expense	939	711
Purchases	11,290	637
Activities and programmes related expenses	3,135	28,698
BB/GB Campsite rental income (Society's 50% share)	10,750	46,915

Other related parties represent corporations in which certain of the Brigade Executive members, officers of the Society or their close family members have financial interest or significant influence over these corporations in financial and operating decisions.

#### 15. Operating lease commitments

As at 31 August 2019, commitments in relation to non-cancellable operating leases contracted for rental of land for office and campsite premises, but not recognised as liabilities, are payable as follows:

	2019 \$
<i>The Boys' Brigade in Singapore</i>	
Within 1 financial year	278,628
Within 2 to 5 financial years	92,876
	371,504
<i>BB Sembawang Campsite (Society's 50% share)</i>	
Within 1 financial year	105,114
Within 2 to 5 financial years	35,038
	140,152
Total	511,656

As disclosed in Note 2(a), the Society has adopted FRS 116 on 1 September 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheet as at 1 September 2019.

## 16. Financial instruments

### a) Categories of financial instruments

Financial instruments at their carrying amount at the balance sheet are as follows:

	2020 \$	2019 \$
<i>Financial assets</i>		
Financial assets at amortised cost	4,752,594	5,089,302
<i>Financial liabilities</i>		
Financial liabilities at amortised cost	553,848	200,449

### b) Financial risk management

The Society's charitable activities expose it to minimal financial risks and overall risk management is determined and carried out by the Brigade Executive on an informal basis.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of the changes in market interest rates.

The Society's income and operating cash flows are substantially independent of changes in market interest rates as it has no significant interest bearing liabilities. Its exposure to market risk for changes in interest rates relates primarily to its interest bearing fixed deposits where interest income is not significant.

Sensitivity analysis for changes in market interest rate is not presented as the effect of changes in interest rates on the Society's surplus is not significant.

#### *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Society's maximum exposure to credit risk is represented by the carrying amount of financial assets as set out in Note 16(a). The Society has no significant concentration of credit risk. Cash and cash equivalents are placed in banks and financial institutions with good credit ratings.

The Society trades only with recognised and creditworthy third parties. Debtors' balances are monitored on an ongoing basis with the result that the Society's exposure to bad debts is not significant.

## 16. Financial instruments (cont'd)

### b) Financial risk management (cont'd)

#### *Credit risk*

The following sets out the Society's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Society has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

The Society has no financial assets that are impaired.

Credit risk exposure in relation to financial assets at amortised costs as at 31 August 2020 and 31 August 2019 is insignificant, and accordingly no credit loss allowance is recognised as at 31 August 2020 and 31 August 2019.

#### *Foreign exchange risk*

The Society has minimal exposure to foreign exchange rate fluctuations as its transactions are mainly carried out in Singapore dollar.

#### *Liquidity and cash flow risk*

The Brigade Executive exercises prudent liquidity and cash flow risk management policies and aims to maintain a sufficient level of liquidity and cash flow at all times.

The financial liabilities of the Society as presented in the statement of financial position are due within twelve months from the end of reporting period and approximate the contractual undiscounted repayments obligations.

## 16. Financial instruments (cont'd)

### b) Financial risk management (cont'd)

#### *Liquidity and cash flow risk (cont'd)*

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

	1 year or less \$	1 to 5 years \$	Total \$
<b>2020</b>			
Other payables	127,412	7,800	135,212
Lease liabilities	197,991	245,268	443,259
	<b>325,403</b>	<b>253,068</b>	<b>578,471</b>
<b>2019</b>			
Other payables	169,799	30,650	200,449

## 17. Fair values of financial instruments

The carrying amounts of financial assets and liabilities recorded in the financial statements of the Society approximate their fair values at the balance sheet date due to their short-term maturity.

## 18. Fund management

The Society's objectives when managing its funds are to safeguard and to maintain adequate working capital to continue as going concern and to develop its principal activities over the longer term through significant support in the form of donations, grants and events and program related fees.

The Society's fund management remains unchanged from 2019.

## 19. Authorisation of financial statements

The financial statements of the Society for the financial year ended 31 August 2020 were authorised for issue in accordance with a resolution of the Brigade Executive dated 14 December 2020.